

THE PROFOREST INITIATIVE

England & Wales · Charity number 1137523

Details

Status	Registered
Legal form	Charitable company
Company number	07293440
Registered	2010-08-17
Register	View on the Charity Commission register

Contact

Address	Proforest South Suite Frewin Court Frewin Court Oxford OX1 3HZ
Phone	01865243439
Email	info@theproforestinitiative.org
Website	www.proforestinitiative.org

Activities

Objects: 1.TO PROMOTE FOR THE BENEFIT OF THE PUBLIC THE CONSERVATION AND IMPROVEMENT OF THE PHYSICAL AND NATURAL ENVIRONMENT BY PROMOTING SUSTAINABLE DEVELOPMENT BY:(A) THE PRESERVATION, CONSERVATION AND THE PROTECTION OF THE ENVIRONMENT AND THE PRUDENT USE OF RESOURCES.(B) THE RELIEF OF POVERTY AND THE IMPROVEMENT OF THE CONDITIONS OF LIFE IN SOCIALLY AND ECONOMICALLY DISADVANTAGED COMMUNITIES.(C) THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING ECONOMIC GROWTH AND REGENERATION.SUSTAINABLE DEVELOPMENT MEANS ¶DEVELOPMENT WHICH MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITY OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS.÷ 2. TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE CONSERVATION, PROTECTION AND IMPROVEMENT OF THE PHYSICAL AND NATURAL ENVIRONMENT RELATING TO SUSTAINABLE DEVELOPMENT AND THE PROTECTION, ENHANCEMENT AND REHABILITATION OF THE ENVIRONMENT.

Activities: Concerned with sustainable production and sourcing of agricultural and forest commodities. Work is delivered through programmes - global level - providing technical support to multi-stakeholder initiatives, using partnerships to develop capacity and innovating approaches for smallholder development - regional

level - addressing deforestation, climate change and sustainable economic development.

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** Education/training, The Prevention Or Relief Of Poverty, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE NATIONAL AND OVERSEAS.
- Brazil
- Cameroon
- Central African Republic
- Colombia
- Congo
- Congo (Democratic Republic)
- Gabon
- Ghana
- Indonesia
- Ivory Coast
- Liberia
- Malaysia
- Netherlands
- Nigeria
- Sierra Leone

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£1,054,204	£1,030,699	£402,400	0
2023-12-31	£1,540,689	£1,611,894	£378,895	0
2022-12-31	£2,564,056	£2,566,101	£450,100	0
2021-12-31	£2,222,839	£2,215,905	£452,145	0
2020-12-31	£1,970,778	£2,055,526	£445,211	0

Trustees

Name	Role	Appointed
Dr Christopher Alexander Elliott	Chair	2022-03-18
Bengt Anders Lindhe		2022-03-18
Jenny Elizabeth McInnes		2026-03-26

THE PROFOREST INITIATIVE

England & Wales - Charity number 1137523

Accounts

Charity registration number 1137523 (England and Wales)

Company registration number 7293440

THE PROFOREST INITIATIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

THE PROFOREST INITIATIVE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C A Elliott (Chair) M Hobley B A Lindhe
Charity number	1137523
Company number	7293440
Registered office	South Suite Frewin Chambers Frewin Court Oxford OX1 3HZ
Auditor	Gravita Audit Oxford LLP First Floor, Park Central 40-41 Park End Street Oxford OX1 1JD
Bankers	HSBC plc 65 Cornmarket Street Oxford OX1 3HY
Solicitors	Blake Morgan Seacourt Tower West Way Botley Oxford OX2 0FB

THE PROFOREST INITIATIVE

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THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2024

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2024.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

1. To promote for the benefit of the public conservation and improvement of the physical and natural environment by promoting sustainable development by:

- 1.1. The preservation, conservation and the protection of the environment and the prudent use of resources,
- 1.2. The relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities,
- 1.3. the promotion of sustainable means of achieving economic growth and regeneration.

Sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment relating to sustainable development and the protection, enhancement and rehabilitation of the environment.

During the year ended 31 December 2024, the Charity received funding to carry out a variety of activities to support implementation of its programmes to improve the environmental and social sustainability of agriculture and forestry commodity production and sourcing. These programmes included work in Europe, Africa and Latin America to contribute to the implementation of sustainable production practices for major commodity crops. To this end, the Charity supported stakeholders including private sector, government and civil society to align action to reduce deforestation; developed tools and guidance to enable agricultural commodity buyers to reduce the environmental and social impacts of their supply chains; and supported largescale collaborative approaches to sustainable land management.

The Charity invested significant time, together with the global Proforest Communications Director on fundraising to support on-going activity and development of Africa Sustainable Commodities Initiative (ASCI), a multistakeholder platform encompassing Cameroon, Ghana, Liberia, Sierra Leone, Gabon, Nigeria, Central African Republic, Democratic Republic of Congo, Cote d'Ivoire and the Republic of Congo. To date, fundraising efforts have resulted in smaller sources of funding in order to maintain progress while the charity continues to fundraise for the programme as a whole. In 2024, the charity developed and submitted a Free, Prior and Informed Consent (FPIC) legal instrument to competent authorities in Republic of Congo and developed capacity building materials and abridged national FPIC guidelines through a multistakeholder process in Liberia. In Nigeria, the charity supported Land and Forest Cover Analysis for both Edo and Ekiti State as part of the development of their ASCI Roadmaps.

The Charity continued to support 'landscape and jurisdictional' approaches to land management with on-the-ground activities particularly active in Mexico and Indonesia. In Mexico, the charity worked to support the sustainable development of the Mexican palm oil sector by ensuring inclusion of smallholders, strengthening and providing training on sustainability issues and promoting No Deforestation, No Peat, No Exploitation (NDPE). In Indonesia, the charity continued contributing to the Siak Pelalawan Landscape Programme with several workstreams such as village intervention program, multi-stakeholder platform, mill engagement and traceability, social dialogue, deforestation monitoring and response protocol, and conservation. In addition, the program conducts stakeholder engagement, government support and mill engagement.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

The Charity has become active in the Landscape and Supply Chain Finance space, working to identify investment mechanisms and trends and map these across to investment needed at different stages of landscape development. In parallel the charity has further developed thinking around the concept of landscape governance and maturity in line with readiness for investment and sees this as an area to further develop and fundraise for in order to support landscape and jurisdictional approaches in the long term.

Over the year, the Charity continued to provide significant technical support to organisations developing voluntary standards systems and methodologies for defining, implementing and assessing the sustainable management of agricultural production. This included continued support to the Accountability Framework Initiative, Roundtable on Sustainable Palm Oil (RSPO), the ISEAL Alliance, Gold Standard, SAI Platform and the World Resources Institute Forest Data Partnership. The Charity continued to develop an e-learning platform to support the activities of the Accountability Framework Initiative. The Charity has continued to build a profile of recognised expertise on questions around new due diligence regulations (such as the EUDR) and the role of voluntary standards systems, as this has become an important theme in agricultural commodity production, trade and sustainability.

The Charity was involved in significant fundraising activities for future projects related to the responsible management of agricultural commodities to enhance conservation and improve living conditions of workers around the world, including indigenous peoples and local communities. The Charity was represented at the Reuters Sustainability Awards, Climate Action Week in both London and New York and COP 29. Grant and project proposals were submitted to UK and European donor organisations.

The Trustees continue to oversee the implementation of policies and procedures to govern the charity's relationship with third parties, and to strengthen the management and transparency of the charity.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Achievements and performance

Financial review

During 2024, the Charity saw an overall decrease in income and expenditure on charitable activities, yet delivered an in-year surplus of £24k, compared to a deficit of £71k in the previous year. Total income reduced from £1,540k in 2023, to £1,054k in 2024. In 2024 the Charity continued to experience lower levels of contribution from programme grant funding, given that several long-term grant funding initiatives ended in the previous financial year, but also succeeded in securing higher levels, in both restricted and unrestricted, funding than planned for a number of Collaboration and Multi-StakeHolder shorter term projects.

Fixed costs, excluding foreign currency impact, decreased to £129k as a consequence of the reduction of charitable activities (2023; £218k). During the year the charity suffered foreign currency losses £8k (2023: £19k).

In 2024 the Charity's net expenditure on unfunded restricted activities was Nil (2023: £1k). At the end of the 2024 financial year, the Charity did not carry forward any restricted funds (2023: £Nil).

Our programme and grant funded projects delivery was funded in 2024 by several grants from donors with the two largest being from Charities Aid Foundation (CAF) America- Cargill charitable Foundation and the nonprofit RainForest Alliance Inc.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Reserves policy

The Proforest Initiative has a policy of building and maintaining reserves approximately equal to six months (50%) of the annual running costs in order to ensure the organisation can deal with fluctuations in income and payment schedules. In addition to the agreed level of operational reserves, the charity also chooses to ringfence a certain level of additional reserves approximately equivalent to 12% of annual running costs, to act as a buffer against significant future foreign exchange rate fluctuations and direct programme related expenses not covered by grant or donor funding. Proforest Ltd agrees to underwrite the Proforest Initiative should adequate reserves not be available. The reserve levels are reviewed annually by the Trustees, as part of the review of the accounts and, where the unrestricted reserves are not at the required level, a strategy for adjusting the reserves over the following year will be agreed.

The unrestricted reserves held at 31 December 2024 are £402k (2023: £379k). In addition to the ringfenced reserves, the trustees approved a spend facility of £50k against unrestricted reserves to cover unfunded running costs in 2024. The approved facility was not required due to a surplus generated from efficiencies in the management of unrestricted funded projects. The surplus in 2024 increased the charity's unrestricted reserves by £23k, compared with the £71k draw-down in 2023.

The current reserve level is above the annual operating cost of the Charity and the trustees continue to consider any surplus above requirement, a useful buffer against short-term funding gaps.

It is the opinion of the trustees that there is no significant impact on the charity's activities and going concern status.

Plans for future periods

In 2025, the Charity is seeking substantial funding for further action on:

- Bridging the disconnect between consumer country regulations and the realities of production on the ground through engagement and technical support for policy makers and implementers
- Scale up support and investment from both philanthropic and financial sectors in landscape and jurisdictional initiatives, and other large-scale approaches to environmentally and socially responsible agricultural commodity production. Supporting producer countries to develop mechanisms which enable them to comply with increasing consumer country due diligence legislation, such as the EU Deforestation Regulation, EU CSRD, and the UK Environment Act.
- Developing approaches to ensure human rights are respected in agricultural commodity production landscapes. This includes sustainable and smallholder livelihoods as well as labour, land, indigenous people and communities, child and gender rights, among others.

The Charity is continually improving its financial and management systems, overseen by the Trustees.

Structure, governance and management

The Proforest Initiative is a company limited by guarantee (registered at Cardiff on 23 June 2010) and a charity (registered on 17 August 2010) governed by its Memorandum and Articles of Association. Charity number: 1137523. Company number: 7293440.

The directors of the charitable company ('the Charity') are its trustees for the purpose of Charity Law and throughout this report are collectively referred to as the Trustees.

The number of Trustees is at least three, and not more than six. Trustees serve for an initial term of three years and approximately one third of Trustees retire at each AGM. A Trustee may volunteer to stay on the Board for a second period of three years. The trustees meet approximately quarterly, by telephone if they so agree, but in person at least once a year.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

C A Elliott (Chair)

I A R Smyth

M Hobley

B A Lindhe

(Resigned 31 January 2024)

Under the Memorandum and Articles of Association, the Charity has the power to make any investment, but only after obtaining such advice from a financial expert as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification. No investment has been made to date.

Pay policy for senior staff

The board of directors, who are the Charity's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 7 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in line with inflation. The Board of Trustees are informed of pay reviews for senior staff.

Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks. A risk management matrix details risks and confirms the procedures in place and is reviewed and approved each year. As several programmes include work in high risk countries (post-conflict or limited infrastructure to respond to accidents and emergencies) work plans are reviewed and, if necessary amended, to respond to any risk which cannot be adequately mitigated.

Statement of trustees' responsibilities

The Trustees (who are also directors of The Proforest Initiative for the purposes of company law) are responsible for preparing the Trustees' 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 its income and expenditure 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 have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which 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.

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

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

Auditor

In accordance with the company's articles, a resolution proposing that Gravita Audit Oxford LLP be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



.....
C A Elliott (Chair)

Trustee

Date: June 4 2025
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THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Opinion

We have audited the financial statements of The Proforest Initiative (the 'charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the balance sheet, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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 the charity'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 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 trustees 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

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.



Robert Kirtland (Senior Statutory Auditor)
for and on behalf of Gravita Audit Oxford LLP

12/6/2025
.....

Statutory Auditor

First Floor, Park Central
40-41 Park End Street
Oxford
OX1 1JD

THE PROFOREST INITIATIVE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2024

		Unrestricted funds 2024 £	Restricted funds 2024 £	Total 2024 £	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £
	Notes						
Income from:							
Donations and legacies	3	-	444,359	444,359	-	753,538	753,538
Charitable activities		605,721	-	605,721	786,581	-	786,581
Investments	4	4,124	-	4,124	570	-	570
Total income		609,845	444,359	1,054,204	787,151	753,538	1,540,689
Expenditure on:							
Charitable activities	5	586,340	444,359	1,030,699	857,245	754,649	1,611,894
Total expenditure		586,340	444,359	1,030,699	857,245	754,649	1,611,894
Net income/(expenditure)		23,505	-	23,505	(70,094)	(1,111)	(71,205)
Transfers between funds		-	-	-	(1,111)	1,111	-
Net movement in funds	7	23,505	-	23,505	(71,205)	-	(71,205)
Reconciliation of funds:							
Fund balances at 1 January 2024		378,895	-	378,895	450,100	-	450,100
Fund balances at 31 December 2024		402,400	-	402,400	378,895	-	378,895

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

THE PROFOREST INITIATIVE

BALANCE SHEET

AS AT 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Current assets					
Debtors	11	283,117		238,403	
Cash at bank and in hand		536,341		359,230	
		<u>819,458</u>		<u>597,633</u>	
Creditors: amounts falling due within one year					
Other creditors	12	202,804		180,116	
Deferred income	13	214,254		38,622	
		<u>417,058</u>		<u>218,738</u>	
Net current assets			<u>402,400</u>		<u>378,895</u>
The funds of the charity					
Unrestricted funds	15		<u>402,400</u>		<u>378,895</u>
			<u>402,400</u>		<u>378,895</u>

The financial statements were approved by the trustees on June 4 2025



C A Elliott (Chair)
Trustee

Company registration number 7293440 (England and Wales)

THE PROFOREST INITIATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	18		172,987		(250,289)
Investing activities					
Investment income received		4,124		570	
Net cash generated from investing activities			4,124		570
Net cash generated from financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			177,111		(249,719)
Cash and cash equivalents at beginning of year			359,230		608,949
Cash and cash equivalents at end of year			536,341		359,230

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Charity information

The Proforest Initiative is a private company limited by guarantee incorporated in England and Wales and a charity governed by its Memorandum and Articles of Association. Charity number: 1137523. Company number: 7293440. The registered office is South Suite, Frewin Chambers, Frewin Court, Oxford, OX1 3HZ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policy notes. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Where a donor has specified a particular purpose for a donation, the income is shown as restricted income in the Statement of Financial Activities. Any such income unexpended at the year end is shown as a restricted fund in the balance sheet. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Details of the restricted funds are provided in the notes to the accounts.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant income is generally recognised on a receivable basis and is reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt.

Funding received for future periods is carried forward in deferred income until the related expenditure has been incurred.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

- Costs of charitable activity comprises direct expenditure. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs include those costs, such as audit or independent examination fees and legal and professional fees, associated with constitutional and statutory requirements.
- Support costs and governance costs, reported under "Other Charitable Expenditure" have not been apportioned across the reported charitable activities. Apportioning these costs would not add any further benefit to interpreting the accounts, in the opinion of the charity.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Deferred income

The element of charitable income which relates to costs which have not been incurred at the balance sheet date are carried forward to be matched against the costs when they are incurred. Management exercises judgement to calculate the amounts to be deferred by reference to budgeted expenditure and grant conditions.

Accruals

Management exercises judgement in calculating year end accruals with reference to information relating to costs incurred post year end, and budgeted expenditure.

3 Donations and grants

	Restricted funds	Restricted funds
	2024	2023
	£	£
Grant income	444,359	753,538
	<u> </u>	<u> </u>
Grants receivable for core activities	£	£
IKICall 2016	-	497,119
FCDO_P4F_TFA Phase III	-	236,785
PIBR HRDD Toolkit for Sugarcane	2,048	-
HRDD Toolkit for Sugarcane	16,729	8,271
Other	425,582	11,363
	<u> </u>	<u> </u>
	444,359	753,538
	<u> </u>	<u> </u>

The following acronyms have been used above and in note 13 to the accounts:

APOI	Africa Palm Oil Initiative
IKI	International Climate Initiative
HRDD	Sugarcane Toolkit Programme
FCDO	Foreign, Commonwealth & Development Office
TFA	Tropical Forest Alliance

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4 Income from investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Bank interest receivable	4,124	570

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

5 Charitable activities

	Proforest Ltd	Proforest Latin America	Proforest Mexico	Proforest Ghana	Proforest Sdn Bhd	Other Charitable Expenditure	Total 2024	Total 2023
	2024 £	2024 £	2024 £	2024 £	2024 £	2024 £	£	£
Labour costs for programme delivery	278,467	100,952	52,359	6,612	30,350	-	468,740	623,586
Programme expenses recharged	232,474	-	-	-	-	-	232,474	413,593
3rd Party Sub Contractor costs	-	-	-	-	-	84,541	84,541	178,518
3rd Party programme related expenses	-	-	-	-	-	16,384	16,384	80,709
RSS Partnership payments	-	-	-	-	-	91,014	91,014	78,727
	510,941	100,952	52,359	6,612	30,350	191,939	893,153	1,375,133
Share of support costs (see note 6)	-	-	-	-	-	123,739	123,739	225,965
Share of governance costs (see note 6)	-	-	-	-	-	13,807	13,807	10,796
	510,941	100,952	52,359	6,612	30,350	329,485	1,030,699	1,611,894
Analysis by fund								
Unrestricted funds	241,969	3,965	-	6,612	30,350	303,444	586,340	857,245
Restricted funds	268,972	96,987	52,359	-	-	26,041	444,359	754,649
	510,941	100,952	52,359	6,612	30,350	329,485	1,030,699	1,611,894

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

5 Charitable activities

(Continued)

For the year ended 31 December 2023

	Proforest Ltd	Proforest Latin America	Proforest Mexico	Proforest Ghana	Proforest Initiative Africa (Ghana)	Proforest Sdn Bhd	Other Charitable Expenditure	Total 2023
	£	£	£	£	£	£	£	£
Labour costs for programme delivery	352,634	118,658	43,956	18,504	67,358	22,476	-	623,586
Programme expenses recharged	183,608	87,990	-	-	141,995	-	-	413,593
3rd Party Sub Contractor costs	-	-	-	-	-	-	178,518	178,518
3rd Party programme related expenses	-	-	-	-	-	-	80,709	80,709
RSS Partnership payments	-	-	-	-	-	-	78,727	78,727
	536,242	206,648	43,956	18,504	209,353	22,476	337,954	1,375,133
Share of support costs (see note 6)	-	-	-	-	-	-	225,965	225,965
Share of governance costs (see note 6)	-	-	-	-	-	-	10,796	10,796
	536,242	206,648	43,956	18,504	209,353	22,476	574,715	1,611,894
Analysis by fund								
Unrestricted funds	269,550	77,172	43,956	18,504	-	22,476	425,587	857,245
Restricted funds	266,692	129,476	-	-	209,353	-	149,128	754,649
	536,242	206,648	43,956	18,504	209,353	22,476	574,715	1,611,894

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

6 Support costs allocated to activities

	2024 £	2023 £
Programme development	2,360	3,347
Management and administrative support	86,915	145,397
Office and establishment costs	33,527	73,327
Other expenses	936	3,894
Governance costs	13,808	10,796
	<u>137,546</u>	<u>236,761</u>
Analysed between:		
Charitable activities	<u>137,546</u>	<u>236,761</u>

	2024 £	2023 £
Governance costs comprise:		
Audit fees	6,850	6,850
Trustees' meeting costs	6,867	3,946
Other expenses	91	-
	<u>13,808</u>	<u>10,796</u>

Governance costs includes payments to the auditors of £6,850 (2023- £6,850) for audit fees.

7 Net movement in funds

	2024 £	2023 £
The net movement in funds is stated after charging/(crediting):		
Fees payable for the audit of the charity's financial statements	<u>6,850</u>	<u>6,850</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

In 2024 three trustees had £4,923 of expenses reimbursed during the year (2023: Three trustees were reimbursed £1,288). In 2024 £1,085 was expended by trustees on their behalf for lunches and travel (2023 £2,122 for four trustees).

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

9 Staff costs

	2024 Number	2023 Number
Management	1	1
Operations and IT	1	1
Finance	1	2
Fundraising	1	-
Total	4	4

The amount of £86,915 (2023: £145,397) (see note 6) includes costs of £82,149 (2023: £135,570) for management and administrative support for The Proforest Initiative provided by staff whose costs were paid by Proforest Ltd. Employees of Proforest Ltd have joint contracts of employment with The Proforest Initiative.

Key management personnel comprise the Trustees, the chief executive officer, the operations director and the finance director. In 2023 there was also a program director and the Africa regional director. Remuneration paid to the charity's key management personnel in the year totaled £270,290 (2023: £435,411) of which £15,549 (2023: £131,997) is included as an expense in these accounts.

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024 Number	2023 Number
£60,001 - £70,000	1	5
£70,001 - £80,000	1	2
£80,001 - £90,000	2	3
£90,001 - £100,000	1	-

10 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

11 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Trade debtors	233,797	182,130
Amounts due from fellow subsidiaries	2,967	13,467
Other debtors	-	3,357
Accrued income	46,353	39,449
	283,117	238,403

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Other creditors falling due within one year

	2024 £	2023 £
Trade creditors	-	25,920
Amounts due to related parties (see note 16)	179,815	126,972
Accruals and deferred income	22,989	27,224
	<u>202,804</u>	<u>180,116</u>

13 Deferred income

	2024 £	2023 £
Arising from grants received for specific future programmes	<u>214,254</u>	<u>38,622</u>

Deferred income is included in the financial statements as follows:

	2024 £	2023 £
Deferred income is included within:		
Current liabilities	<u>214,254</u>	<u>38,622</u>
Movements in the year:		
Deferred income at 1 January 2024	38,622	11,700
Released from previous periods	(38,622)	(11,700)
Resources deferred in the year	<u>214,254</u>	<u>38,622</u>
Deferred income at 31 December 2024	<u>214,254</u>	<u>38,622</u>

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

14 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 January 2024	Incoming resources	Resources expended	Transfers	At 31 December 2024
	£	£	£	£	£
Rainforest Alliance	-	34,009	(34,009)	-	-
HSBC Grant funding	-	9,267	(9,267)	-	-
HRDD Toolkit for Sugarcane	-	16,729	(16,729)	-	-
PIBR HRDD Toolkit for Sugarcane	-	2,048	(2,048)	-	-
Cargill Grant	-	382,306	(382,306)	-	-
	-	444,359	(444,359)	-	-
Previous year:	At 1 January 2023	Incoming resources	Resources expended	Transfers	At 31 December 2023
	£	£	£	£	£
Africa TFA APOI	-	236,785	(239,335)	2,550	-
IKI Landscape	-	497,119	(495,680)	(1,439)	-
Service S016	-	11,363	(11,363)	-	-
HRDD Toolkit for Sugarcane	-	8,271	(8,271)	-	-
	-	753,538	(754,649)	1,111	-

Restricted monies were received from a variety of sources to support the programmes outlined above:

Africa TFA APOI programme

Africa Palm Oil Initiative: a multistakeholder initiative involving 9 countries and 1 state in Central and West Africa to promote the development of sustainable palm oil.

IKI Landscape programme

Support to landscape initiatives in Ghana, Cote d'Ivoire and Peru to align private sector initiatives to combat deforestation with government and civil society action in each country.

HRDD Sugarcane Toolkit Programme

Implementation of a Human Rights Due Diligence methodology in the sugar sector in Brazil as well as the development of capacity building materials on the topic.

The Rainforest Alliance

Various grant agreements to support ongoing projects with differing milestone budgets.

Cargill Grant

This grant was received on behalf of Proforest Limited, and passed through to this entity. No grant activity was concluded through the Proforest Initiative.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

15 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 January 2024	Incoming resources	Resources expended	Transfers	At 31 December 2024
	£	£	£	£	£
General funds	378,895	609,845	(586,340)	-	402,400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Previous year:	At 1 January 2023	Incoming resources	Resources expended	Transfers	At 31 December 2023
	£	£	£	£	£
General funds	450,100	787,151	(857,245)	(1,111)	378,895
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Commitments of the Charity

As at 31 December 2024 the Charity:

- had no material commitments not provided for in the accounts
- had given no guarantees to third parties
- had no liabilities secured on its assets
- had made no loans to connected persons or otherwise
- had made no ex-gratia payments in the year then ended.

17 Related party transactions and controlling party

Transactions with related parties

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

17 Related party transactions and controlling party

(Continued)

Proforest Initiative is a subsidiary of Proforest Ltd in accordance with the provisions of section 1159 of the Companies Act 2006. The reason that Proforest Initiative falls within this definition is that Proforest Ltd is the sole member of Proforest Initiative. Each trustee of the Proforest Initiative has one vote. The sole member cannot overrule any decision making by the Trustees. In theory, sole membership entitles Proforest Ltd to resign the Board of Trustees, however in practice this could not happen due to the regulatory framework in which the charity operates.

Proforest Ltd's principal objectives are to help people to produce and source natural resources sustainably. Proforest Ltd provides consultancy services to companies, developing practical approaches to responsible production and sourcing that support companies in their transition to better practices on the ground.

During the year ended 31 December 2024 Proforest Limited recharged The Proforest Initiative £510,941 (2023: £536,242) for costs of charitable activity paid on its behalf. As at 31 December 2024 £177,741 (2023: £91,149) was due to Proforest Limited from The Proforest Initiative. £Nil (2023: £Nil) was due from Proforest Limited to The Proforest Initiative.

During the year ended 31 December 2024 Proforest Sdn Bhd (a wholly owned Malaysian subsidiary of Proforest Limited) recharged The Proforest Initiative £30,350 (2023: £22,476) for costs of charitable activity paid on its behalf. As at 31 December 2024, £2,074 (2023: £160) was due from Proforest Sdn Bhd to The Proforest Initiative and £Nil (2023: £6,567) was due to Proforest Sdn Bhd from the Proforest Initiative.

During the year ended 31 December 2024 Proforest Ghana (a company under common control but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £6,612 (2023: £18,504) for costs of charitable activity paid on its behalf. As at 31 December 2024 £Nil (2023: £12,484) was due from The Proforest Initiative to Proforest Ghana.

During the year ended 31 December 2024 Proforest Initiative Africa, a registered charity in Ghana not under common control but sharing objectives with the Proforest Initiative, recharged The Proforest Initiative was recharged £Nil (2023: £209,353) for costs of charitable activity paid on its behalf. As at 31 December 2024 £Nil (2023: £Nil) was due to Proforest Initiative Africa and £334 (2023: £12,732) was due from Proforest Initiative Africa to The Proforest Initiative.

During the year ended 31 December 2024 Proforest Brazil (an Association registered in Brazil, which is not under common control), recharged The Proforest Initiative £Nil (2023: £Nil) for costs of charitable activity paid on its behalf. As at 31 December 2024, £Nil (2023: £8,059) was due to Proforest Brazil from The Proforest Initiative. As at 31 December 2024, £2,633 (2023: £585) was due from Proforest Brazil to The Proforest Initiative.

During the year ended 31 December 2024 Proforest Latin America (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £100,952 (2023: £206,648) for costs of charitable activity paid on its behalf. As at 31 December 2024, £Nil (2023: £10,292) was owed by The Proforest Initiative to Proforest Latin America.

During the year ended 31 December 2024 Proforest Mexico (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Mexico £52,359 (2023: £43,956) for costs of charitable activity paid on its behalf. As at 31 December 2024, £Nil (2023: £Nil) was owed by The Proforest Initiative to Proforest Mexico.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

18	Cash generated from/(absorbed by) operations	2024	2023
		£	£
	Surplus/(deficit) for the year	23,505	(71,205)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(4,124)	(570)
	Movements in working capital:		
	(Increase)/decrease in debtors	(44,714)	209,126
	Increase/(decrease) in creditors	22,688	(414,562)
	Increase in deferred income	175,632	26,922
	Cash generated from/(absorbed by) operations	172,987	(250,289)
19	Analysis of changes in net funds		
	The charity had no material debt during the year.		

THE PROFOREST INITIATIVE

England & Wales - Charity number 1137523

Accounts

Charity registration number 1137523

Company registration number 7293440 (England and Wales)

THE PROFOREST INITIATIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

THE PROFOREST INITIATIVE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	C A Elliott (Chair) M Hobley B A Lindhe
Charity number	1137523
Company number	7293440
Registered office	South Suite Frewin Chambers Frewin Court Oxford OX1 3HZ
Auditor	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP
Bankers	HSBC plc 65 Cornmarket Street Oxford OX1 3HY
Solicitors	Blake Morgan Seacourt Tower West Way Botley Oxford OX2 0FB

THE PROFOREST INITIATIVE

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THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2023.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

1. To promote for the benefit of the public conservation and improvement of the physical and natural environment by promoting sustainable development by:

- 1.1 The preservation, conservation and the protection of the environment and the prudent use of resources,
- 1.2 The relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities,
- 1.3 the promotion of sustainable means of achieving economic growth and regeneration.

Sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment relating to sustainable development and the protection, enhancement and rehabilitation of the environment.

During the year ended 31 December 2023, the Charity received funding to carry out a variety of activities to support implementation of its programmes to improve the environmental and social sustainability of agriculture and forestry commodity production and sourcing. These programmes included work in Europe, Africa and Latin America on the implementation of sustainable production practices for major commodity crops. To this end, the Charity supported stakeholders including private sector, government and civil society to align action to reduce deforestation; developed tools and guidance to enable agricultural commodity buyers to reduce the environmental and social impacts of their supply chains; and supported large-scale collaborative approaches to sustainable land management.

Following the signing of the Africa Sustainable Commodities Declaration by ministers of 10 countries in West and Central Africa (Cameroon, Ghana, Liberia, Sierra Leone, Gabon, Edo State (Nigeria), Central African Republic, Democratic Republic of the Congo, Cote d'Ivoire and the Republic of Congo) at CoP 27 in Egypt, the Charity supported partners in the countries to transition the Africa Palm Oil Initiative (APOI) to the wider scope of the Africa Sustainable Commodities Initiative (ASCI). Stakeholders were identified and invited to join the national platforms; and the APOI national principles and action plans were updated to incorporate the wider commodity focus. The Charity invested significant time, together with the global Proforest Communications Director on fundraising to support on-going activity and development of ASCI. While there has been significant interest from funders, this has yet to be converted into large-scale funding. The existing funding from the UK Foreign and Commonwealth Development Office (FCDO) ended in June 2023.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

The Charity continued to support 'landscape and jurisdictional' approaches to land management with on-the-ground activities particularly active in Ghana, Cote d'Ivoire and Peru. In Cote d'Ivoire, the landscape management and investment plan for the San Pedro Landscape, as well as a landscape baseline study, were validated by local stakeholders.

In Peru the Charity focused on supporting the government to develop sustainable plans for agricultural commodity production including palm oil and cattle. This continued work from 2022 on the development of a national strategy for sustainable palm oil, with the Ministry of Agrarian Development and Irrigation. Guidance for the cocoa sector on meeting the upcoming European Union Deforestation Regulation was interpreted for use in Peru and presented at the Chocolate and Cocoa traders event in Lima.

Within Europe, the Charity also focused on further exploring and publicising the implications of the European Union Deforestation Regulation for smallholder producers of cocoa in Ghana, Cote d'Ivoire and Peru. Operational guidance to support producers and traders to comply with the requirements was widely shared through interactive webinars in early 2023.

The Charity carried out a range of capacity building activities particularly in Ghana, Cote d'Ivoire and Peru. In Cote d'Ivoire, capacity building activities were carried out in 30 villages in the San Pedro landscape on relevant topics including the Forest Code, and the High Conservation Value approach. In Ghana, a mentoring approach was adopted to deliver longer term training.

Over the year, the Charity continued to provide significant technical support to organisations developing voluntary standards systems and methodologies for defining, implementing and assessing the sustainable management of agricultural production. This included continued support to the Accountability Framework Initiative, Roundtable on Sustainable Palm Oil (RSPO), and the ISEAL Alliance. The Charity continued to develop an e-learning platform to support the activities of the Accountability Framework Initiative; and worked with new organisations including Gold Standard, SAI Platform and the World Resources Institute Forest Data Partnership. In 2023, the Charity has increasingly built a profile of recognised expertise on questions around new due diligence regulations (such as the EUDR) and the role of voluntary standards systems, as this has become an important theme in agricultural commodity production, trade and sustainability.

The Charity was involved in significant fundraising activities for future projects related to the responsible management of agricultural commodities to enhance conservation and improve living conditions of workers and local communities around the world. The Charity was represented at the Committee on World Food Security, the Africa Climate Summit, COP 28, and the Africa Food Systems Forum. Grant and project proposals were submitted to UK and European donor organisations.

The Trustees oversaw implementation of policies and procedures to govern the charity's relationship with third parties, and to strengthen the management and transparency of the charity.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Achievements and performance

Financial review

During 2023, the Charity saw a significant decrease in income and expenditure on charitable activities, resulting in a deficit of £71k, compared to a deficit of £2k in the previous year.

Net income was reduced due to a decreased contribution from programmes. The Charity experienced a funding gap after several long term grant funding initiatives (P4F and IKI) ended during 2023.

Fixed costs, excluding foreign currency impact, also decreased to £218k (2022 £346k) as a consequence of the reduction of charitable activities. During the year the charity suffered adverse foreign currency impact, resulting in a foreign exchange loss of £19k, compared to a gain of £35k in 2022.

In 2023 the Charity's net expenditure on unfunded restricted activities was £1k compared to net expenditure of £2k in 2022. At the end of the year, the Charity did not carry forward any restricted funds (2022: £Nil)

Our programme delivery was funded by several grants from donors with the two largest being from Partnership for Forests (P4F) programme and The Federal Republic of Germany Ministry for the Environment, Nature Conservation and Nuclear Safety's International Climate Initiative (IKI).

Reserves policy

The Proforest Initiative has a policy of building and maintaining reserves approximately equal to six months (50%) of the annual running costs in order to ensure the organisation can deal with fluctuations in income and payment schedules. In addition to the agreed level of operational reserves, the charity also chooses to retain a certain level of additional reserves approximately equal to 15% of annual running costs, to act as a buffer against significant future foreign exchange rate fluctuations and direct programme related expenses not covered by grant or donor funding. Proforest Ltd agrees to underwrite the Proforest Initiative should adequate reserves not be available.

The reserve levels are reviewed annually by the Trustees, as part of the review of the accounts and, where the unrestricted reserves are not at the required level, a strategy for adjusting the reserves over the following year will be agreed.

The unrestricted reserves held at 31 December 2023 are £379K.

In addition to a) the ringfenced reserves and b) approved co-funding for the P15A IKI Landscape programme (£21k) in 2023, the trustees also approved the utilisation of unrestricted reserves to cover the planned deficit. The charity utilised a total of £71k from unrestricted reserves at 31.12.2023.

The current reserve level is above the annual operating cost of the Charity and the trustees consider any surplus above requirement to be a useful buffer against short-term funding gaps.

It is the opinion of the trustees that there is no significant impact on the charity's activities and going concern status.

Plans for future periods

During 2023 the Charity successfully completed two grants (through the UK government Partnership for Forests Programme, and the German government International Climate Initiative)

In 2024, the Charity is seeking substantial funding for further action on:

- Scale up support and investment in landscape and jurisdictional initiatives, and other large scale approaches to environmentally and socially responsible agricultural commodity production.
- Supporting producer countries to develop mechanisms which enable them to comply with increasing consumer country due diligence legislation, such as the EU Deforestation Regulation, EU CSRD, and the UK Environment Act.
- Developing approaches to ensure human rights are respected in agricultural commodity production landscapes. This includes labour, land, indigenous people and communities, child and gender rights, among others.

The Charity is continually improving its financial and management systems, overseen by the Trustees.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Structure, governance and management

The Proforest Initiative is a company limited by guarantee (registered at Cardiff on 23 June 2010) and a charity (registered on 17 August 2010) governed by its Memorandum and Articles of Association. Charity number: 1137523. Company number: 7293440.

The directors of the charitable company ('the Charity') are its trustees for the purpose of Charity Law and throughout this report are collectively referred to as the Trustees.

The number of Trustees is at least three, and not more than six. Trustees serve for an initial term of three years and approximately one third of Trustees retire at each AGM. A Trustee may volunteer to stay on the Board for a second period of three years. The trustees meet approximately quarterly, by telephone if they so agree, but in person at least once a year.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

C A Elliott (Chair)

E J Fripp

(Resigned 1 March 2023)

I A R Smyth

(Resigned 31 January 2024)

M Hobley

B A Lindhe

Under the Memorandum and Articles of Association, the Charity has the power to make any investment, but only after obtaining such advice from a financial expert as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification. No investment has been made to date.

Pay policy for senior staff

The board of directors, who are the Charity's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 7 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in line with inflation. The Board of Trustees are informed of pay reviews for senior staff.

Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks. A risk management matrix details risks and confirms the procedures in place and is reviewed and approved each year. As several programmes include work in high risk countries (post-conflict or limited infrastructure to respond to accidents and emergencies) work plans are reviewed and, if necessary amended, to respond to any risk which cannot be adequately mitigated.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2023*

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



C A Elliott (Chair)

Trustee

Date: May 22, 2024

THE PROFOREST INITIATIVE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

The Trustees (who are also directors of The Proforest Initiative for the purposes of company law) are responsible for preparing the Trustees' 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 its income and expenditure 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which 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 auditors are unaware, and
- 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 auditors are aware of that information.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Opinion

We have audited the financial statements of The Proforest Initiative (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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 the charity'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 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 trustees 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

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.



Robert Kirtland (Senior Statutory Auditor)
for and on behalf of Critchleys Audit LLP

23/5/2024
.....

Statutory Auditor

Beaver House
23-38 Hythe Bridge Street
Oxford
OX1 2EP

THE PROFOREST INITIATIVE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

		Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
	Notes						
Income from:							
Donations and legacies	3	-	753,538	753,538	-	2,098,597	2,098,597
Charitable activities		786,581	-	786,581	464,990	-	464,990
Investments	4	570	-	570	469	-	469
Total income		787,151	753,538	1,540,689	465,459	2,098,597	2,564,056
Charitable activities	5	857,245	754,649	1,611,894	465,729	2,100,372	2,566,101
Net expenditure		(70,094)	(1,111)	(71,205)	(270)	(1,775)	(2,045)
Transfers between funds		(1,111)	1,111	-	(1,775)	1,775	-
Net movement in funds		(71,205)	-	(71,205)	(2,045)	-	(2,045)
Reconciliation of funds:							
Fund balances at 1 January 2023		450,100	-	450,100	452,145	-	452,145
Fund balances at 31 December 2023		378,895	-	378,895	450,100	-	450,100

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

THE PROFOREST INITIATIVE

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors	10	238,403		447,529	
Cash at bank and in hand		359,230		608,949	
		<u>597,633</u>		<u>1,056,478</u>	
Creditors: amounts falling due within one year					
Other creditors	11	180,116		594,678	
Deferred income	12	38,622		11,700	
		<u>218,738</u>		<u>606,378</u>	
Net current assets			<u>378,895</u>		<u>450,100</u>
The funds of the charity					
Unrestricted funds			<u>378,895</u>		<u>450,100</u>
			<u>378,895</u>		<u>450,100</u>

The financial statements were approved by the trustees on May 22, 2024



C A Elliott (Chair)
Trustee

Company registration number 7293440 (England and Wales)

THE PROFOREST INITIATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash absorbed by operations	17		(250,289)		(146,074)
Investing activities					
Investment income received		570		469	
Net cash generated from investing activities			570		469
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(249,719)		(145,605)
Cash and cash equivalents at beginning of year			608,949		754,554
Cash and cash equivalents at end of year			359,230		608,949

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Charity information

The Proforest Initiative is a private company limited by guarantee incorporated in England and Wales. The registered office is South Suite, Frewin Chambers, Frewin Court, Oxford, OX1 3HZ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policy notes. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Where a donor has specified a particular purpose for a donation, the income is shown as restricted income in the Statement of Financial Activities. Any such income unexpended at the year end is shown as a restricted fund in the balance sheet. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Details of the restricted funds are provided in the notes to the accounts.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant income is generally recognised on a receivable basis and is reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt.

Funding received for future periods is carried forward in deferred income until the related expenditure has been incurred.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

- Costs of charitable activity comprises direct expenditure. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs include those costs, such as audit or independent examination fees and legal and professional fees, associated with constitutional and statutory requirements.
- Support costs and governance costs, reported under "Other Charitable Expenditure" have not been apportioned across the reported charitable activities. Apportioning these costs would not add any further benefit to interpreting the accounts, in the opinion of the charity.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Deferred income

The element of charitable income which relates to costs which have not been incurred at the balance sheet date are carried forward to be matched against the costs when they are incurred. Management exercises judgement to calculate the amounts to be deferred by reference to budgeted expenditure and grant conditions.

Accruals

Management exercises judgement in calculating year end accruals with reference to information relating to costs incurred post year end, and budgeted expenditure.

3 Donations and grants

	Restricted funds	Restricted funds
	2023	2022
	£	£
Grant income	753,538	2,098,597
	<u>753,538</u>	<u>2,098,597</u>
Grants receivable for core activities	£	£
IKICall 2016	497,119	636,745
FCDO_P4F_TFA Phase III	236,785	719,864
FCDO-FGMC extension 2021-2022	-	707,739
CAF- General Mills	8,271	-
Other	11,363	34,249
	<u>753,538</u>	<u>2,098,597</u>

The following acronyms have been used above and in note 13 to the accounts:

APOI	Africa Palm Oil Initiative
CAF	Charities Aid Foundation
FCDO	Foreign, Commonwealth & Development Office
FGMC	Forest Governance, Markets and Climate Programme
IKI	International Climate Initiative
P4F	Partnerships for Forests
RSS	Regional Sustainability Strategy
HRDD	Sugarcane Toolkit Programme
TFA	Tropical Forest Alliance

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

4 Income from investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Interest receivable	570	469

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Charitable activities

	Proforest Ltd	Proforest Latin America	Proforest Mexico	Proforest Ghana	Proforest Initiative Africa (Ghana)	Proforest Sdn Bhd	Other Charitable Expenditure	Total 2023	Total 2022
	2023 £	2023 £	2023 £	2023 £	2023 £	2023 £	2023 £	£	£
Labour costs for programme delivery	352,634	118,658	43,956	18,504	67,358	22,476	-	623,586	1,029,652
Programme expenses recharged	183,608	87,990	-	-	141,995	-	-	413,593	825,145
3rd Party Sub Contractor costs	-	-	-	-	-	-	178,518	178,518	267,480
3rd Party programme related expenses	-	-	-	-	-	-	80,709	80,709	54,295
RSS Partnership payments	-	-	-	-	-	-	78,727	78,727	80,787
	536,242	206,648	43,956	18,504	209,353	22,476	337,954	1,375,133	2,257,359
Share of support costs (see note 6)	-	-	-	-	-	-	225,965	225,965	296,485
Share of governance costs (see note 6)	-	-	-	-	-	-	10,796	10,796	12,257
	536,242	206,648	43,956	18,504	209,353	22,476	574,715	1,611,894	2,566,101
Analysis by fund									
Unrestricted funds	269,550	77,172	43,956	18,504	-	22,476	425,587	857,245	465,729
Restricted funds	266,692	129,476	-	-	209,353	-	149,128	754,649	2,100,372
	536,242	206,648	43,956	18,504	209,353	22,476	574,715	1,611,894	2,566,101

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Charitable activities

(Continued)

For the year ended 31 December 2022

	Proforest Ltd	Proforest Latin America	Proforest Mexico	Proforest Ghana	Proforest Initiative Africa (Ghana)	Proforest Sdn Bhd	Other Charitable Expenditure	Total 2022
	£	£	£	£	£	£	£	£
Labour costs for programme delivery	574,911	67,467	8,057	8,885	229,453	140,879	-	1,029,652
Programme expenses recharged	210,562	105,189	-	-	437,474	71,920	-	825,145
3rd Party Sub Contractor costs	-	-	-	-	-	-	267,480	267,480
3rd Party programme related expenses	-	-	-	-	-	-	54,295	54,295
RSS Partnership payments	-	-	-	-	-	-	80,787	80,787
	<u>785,473</u>	<u>172,656</u>	<u>8,057</u>	<u>8,885</u>	<u>666,927</u>	<u>212,799</u>	<u>402,562</u>	<u>2,257,359</u>
Share of support costs (see note 6)	-	-	-	-	-	-	296,485	296,485
Share of governance costs (see note 6)	-	-	-	-	-	-	12,257	12,257
	<u>785,473</u>	<u>172,656</u>	<u>8,057</u>	<u>8,885</u>	<u>666,927</u>	<u>212,799</u>	<u>711,304</u>	<u>2,566,101</u>
Analysis by fund								
Unrestricted funds	154,007	-	8,057	8,885	22,437	10,237	262,106	465,729
Restricted funds	631,466	172,656	-	-	644,490	202,562	449,198	2,100,372
	<u>785,473</u>	<u>172,656</u>	<u>8,057</u>	<u>8,885</u>	<u>666,927</u>	<u>212,799</u>	<u>711,304</u>	<u>2,566,101</u>

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6 Support costs

	2023 £	2023 £	2023 £	2022 £	2022 £	2022 £
Programme development	3,347	-	3,347	6,393	-	6,393
Management and administrative support	145,397	-	145,397	223,417	-	223,417
Office and establishment costs	73,327	-	73,327	65,382	-	65,382
Others expenses	3,894	-	3,894	1,293	-	1,293
Audit fees	-	6,850	6,850	-	6,850	6,850
Trustees' meeting costs	-	3,946	3,946	-	5,407	5,407
	<u>225,965</u>	<u>10,796</u>	<u>236,761</u>	<u>296,485</u>	<u>12,257</u>	<u>308,742</u>
Analysed between:						
Charitable activities	<u>225,965</u>	<u>10,796</u>	<u>236,761</u>	<u>296,485</u>	<u>12,257</u>	<u>308,742</u>

Governance costs includes payments to the auditors of £6,850 (2022- £6,850) for audit fees.

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

Three trustees received £1,288 reimbursed during the year (2022: Six trustees were reimbursed expenses of £935). In 2023, four trustees also had £2,122 (2022 £4,451) expended on their behalf for lunches and travel.

8 Staff costs

	2023 Number	2022 Number
Management	1	1
Operations and IT	1	1
Finance	2	3
	<u>4</u>	<u>5</u>
Total	<u>4</u>	<u>5</u>

The amount of £145,397 (2022: £223,417) (see note 6) includes costs of £135,570 (2022: £208,870 for management and administrative support for The Proforest Initiative provided by staff whose costs were paid by Proforest Ltd . Employees of Proforest Ltd have joint contracts of employment with The Proforest Initiative.

Key management personnel comprise the Trustees, the chief executive officer, a programme director, the Africa regional director, the operations director and the finance director. This was also the case in 2022. Remuneration paid to the charity's key management personnel in the year totalled £435,411 (2022: £417,295) of which £131,997 (2022: £121,727) is included as an expense in these accounts.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

8 Staff costs

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2023 Number	2022 Number
£60,001 - £70,000	5	3
£70,001 - £80,000	2	2
£80,001 - £90,000	3	1
	<u> </u>	<u> </u>

9 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

10 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	182,130	108,987
Amounts due from fellow subsidiaries	13,467	-
Other debtors	3,357	4,354
Accrued income	39,449	334,188
	<u>238,403</u>	<u>447,529</u>

11 Other creditors falling due within one year

	2023 £	2022 £
Trade creditors	25,920	10,337
Amounts due to related parties (see note 16)	126,972	489,301
Accruals and deferred income	27,224	95,040
	<u>180,116</u>	<u>594,678</u>

12 Deferred income

	2023 £	2022 £
Arising from grants received for specific future programmes	<u>38,622</u>	<u>11,700</u>

Deferred income is included in the financial statements as follows:

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

12 Deferred income

(Continued)

	2023 £	2022 £
Deferred income is included within:		
Current liabilities	38,622	11,700
Movements in the year:		
Deferred income at 1 January 2023	11,700	101,097
Released from previous periods	(11,700)	(101,097)
Resources deferred in the year	38,622	11,700
Deferred income at 31 December 2023	38,622	11,700

13 Restricted funds

The restricted funds of the charity comprise the unexpended balances of donations and grants held on trust subject to specific conditions by donors as to how they may be used.

	At 1 January 2023 £	Incoming resources £	Resources expended £	Transfers £	At 31 December 2023 £
Africa TFA APOI	-	236,785	(239,335)	2,550	-
IKI Landscape	-	497,119	(495,680)	(1,439)	-
Service S016	-	11,363	(11,363)	-	-
HRDD Toolkit for Sugarcane	-	8,271	(8,271)	-	-
	-	753,538	(754,649)	1,111	-
Previous year:	At 1 January 2022 £	Incoming resources £	Resources expended £	Transfers £	At 31 December 2022 £
Africa TFA APOI	-	719,864	(719,864)	-	-
Production Landscape	-	707,739	(707,739)	-	-
IKI Landscape	-	636,745	(638,520)	1,775	-
Service S016	-	34,249	(34,249)	-	-
	-	2,098,597	(2,100,372)	1,775	-

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 Restricted funds

(Continued)

Restricted monies were received from a variety of sources to support the programmes outlined above:

Africa TFA APOI programme

Africa Palm Oil Initiative: a multistakeholder initiative involving 9 countries and 1 state in Central and West Africa to promote the development of sustainable palm oil.

IKI Landscape programme

Support to landscape initiatives in Ghana, Cote d'Ivoire and Peru to align private sector initiatives to combat deforestation with government and civil society action in each country.

HRDD Sugarcane Toolkit Programme

Implementation of a Human Rights Due Diligence methodology in the sugar sector in Brazil as well as the development of capacity building materials on the topic.

14 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 January 2023	Incoming resources	Resources expended	Transfers	At 31 December 2023
	£	£	£	£	£
General funds	450,100	787,151	(857,245)	(1,111)	378,895
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Previous year:	At 1 January 2022	Incoming resources	Resources expended	Transfers	At 31 December 2022
	£	£	£	£	£
General funds	452,145	465,459	(465,729)	(1,775)	450,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15 Commitments of the Charity

As at 31 December 2023 the Charity:

- had no material commitments not provided for in the accounts
- had given no guarantees to third parties
- had no liabilities secured on its assets
- had made no loans to connected persons or otherwise
- had made no ex-gratia payments in the year then ended.

16 Related party transactions and controlling party

Transactions with related parties

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 Related party transactions and controlling party

(Continued)

Proforest Initiative is a subsidiary of Proforest Ltd in accordance with the provisions of section 1159 of the Companies Act 2006. The reason that Proforest Initiative falls within this definition is that Proforest Ltd is the sole member of Proforest Initiative. Each trustee of the Proforest Initiative has one vote. The sole member cannot overrule any decision making by the Trustees. In theory, sole membership entitles Proforest Ltd to resign the Board of Trustees, however in practice this could not happen due to the regulatory framework in which the charity operates.

Proforest Ltd's principal objectives are to help people to produce and source natural resources sustainably. Proforest Ltd provides consultancy services to companies, developing practical approaches to responsible production and sourcing that support companies in their transition to better practices on the ground.

During the year ended 31 December 2023 Proforest Limited recharged The Proforest Initiative £536,242 (2022: £785,473) for costs of charitable activity paid on its behalf. As at 31 December 2023 £91,137 (2022: £203,516) was due to Proforest Limited from The Proforest Initiative.

During the year ended 31 December 2023 Proforest Sdn Bhd (a wholly owned Malaysian subsidiary of Proforest Limited) recharged The Proforest Initiative £22,476 (2022: £212,799) for costs of charitable activity paid on its behalf. As at 31 December 2023, £150 (2022: £35,956) was due from Proforest Sdn Bhd to The Proforest Initiative and £6,166 (2022: £27,297) was due to Proforest Sdn Bhd from the Proforest Initiative.

During the year ended 31 December 2023 Proforest Ghana (a company under common control but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £18,504 (2022: £8,885) for costs of charitable activity paid on its behalf. As at 31 December 2023 £12,484 (2022: £2,920) was due from The Proforest Initiative to Proforest Ghana.

During the year ended 31 December 2023 Proforest Initiative Africa, a registered charity in Ghana not under common control but sharing objectives with the Proforest Initiative, recharged The Proforest Initiative was recharged £209,353 (2022: £666,927) for costs of charitable activity paid on its behalf. At 31 December 2023 £Nil (2022: £192,660) was due to Proforest Initiative Africa and £12,732 (2022: £Nil) was due from Proforest Initiative Africa to The Proforest Initiative.

During the year ended 31 December 2023 Proforest Brazil (an Association registered in Brazil, which is not under common control), recharged The Proforest Initiative £Nil (2022: £8,057) for costs of charitable activity paid on its behalf. As at 31 December 2023, £8,054 (2022: £8,109) was due to Proforest Brazil from The Proforest Initiative. As at 31 December 2023, £585 (2022: £Nil) was due from Proforest Brazil to The Proforest Initiative.

During the year ended 31 December 2023 Proforest Latin America (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £206,648 (2022: £172,656) for costs of charitable activity paid on its behalf. As at 31 December 2023, £9,131 was owed by The Proforest Initiative to Proforest Latin America (2022: £54,801).

During the year ended 31 December 2023 Proforest Mexico (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged Proforest Mexico £43,956 (2022: £Nil) for costs of charitable activity paid on its behalf. As at 31 December 2023, £Nil (2022: £Nil) was due from The Proforest Initiative to Proforest Mexico.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

17	Cash generated from operations	2023 £	2022 £
	Deficit for the year	(71,205)	(2,045)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(570)	(469)
	Movements in working capital:		
	Decrease/(increase) in debtors	209,126	(289,425)
	(Decrease)/increase in creditors	(414,562)	235,262
	Increase/(decrease) in deferred income	26,922	(89,397)
	Cash absorbed by operations	(250,289)	(146,074)

18 Analysis of changes in net funds

The charity had no material debt during the year.

THE PROFOREST INITIATIVE

England & Wales - Charity number 1137523

Accounts

Charity registration number 1137523

Company registration number 7293440 (England and Wales)

THE PROFOREST INITIATIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

THE PROFOREST INITIATIVE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	I A R Smyth	
	M Hobley	
	C A Elliott	(Appointed 18 March 2022)
	B A Lindhe	(Appointed 18 March 2022)
Charity number	1137523	
Company number	7293440	
Registered office	South Suite	
	Frewin Chambers	
	Frewin Court	
	Oxford	
	OX1 3HZ	
Auditor	Critchleys Audit LLP	
	Beaver House	
	23-38 Hythe Bridge Street	
	Oxford	
	OX1 2EP	
Bankers	HSBC plc	
	65 Cornmarket Street	
	Oxford	
	OX1 3HY	
Solicitors	Blake Morgan	
	Seacourt Tower	
	West Way	
	Botley	
	Oxford	
	OX2 0FB	

THE PROFOREST INITIATIVE

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THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2022.

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

1. To promote for the benefit of the public conservation and improvement of the physical and natural environment by promoting sustainable development by:

- 1.1. The preservation, conservation and the protection of the environment and the prudent use of resources,
- 1.2. The relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities,
- 1.3. The promotion of sustainable means of achieving economic growth and regeneration.

Sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment relating to sustainable development and the protection, enhancement and rehabilitation of the environment.

During the year ended 31 December 2022, the Charity received funding to carry out a variety of activities to support implementation of its programmes to improve the environmental and social sustainability of agriculture and forestry commodity production and sourcing. These programmes included work in Africa, Latin America and Southeast Asia on the implementation of sustainable production practices for major commodity crops. To this end, the Charity supported stakeholders including private sector, government and civil society to align action to reduce deforestation; developed tools to enable agricultural commodity buyers to reduce the environmental and social impacts of their supply chains; and supported large-scale collaborative approaches to sustainable land management.

Following the recommitment at the UNFCCC CoP 26 by governments of 10 countries in West and Central Africa to sustainable commodity production, the Charity supported the development of a new formal declaration to embody this commitment. The Africa Sustainable Commodities Declaration was signed by ministers of the 10 countries at CoP 27 in Egypt. This moves from the original focus on palm oil to a set of principles that encompass all relevant commodities in the production landscapes of these countries.

The Charity continued to support 'landscape and jurisdictional' approaches to land management with on-the-ground activities particularly active in Ghana, Cote d'Ivoire and Indonesia. In Cote d'Ivoire, the charity facilitated stakeholders to develop a landscape management and investment plan for the San Pedro cocoa producing regions. In Indonesia, the Charity supported landscape approaches in two oil palm producing regions with the aim of avoiding negative environmental impacts and ensuring social inclusion. A process of social dialogue was developed in the Siak and Pelalawan Districts of Riau, Indonesia, which seeks to ensure that workers and communities have greater voice in the management of oil palm production.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The Charity carried out a range of capacity building activities. In Ghana, capacity building activities were carried out around the identification and protection of High Conservation Values and High Carbon Stock forests; as well as the importance of the Free, Prior and Informed Consent of local communities to the use of their lands for commodity agriculture. A comprehensive Palm Oil Toolkit was developed in English and Chinese during the year, which provides an accessible step-by-step guide for companies to implement their commitments to the responsible sourcing of palm oil.

Among newer activities, the Charity supported the Ministry of Agrarian Development and Irrigation in Peru to develop a national strategy for sustainable palm oil; and to develop the Public Multiannual Investment plan for Cocoa and Chocolate, which focuses on the development of sustainable cocoa production. The Charity also focused in Europe on exploring the implications of the European Union Deforestation Regulation for smallholder producers of cocoa in Ghana, Cote d'Ivoire and Peru; and developing operational guidance to support producers and traders to comply with the requirements.

Over the year, the Charity continued to provide significant technical support to organisations developing voluntary standards systems and methodologies for defining, implementing and assessing the sustainable management of agricultural production. This included continued support to the Roundtable on Sustainable Palm Oil (RSPO), Better Cotton Initiative, and the Global Platform on Sustainable Natural Rubber. The Charity also developed an e-learning platform to support the activities of the Accountability Framework Initiative; and two studies for Oxfam on multistakeholder initiative shared responsibility; and human rights due diligence.

The Charity was involved in fundraising activities for future projects related to the responsible management of agricultural commodities to enhance conservation and improve living conditions of workers and local communities around the world.

The Trustees oversaw implementation of policies and procedures to govern the charity's relationship with third parties, and to strengthen the management and transparency of the charity.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Achievements and performance

Financial review

During 2022, the Charity saw a decrease in income and expenditure on unrestricted charitable activities, resulting in a small in-year deficit of £2k, compared to a surplus of £21k in the previous year.

Reduced net income was due to a combination of decreased net income on our sustainability initiative projects and a decreased contribution from our programmes.

Increased fixed costs, excluding foreign currency gains, of £346k (2021 £277k) was due to increased spending on staff development and capacity building following the lifting of travel restrictions after Covid and increased personnel costs. During the year the charity also benefitted from foreign currency exchange gains of £35k compared to a loss of £16k suffered in 2021.

In 2022 the Charity's net expenditure on restricted activities was £2k compared to net expenditure of £37k in 2021. At the end of the year, the Charity did not carry forward any restricted funds (2021: £Nil)

Our programme delivery was funded by grants from donors such as FCDO's (formerly DfID) Forest Governance, Markets and Climate (FGMC) programme, Partnership for Forests (P4F) programme, and The Federal Republic of Germany Ministry for the Environment, Nature Conservation and Nuclear Safety's International Climate Initiative (IKI).

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Reserves policy

The Proforest Initiative has a policy of building and maintaining reserves approximately equal to six months (50%) of the annual running costs in order to ensure the organisation can deal with fluctuations in income and payment schedules. In addition to the agreed level of operational reserves, the charity also chooses to retain a certain level of additional reserves approximately equal to 15% of annual running costs, to act as a buffer against significant future foreign exchange rate fluctuations and direct programme related expenses not covered by grant or donor funding. Proforest Ltd agrees to underwrite the Proforest Initiative should adequate reserves not be available.

The reserve levels are reviewed annually by the Trustees, as part of the review of the accounts and, where the unrestricted reserves are not at the required level, a strategy for adjusting the reserves over the following year will be agreed.

The unrestricted reserves held at 31 December 2022 are £450K.

In addition to the ringfenced reserves and approved co-funding for the P15A IKI Landscape programme (£22k) in 2022, the trustees approved an additional allocation of £6k to support the development of a mobile application (SWARA) to monitor participation in programmatic workshops and meetings.

The current reserve level is above the annual operating cost of the Charity and the trustees consider any surplus above requirement to be a useful buffer against short-term funding gaps.

It is the opinion of the trustees that there is no significant impact on the charity's activities and going concern status.

Plans for future periods

During 2022 the Charity successfully completed one grant (through the UK government Forest, Governance, Markets and Climate Programmes) and a second grant received through the UK government Partnership for Forests, will end in June 2023. Through the activities under the International Climate Initiative PIUK will continue to

- Support action in production landscapes: Develop effective ways for private sector companies to engage meaningfully with government, civil society and other actors in production landscapes, to facilitate the implementation of responsible production practices.
- Facilitate multi-stakeholder sustainability initiatives: Provide technical support for organisations developing standards, processes and safeguards to promote better management of natural resources.
- Develop toolkits and guidance: Support companies sourcing from or investing in agricultural commodity and forest production in Latin America, Africa and Southeast Asia, to help them ensure commodity production does not contribute to deforestation and other adverse environmental and social impacts.

In addition, the Charity is seeking substantial funding for further action on:

- Supporting producer countries to develop mechanisms which enable them to comply with increasing consumer country due diligence legislation, such as the EU Deforestation Regulation and the UK Environment Act.
- Developing approaches to ensure human rights are respected in agricultural commodity production landscapes. This includes labour, land, indigenous people and communities, child and gender rights, among others.
- Continuing our support to landscape and jurisdictional approaches, and other large scale approaches to environmentally and socially responsible agricultural commodity production.

The Charity is continually improving its financial and management systems, overseen by the Trustees.

Structure, governance and management

The Proforest Initiative is a company limited by guarantee (registered at Cardiff on 23 June 2010) and a charity (registered on 17 August 2010) governed by its Memorandum and Articles of Association. Charity number: 1137523. Company number: 7293440.

The directors of the charitable company ('the Charity') are its trustees for the purpose of Charity Law and throughout this report are collectively referred to as the Trustees.

The number of Trustees is at least three, and not more than six. Trustees serve for an initial term of three years and approximately one third of Trustees retire at each AGM. A Trustee may volunteer to stay on the Board for a second period of three years.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

R J Cooper	(Resigned 6 July 2022)
M Abreu	(Resigned 18 March 2022)
E J Fripp	(Resigned 1 March 2023)
I A R Smyth	
M Hobley	
C A Elliott	(Appointed 18 March 2022)
B A Lindhe	(Appointed 18 March 2022)

Under the Memorandum and Articles of Association, the Charity has the power to make any investment, but only after obtaining such advice from a financial expert as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification. No investment has been made to date.

Pay policy for senior staff

The board of directors, who are the Charity's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 7 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in line with inflation. The Board of Trustees sign off on pay reviews for senior staff.

Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks. A risk management matrix details risks and confirms the procedures in place and is reviewed and approved each year. As several programmes include work in high risk countries (post-conflict or limited infrastructure to respond to accidents and emergencies) work plans are reviewed and, if necessary amended, to respond to any risk which cannot be adequately mitigated.

Auditor

In accordance with the company's articles, a resolution proposing that Critchleys Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



C A Elliott
Trustee

Date: 15.06.2023

THE PROFOREST INITIATIVE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees, who are also the directors of The Proforest Initiative for the purpose of company law, are responsible for preparing the Trustees' 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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 auditors are unaware, and
- 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 auditors are aware of that information.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Opinion

We have audited the financial statements of The Proforest Initiative (the 'charity') for the year ended 31 December 2022 which comprise the statement of financial activities, the balance sheet, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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 the charity'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 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 trustees 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

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.



Robert Kirtland (Senior Statutory Auditor)
for and on behalf of Critchleys Audit LLP

Statutory Auditor

20/6/2023

Beaver House
23-38 Hythe Bridge Street
Oxford
OX1 2EP

THE PROFOREST INITIATIVE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

Current financial year

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
	Notes				
<u>Income from:</u>					
Donations and grants	3	-	2,098,597	2,098,597	1,702,170
Charitable activities		464,990	-	464,990	520,654
Investments	4	469	-	469	15
Total income		<u>465,459</u>	<u>2,098,597</u>	<u>2,564,056</u>	<u>2,222,839</u>
<u>Expenditure on:</u>					
Charitable activities	5	<u>465,729</u>	<u>2,100,372</u>	<u>2,566,101</u>	<u>2,215,905</u>
Net (outgoing)/incoming resources before transfers		(270)	(1,775)	(2,045)	6,934
Gross transfers between funds		<u>(1,775)</u>	<u>1,775</u>	<u>-</u>	<u>-</u>
Net (expenditure)/income for the year/ Net movement in funds		(2,045)	-	(2,045)	6,934
Fund balances at 1 January 2022		<u>452,145</u>	<u>-</u>	<u>452,145</u>	<u>445,211</u>
Fund balances at 31 December 2022		<u><u>450,100</u></u>	<u><u>-</u></u>	<u><u>450,100</u></u>	<u><u>452,145</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE PROFOREST INITIATIVE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

Prior financial year

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
<u>Income from:</u>				
Donations and grants	3	-	1,702,170	1,702,170
Charitable activities		520,654	-	520,654
Investments	4	15	-	15
Total income		<u>520,669</u>	<u>1,702,170</u>	<u>2,222,839</u>
<u>Expenditure on:</u>				
Charitable activities	5	<u>476,272</u>	<u>1,739,633</u>	<u>2,215,905</u>
Net (outgoing)/incoming resources before transfers		<u>44,397</u>	<u>(37,463)</u>	<u>6,934</u>
Gross transfers between funds		<u>(23,325)</u>	<u>23,325</u>	<u>-</u>
Net (expenditure)/income for the year/ Net movement in funds		<u>21,072</u>	<u>(14,138)</u>	<u>6,934</u>
Fund balances at 1 January 2021		<u>431,073</u>	<u>14,138</u>	<u>445,211</u>
Fund balances at 31 December 2021		<u><u>452,145</u></u>	<u><u>-</u></u>	<u><u>452,145</u></u>

THE PROFOREST INITIATIVE

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Current assets					
Debtors	9	447,529		158,104	
Cash at bank and in hand		608,949		754,554	
		<u>1,056,478</u>		<u>912,658</u>	
Creditors: amounts falling due within one year					
Other creditors	10	594,678		359,416	
Deferred income	11	11,700		101,097	
		<u>606,378</u>		<u>460,513</u>	
Net current assets			<u>450,100</u>		<u>452,145</u>
Income funds					
Unrestricted funds			<u>450,100</u>		<u>452,145</u>
			<u>450,100</u>		<u>452,145</u>

The financial statements were approved by the Trustees on 19/06/2023



C A Elliott
Trustee

Company registration number 7293440

THE PROFOREST INITIATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash absorbed by operations	15		(146,074)		(25,350)
Investing activities					
Investment income received		469		15	
Net cash generated from investing activities			469		15
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(145,605)		(25,335)
Cash and cash equivalents at beginning of year			754,554		779,889
Cash and cash equivalents at end of year			608,949		754,554

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Charity information

The Proforest Initiative is a private company limited by guarantee incorporated in England and Wales. The registered office is South Suite, Frewin Chambers, Frewin Court, Oxford, OX1 3HZ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policy notes. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Where a donor has specified a particular purpose for a donation, the income is shown as restricted income in the Statement of Financial Activities. Any such income unexpended at the year end is shown as a restricted fund in the balance sheet. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Details of the restricted funds are provided in the notes to the accounts.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant income is generally recognised on a receivable basis and is reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt.

Funding received for future periods is carried forward in deferred income until the related expenditure has been incurred.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

- Costs of charitable activity comprises direct expenditure. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs include those costs, such as audit or independent examination fees and legal and professional fees, associated with constitutional and statutory requirements.
- Support costs and governance costs, reported under "Other Charitable Expenditure" have not been apportioned across the reported charitable activities. Apportioning these costs would not add any further benefit to interpreting the accounts, in the opinion of the charity.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Deferred income

No new grants were received in respect of future periods this year. The element which relates to costs which have not been incurred at the balance sheet date are carried forward to be matched against the costs when they are incurred. Management exercises judgement to calculate the amounts to be deferred by reference to budgeted expenditure and grant conditions.

Accruals

Management exercises judgement in calculating year end accruals with reference to information relating to costs incurred post year end, and budgeted expenditure.

3 Donations and grants

	Restricted funds	Restricted funds
	2022	2021
	£	£
Grant income	2,098,597	1,702,170
Grants receivable for core activities	£	£
WWF - US GEF Soy Brazil	-	40,141
DFID/KPMG - FGMC 2018-21	-	105,495
IKICall 2016	636,745	514,830
WWF US - GEF Asia Learning	-	96,692
CPD 2020 - BEEF Toolkit	-	14,432
FCDO_P4F_TFA Phase III	719,864	423,956
FCDO-FGMC extension 2021-2022	707,739	478,746
WEF 2021- TFA APOI funding support	-	27,878
Other	34,249	-
	<u>2,098,597</u>	<u>1,702,170</u>

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Donations and grants

(Continued)

The following acronyms have been used above and in note 12 to the accounts:

APOI	Africa Palm Oil Initiative
DFID	Department for International Development (UK)
FCDO	Foreign, Commonwealth & Development Office
FGMC	Forest Governance, Markets and Climate Programme
GEF	Global Environment Facility
IKI	International Climate Initiative
P4F	Partnerships for Forests
RSS	Regional Sustainability Strategy
TFA	Tropical Forest Alliance
WEF	World Economic Forum
WWF	World Wide Fund for Nature

4 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Interest receivable	469	15

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Charitable activities

	Proforest Ltd	Proforest Latin America	Proforest Brazil	Proforest Ghana	Proforest Initiative Africa (Ghana)	Proforest Sdn Bhd	Other Charitable Expenditure	Total 2022	Total 2021
	2022 £	2022 £	2022 £	2022 £	2022 £	2022 £	2022 £	£	£
Labour costs for programme delivery	574,911	67,467	8,057	8,885	229,453	140,879	-	1,029,652	1,261,660
Programme expenses recharged	210,562	105,189	-	-	437,474	71,920	-	825,145	328,126
3rd Party Sub Contractor costs	-	-	-	-	-	-	267,480	267,480	228,388
3rd Party programme related expenses	-	-	-	-	-	-	54,295	54,295	60,588
RSS Partnership payments	-	-	-	-	-	-	80,787	80,787	61,377
	785,473	172,656	8,057	8,885	666,927	212,799	402,562	2,257,359	1,940,139
Share of support costs (see note 6)	-	-	-	-	-	-	296,485	296,485	269,593
Share of governance costs (see note 6)	-	-	-	-	-	-	12,257	12,257	6,173
	785,473	172,656	8,057	8,885	666,927	212,799	711,304	2,566,101	2,215,905
Analysis by fund									
Unrestricted funds	154,007	-	8,057	8,885	22,437	10,237	262,106	465,729	476,272
Restricted funds	631,466	172,656	-	-	644,490	202,562	449,198	2,100,372	1,739,633
	785,473	172,656	8,057	8,885	666,927	212,799	711,304	2,566,101	2,215,905

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

5 Charitable activities (Continued)

For the year ended 31 December 2021

	Proforest Ltd £	Proforest Latin America £	Proforest Brazil £	Proforest Ghana £	Proforest Initiative Africa (Ghana) £	Proforest Sdn Bhd £	Other Charitable Expenditure £	Total 2021 £
Labour costs for programme delivery	600,331	192,521	74,627	21,361	269,422	103,398	-	1,261,660
Programme expenses recharged	91,446	25,490	995	-	141,228	68,967	-	328,126
3rd Party Sub Contractor costs	-	-	-	-	-	-	228,388	228,388
3rd Party programme related expenses	-	-	-	-	-	-	60,588	60,588
RSS Partnership payments	-	-	-	-	-	-	61,377	61,377
	691,777	218,011	75,622	21,361	410,650	172,365	350,353	1,940,139
Share of support costs (see note 6)	-	-	-	-	-	-	269,593	269,593
Share of governance costs (see note 6)	-	-	-	-	-	-	6,173	6,173
	691,777	218,011	75,622	21,361	410,650	172,365	626,119	2,215,905
Analysis by fund								
Unrestricted funds	172,247	32,827	14,942	21,361	5,929	30,736	198,230	476,272
Restricted funds	519,530	185,184	60,680	-	404,721	141,629	427,889	1,739,633
	691,777	218,011	75,622	21,361	410,650	172,365	626,119	2,215,905

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Support costs

	Support costs	Governance costs	2022	Support costs	Governance costs	2021
	£	£	£	£	£	£
Programme development	6,393	-	6,393	59	-	59
Management and administrative support	223,417	-	223,417	171,643	-	171,643
Office and establishment costs	65,382	-	65,382	96,431	-	96,431
Other expenses	1,293	-	1,293	1,460	-	1,460
Audit fees	-	6,850	6,850	-	6,150	6,150
Trustees' meeting costs	-	5,407	5,407	-	23	23
	<u>296,485</u>	<u>12,257</u>	<u>308,742</u>	<u>269,593</u>	<u>6,173</u>	<u>275,766</u>
Analysed between						
Charitable activities	<u>296,485</u>	<u>12,257</u>	<u>308,742</u>	<u>269,593</u>	<u>6,173</u>	<u>275,766</u>

Governance costs includes payments to the auditors of £6,850 (2021- £6,150) for audit fees.

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

Six trustees received £935 reimbursed during the year (2021: Three trustees were reimbursed expenses of £10). In 2022, the trustees also had £4,451 (2021 £Nil) expended on their behalf for lunches and travel.

8 Staff costs

	2022 Number	2021 Number
Management	1	1
Operations and IT	1	6
Finance	3	3
Total	<u>5</u>	<u>10</u>

The amount of £223,417 (2021: £171,643) (see note 6) covers the costs for management and administrative support for The Proforest Initiative provided by staff whose costs were paid by Proforest Ltd . Employees of Proforest Ltd have joint contracts of employment with The Proforest Initiative.

Key management personnel comprise the Trustees, the chief executive officer, a programme director, the Africa regional director, the operations director and the finance director. This was also the case in 2021. Remuneration paid to the charity's key management personnel in the year totalled £417,295 (2021: £424,971) of which £121,727 (2021: £120,133) is included as an expense in these accounts.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Staff costs

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2022 Number	2021 Number
£60,001 - £70,000	3	2
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
	<u> </u>	<u> </u>

9 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	108,987	20,582
Other debtors	4,354	12,910
Accrued income	334,188	124,612
	<u>447,529</u>	<u>158,104</u>

10 Other creditors falling due within one year

	2022 £	2021 £
Trade creditors	10,337	42,165
Amounts due to fellow subsidiaries (see note 14)	489,301	290,527
Accruals and deferred income	95,040	26,724
	<u>594,678</u>	<u>359,416</u>

11 Deferred income

	2022 £	2021 £
Arising from grants received for specific future programmes	11,700	101,097
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2022 £	2021 £
Deferred income is included within:		
Current liabilities	11,700	101,097
	<u> </u>	<u> </u>

Movements in the year:

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11	Deferred income		(Continued)
	Deferred income at 1 January 2022	101,097	70,407
	Released from previous periods	(101,097)	(70,407)
	Resources deferred in the year	11,700	101,097
	Deferred income at 31 December 2022	11,700	101,097

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2021	Movement in funds			Transfers 1 January 2022	Balance at 1 January 2022	Movement in funds			Transfers	Balance at 31 December 2022
		£	£	£			Incoming resources	Resources expended	Incoming resources		
Training	-	-	-	(13,654)	13,654	-	-	-	-	-	-
Africa TFA APOI	-	451,833	(448,131)	(3,702)	(3,702)	-	719,864	(719,864)	-	-	-
LatAm Brasil - Soy Toolkit	-	43,699	(42,276)	(1,423)	(1,423)	-	-	-	-	-	-
Production Landscape	8,341	584,241	(584,242)	(8,340)	(8,340)	-	707,739	(707,739)	-	-	-
RS Toolkits	-	107,567	(110,264)	2,697	2,697	-	-	-	-	-	-
IKI Landscape	5,797	514,830	(541,066)	20,439	20,439	-	636,745	(638,520)	1,775	-	-
Service S016	-	-	-	-	-	-	34,249	(34,249)	-	-	-
	14,138	1,702,170	(1,739,633)	23,325	23,325	-	2,098,597	(2,100,372)	1,775	-	-

Restricted monies were received from a variety of sources to support the programmes outlined above:

Africa TFA APOI programme

Africa Palm Oil Initiative: a multistakeholder initiative involving 9 countries and 1 state in Central and West Africa to promote the development of sustainable palm oil.

LatAm Brasil - Soy Toolkit programme

Capacity building programme to support traders and manufacturers using soy from Brazil to understand their supply chains and support responsible production that avoids deforestation.

IKI Landscape programme

Support to landscape initiatives in Ghana, Cote d'Ivoire and Peru to align private sector initiatives to combat deforestation with government and civil society action in each country.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Commitments of the Charity

As at 31 December 2022 the Charity:

- had no material commitments not provided for in the accounts
- had given no guarantees to third parties
- had no liabilities secured on its assets
- had made no loans to connected persons or otherwise
- had made no ex-gratia payments in the year then ended.

14 Related party transactions and controlling party

Transactions with related parties

Proforest Initiative is a subsidiary of Proforest Ltd in accordance with the provisions of section 1159 of the Companies Act 2006. The reason that Proforest Initiative falls within this definition is that Proforest Ltd is the sole member of Proforest Initiative. Each trustee of the Proforest Initiative has one vote. The sole member cannot overrule any decision making by the Trustees. In theory, sole membership entitles Proforest Ltd to resign the Board of Trustees, however in practice this could not happen due to the regulatory framework in which the charity operates.

Proforest Ltd's principal objectives are to help people to produce and source natural resources sustainably. Proforest Ltd provides consultancy services to companies, developing practical approaches to responsible production and sourcing that support companies in their transition to better practices on the ground.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Related party transactions and controlling party

(Continued)

During the year ended 31 December 2022 Proforest Limited recharged The Proforest Initiative £785,473 (2021: £683,932) for costs of charitable activity paid on its behalf. As at 31 December 2022 £203,516 (2021: £112,406) was due to Proforest Limited from The Proforest Initiative. £Nil (2021: £354) was due from Proforest Limited to The Proforest Initiative

During the year ended 31 December 2022 Proforest Sdn Bhd (a wholly owned Malaysian subsidiary of Proforest Limited) recharged The Proforest Initiative £212,799 (2021: £218,011) for costs of charitable activity paid on its behalf. As at 31 December 2022, £35,956 (2021: £Nil) was due from Proforest Sdn Bhd to The Proforest Initiative and £27,297 (2021: £19,025) was due to Proforest Sdn Bhd from the Proforest Initiative

During the year ended 31 December 2022 Proforest Ghana (a company under common control but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £8,885 (2021: £21,361) for costs of charitable activity paid on its behalf. As at 31 December 2022 £2,920 (2021: £Nil) was due from The Proforest Initiative to Proforest Ghana.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Related party transactions and controlling party

(Continued)

During the year ended 31 December 2022 Proforest Initiative Africa, a registered charity in Ghana not under common control but sharing objectives with the Proforest Initiative, recharged The Proforest Initiative was recharged £666,927 (2021: £410,650) for costs of charitable activity paid on its behalf. At 31 December 2022 £192,660 (2021: £88,196) was due to Proforest Initiative Africa.

During the year ended 31 December 2022 Proforest Brazil (an Association registered in Brazil, which is not under common control), recharged The Proforest Initiative £8,057 (2021: £75,622) for costs of charitable activity paid on its behalf. As at 31 December 2022, £8,109 (2021: £44,105) was due to Proforest Brazil from The Proforest Initiative.

During the year ended 31 December 2022 Proforest Latin America (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £172,656 (2021: £180,212) for costs of charitable activity paid on its behalf. As at 31 December 2022, £54,801 was owed by The Proforest Initiative to Proforest Latin America (2021: £26,927).

15 Cash generated from operations

	2022 £	2021 £
(Deficit)/surplus for the year	(2,045)	6,934
Adjustments for:		
Investment income recognised in statement of financial activities	(469)	(15)
Movements in working capital:		
(Increase)/decrease in debtors	(289,425)	107,989
Increase/(decrease) in creditors	235,262	(170,948)
(Decrease)/increase in deferred income	(89,397)	30,690
Cash absorbed by operations	(146,074)	(25,350)

16 Analysis of changes in net funds

The charity had no debt during the year.

THE PROFOREST INITIATIVE

England & Wales - Charity number 1137523

Accounts

Charity registration number 1137523

Company registration number 7293440 (England and Wales)

THE PROFOREST INITIATIVE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

THE PROFOREST INITIATIVE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	R J Cooper	
	E J Fripp	
	I A R Smyth	
	M Hobley	
	C A Elliott	(Appointed 18 March 2022)
	B A Lindhe	(Appointed 18 March 2022)
Charity number	1137523	
Company number	7293440	
Registered office	South Suite Frewin Chambers Frewin Court Oxford OX1 3HZ	
Auditor	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford Oxfordshire OX1 2EP	
Bankers	HSBC plc 65 Cornmarket Street Oxford OX1 3HY	
Solicitors	Blake Morgan LLP Seacourt Tower West Way Oxford OX2 0FB	

THE PROFOREST INITIATIVE

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THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Objectives and activities

1. To promote for the benefit of the public conservation and improvement of the physical and natural environment by promoting sustainable development by:

- 1.1. The preservation, conservation and the protection of the environment and the prudent use of resources,
- 1.2. The relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities,
- 1.3. The promotion of sustainable means of achieving economic growth and regeneration.

Sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment relating to sustainable development and the protection, enhancement and rehabilitation of the environment.

During the year ended 31 December 2021, the Charity received funding to carry out a variety of activities to support implementation of its programmes to improve the environmental and social sustainability of agriculture and forestry commodity production and sourcing. These programmes included work in Africa, Latin America and Southeast Asia on the implementation of sustainable production practices for major commodity crops. To this end, the Charity supported the private sector to work in alignment with government action to reduce deforestation, developed tools to enable agricultural commodity buyers to reduce the environmental and social impacts of their supply chains; and supported large-scale collaborative approaches to sustainable land management.

The Charity made further progress in facilitating collaborative "landscape and jurisdictional" approaches to land management that bring together private sector, government and civil society organisations. These focused on oil palm producing landscapes in Indonesia, as well as cocoa-producing areas in Ghana. Considerable progress was made in the Asunafo-Asutifi landscape of Ghana to develop a plan of investment and management in environmental and social inclusion activities, in collaboration with the Ghana Forestry Commission, Cocoa Board and the private sector. The Charity began supporting a new area of landscape and sectoral work in Peru, where national initiatives to reduce greenhouse gas emissions were supported and capacity built around responsible production of palm oil.

Efforts to bring together private and public sectors to deliver on countries' climate commitments by reducing deforestation were also supported in other countries in Africa and Latin America. Work continued to convene governments, private sector and civil society across 10 countries in West and Central Africa to implement action plans for the sustainable production of oil palm. Country representatives reconfirmed their commitment to sustainable commodity production at an event at the UNFCCC CoP 26 in Glasgow.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

The Charity carried out a range of capacity building activities. A suite of commodity-specific responsible sourcing toolkits was developed for soy, beef and palm. These help buyers of these commodities, sourcing from Brazil and Indonesia, to implement their commitments to responsible sourcing. The palm oil toolkit also aims to build awareness among Chinese buyers of palm oil about more responsible sourcing from Indonesia.

Over the year, the Charity continued to provide significant technical support to organisations developing voluntary standards systems and methodologies for defining, implementing and assessing the sustainable management of agricultural production. This included continued support to the Roundtable on Sustainable Palm Oil (RSPO), Better Cotton Initiative, Bonsucro, and the Global Platform on Sustainable Natural Rubber, as well as landscape assessment frameworks SourceUp and LandScale.

The Charity was involved in fundraising activities for future projects related to the responsible management of agricultural commodities to enhance conservation and improve living conditions of workers and local communities around the world. Training resources were developed to ensure the safeguarding of staff, partners and vulnerable stakeholders throughout the Charity's operations, as well as procedures for transparent procurement and management of partners.

The Trustees oversaw implementation of policies and procedures to govern the charity's relationship with third parties, and to strengthen the management and transparency of the charity.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Achievements and performance

Financial review

During 2021, the Charity saw decreases on both income and expenditure on unrestricted charitable activities, compared to the previous year, but with an overall increase in net income of £44,397 (2020: £22,850) This was due to lower fixed costs of £277,094 (2020: £326,204).

In 2021 our net expenditure on restricted activities was £37,463 compared to net expenditure of £107,598 in 2020. The Charity's restricted funds carried forward decreased to £Nil (2020: £14,138).

Our programme delivery was funded by grants from donors such as FCDO's (formerly DfID) Forest Governance, Markets and Climate (FGMC) programme, Partnership for Forests (P4F) programme, WWF-US (funded by Global Environmental Facility and Collaboration for Forests and Agriculture (GEF), and The Federal Republic of Germany Ministry for the Environment, Nature Conservation and Nuclear Safety's International Climate Initiative (IKI).

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Reserves policy

The Proforest Initiative has a policy of building and maintaining reserves approximately equal to six months (50%) of the annual running costs in order to ensure the organisation can deal with fluctuations in income and payment schedules. In addition to the agreed level of operational reserves, the charity also chooses to retain a certain level of additional reserves approximately equal to 15% of annual running costs, to act as a buffer against significant future foreign exchange rate fluctuations and direct programme related expenses not covered by grant or donor funding. Proforest Ltd agrees to underwrite the Proforest Initiative should adequate reserves not be available.

The reserve levels are reviewed annually by the Trustees, as part of the review of the accounts and, where the unrestricted reserves are not at the required level, a strategy for adjusting the reserves over the following year will be agreed. The unrestricted reserves held at 31 December 2021 are £452K.

The current reserve level is above the annual operating cost of the Charity. Any surplus above requirement also provides a useful short-term additional reserve, during the continued uncertainty of Brexit and potential economic impact of the COVID-19 pandemic. There is still some level of uncertainty surrounding Brexit and Covid, however it is the opinion of the Trustees that there is no significant impact on the charity's activities and going concern status.

In 2021 the Trustees approved the allocation of unrestricted reserves up to the £20k, being the balance remaining from prior year allocation (£50k) to support further development of training courses on the Charity's electronic training platform. £14k was utilised as at 31 December 2021.

Plans for future periods

The Charity is in a strong position to build its international and regional programmes over the next few years. The main plans for the next three years are:

- Leverage private sector commitments to sustainability: Support accelerated implementation of private sector commitments to exclude deforestation and exploitation from their own supply chains and support wider initiatives for responsible production beyond their supply chains.
- Support action in production landscapes: Develop effective ways for private sector companies to engage meaningfully with government, civil society and other actors in production landscapes, to facilitate the implementation of responsible production practices.
- Facilitate multi-stakeholder sustainability initiatives: Provide technical support for organisations developing standards, processes and safeguards to promote better management of natural resources.
- Develop toolkits and guidance: Support companies sourcing from or investing in agricultural commodity and forest production in Latin America, Africa and Southeast Asia, to help them ensure commodity production does not contribute to deforestation and other adverse environmental and social impacts.
- China: Support the development and use of tools and guidance in Chinese markets, to increase the sustainability of agricultural commodity sourcing and investment by Chinese companies and support smallholder producers.
- Human rights: develop approaches to ensure human rights are respected in agricultural commodity production and sourcing. This includes labour, land, indigenous people and communities, child and gender rights, among others.
- Gender: actively mainstream gender considerations through all of the Charity's programmatic work, embedding gender equality in assessments, plans, implementation and monitoring.
- Training and capacity building: develop and deliver training courses, on-line resources and practical on-the-ground experience for local sustainability practitioners in Africa, Latin America and Asia.
- Smallholders and livelihoods: work with partners to support the equitable integration of smallholder producers into responsible global supply chains of commodity crops.

The Trustees are overseeing the implementation of improved management and reporting systems.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Structure, governance and management

The Proforest Initiative is a company limited by guarantee (registered at Cardiff on 23 June 2010) and a charity (registered on 17 August 2010) governed by its Memorandum and Articles of Association. Charity number: 1137523. Company number: 7293440.

The directors of the charitable company ('the Charity') are its trustees for the purpose of Charity Law and throughout this report are collectively referred to as the Trustees.

The number of Trustees is at least three, and not more than six. Trustees serve for an initial term of three years and approximately one third of Trustees retire at each AGM. A Trustee may volunteer to stay on the Board for a second period of three years. The trustees meet approximately quarterly, by telephone if they so agree, but in person at least once a year.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

R J Cooper	
I Dodoo	(Resigned 27 January 2021)
M Abreu	(Resigned 18 March 2022)
E J Fripp	
I A R Smyth	
M Hobley	
C A Elliott	(Appointed 18 March 2022)
B A Lindhe	(Appointed 18 March 2022)

Under the Memorandum and Articles of Association, the Charity has the power to make any investment, but only after obtaining such advice from a financial expert as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification. No investment has been made to date.

Pay policy for senior staff

The board of directors, who are the Charity's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 7 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in line with inflation. The Board of Trustees sign off on pay reviews for senior staff.

Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks. A risk management matrix details risks and confirms the procedures in place and is reviewed and approved each year. As several programmes include work in high risk countries (post-conflict or limited infrastructure to respond to accidents and emergencies) work plans are reviewed and, if necessary amended, to respond to any risk which cannot be adequately mitigated.

THE PROFOREST INITIATIVE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of trustees' responsibilities

The trustees, who are also the directors of The Proforest Initiative for the purpose of company law, are responsible for preparing the Trustees' 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

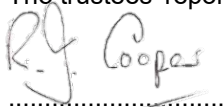
Auditor

In accordance with the company's articles, a resolution proposing that Critchleys Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



.....
R J Cooper
Trustee

Date: 6 July 2022
.....

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Opinion

We have audited the financial statements of The Proforest Initiative (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charity 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 the charity'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 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 trustees 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 is detailed below:

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE PROFOREST INITIATIVE

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 auditors' 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.



Robert Kirtland (Senior Statutory Auditor)
for and on behalf of Critchleys Audit LLP

7/7/2022
.....

Statutory Auditor

Beaver House
23-38 Hythe Bridge Street
Oxford
Oxfordshire
OX1 2EP

THE PROFOREST INITIATIVE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

Current financial year

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	Notes				
<u>Income from:</u>					
Donations and grants	3	-	1,702,170	1,702,170	1,411,776
Charitable activities		520,654	-	520,654	558,548
Investments	4	15	-	15	454
Total income		520,669	1,702,170	2,222,839	1,970,778
<u>Expenditure on:</u>					
Charitable activities	5	476,272	1,739,633	2,215,905	2,055,526
Net incoming/(outgoing) resources before transfers		44,397	(37,463)	6,934	(84,748)
Gross transfers between funds		(23,325)	23,325	-	-
Net income/(expenditure) for the year/ Net movement in funds		21,072	(14,138)	6,934	(84,748)
Fund balances at 1 January 2021		431,073	14,138	445,211	529,959
Fund balances at 31 December 2021		452,145	-	452,145	445,211

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE PROFOREST INITIATIVE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

Prior financial year

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes			
<u>Income from:</u>				
Donations and grants	3	-	1,411,776	1,411,776
Charitable activities		558,548	-	558,548
Investments	4	454	-	454
Total income		559,002	1,411,776	1,970,778
<u>Expenditure on:</u>				
Charitable activities	5	536,152	1,519,374	2,055,526
Net incoming/(outgoing) resources before transfers		22,850	(107,598)	(84,748)
Gross transfers between funds		(1,356)	1,356	-
Net income/(expenditure) for the year/ Net movement in funds		21,494	(106,242)	(84,748)
Fund balances at 1 January 2020		409,579	120,380	529,959
Fund balances at 31 December 2020		431,073	14,138	445,211

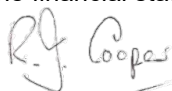
THE PROFOREST INITIATIVE

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	9	158,104		266,093	
Cash at bank and in hand		754,554		779,889	
		<u>912,658</u>		<u>1,045,982</u>	
Creditors: amounts falling due within one year					
Other creditors	10	359,416		530,364	
Deferred income	11	101,097		70,407	
		<u>460,513</u>		<u>600,771</u>	
Net current assets			<u>452,145</u>		<u>445,211</u>
Income funds					
Restricted funds	12		-	14,138	
Unrestricted funds			452,145	431,073	
			<u>452,145</u>	<u>445,211</u>	

The financial statements were approved by the Trustees on 6 July 2022



R J Cooper
Trustee

Company registration number 7293440

THE PROFOREST INITIATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	16		(25,350)		182,773
Investing activities					
Investment income received		15		454	
Net cash generated from investing activities			15		454
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(25,335)		183,227
Cash and cash equivalents at beginning of year			779,889		596,662
Cash and cash equivalents at end of year			754,554		779,889

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity information

The Proforest Initiative is a private company limited by guarantee incorporated in England and Wales. The registered office is South Suite, Frewin Chambers, Frewin Court, Oxford, OX1 3HZ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the accounting policy notes. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Where a donor has specified a particular purpose for a donation, the income is shown as restricted income in the Statement of Financial Activities. Any such income unexpended at the year end is shown as a restricted fund in the balance sheet. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Details of the restricted funds are provided in the notes to the accounts.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant income is generally recognised on a receivable basis and is reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt.

Funding received for future periods is carried forward in deferred income until the related expenditure has been incurred.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

- Costs of charitable activity comprises direct expenditure. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs include those costs, such as audit or independent examination fees and legal and professional fees, associated with constitutional and statutory requirements.
- Support costs and governance costs, reported under "Other Charitable Expenditure" have not been apportioned across the reported charitable activities. Apportioning these costs would not add any further benefit to interpreting the accounts, in the opinion of the charity.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Deferred income

Grants are received in respect of future periods, and the element which relates to costs which have not been incurred at the balance sheet date are carried forward to be matched against the costs when they are incurred. Management exercises judgement to calculate the amounts to be deferred by reference to budgeted expenditure and grant conditions.

Accruals

Management exercises judgement in calculating year end accruals with reference to information relating to costs incurred post year end, and budgeted expenditure.

3 Donations and grants

	Restricted funds	Restricted funds
	2021	2020
	£	£
Grant income	1,702,170	1,411,776
	<u>1,702,170</u>	<u>1,411,776</u>
Grants receivable for core activities	£	£
WWF - US GEF Soy Brazil	40,141	233,044
DFID/KPMG - FGMC 2018-21	105,495	611,292
DFID/Palladium P4F TFA AP01 2019-2020	-	452,664
IKICall 2016	514,830	60,022
WWF US - GEF Asia Learning	96,692	23,993
CPD 2020 - BEEF Toolkit	14,432	30,761
FCDO_P4F_TFA Phase III	423,956	-
FCDO-FGMC extension 2021-2022	478,746	-
WEF 2021- TFA APOI funding support	27,878	-
	<u>1,702,170</u>	<u>1,411,776</u>

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Donations and grants

(Continued)

The following acronyms have been used above and in note 12 to the accounts:

APOI	Africa Palm Oil Initiative
DFID	Department for International Development (UK)
FCDO	Foreign, Commonwealth & Development Office
FGMC	Forest Governance, Markets and Climate Programme
GEF	Global Environment Facility
IKI	International Climate Initiative
P4F	Partnerships for Forests
RSS	Regional Sustainability Strategy
TFA	Tropical Forest Alliance
WEF	World Economic Forum
WWF	World Wide Fund for Nature

4 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Interest receivable	15	454

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Charitable activities

	Proforest Ltd	Proforest Sdn Bhd	Proforest Brazil	Proforest Ghana	Proforest Initiative Africa (Ghana)	Proforest Latin America	Other Charitable Expenditure	Total 2021	Total 2020
	2021 £	2021 £	2021 £	2021 £	2021 £	2021 £	2021 £	£	£
Labour costs for programme delivery	600,331	192,521	74,627	21,361	269,422	103,398	-	1,261,660	1,192,115
Programme expenses recharged	91,446	25,490	995	-	141,228	68,967	-	328,126	178,206
3rd Party Sub Contractor costs	-	-	-	-	-	-	228,388	228,388	223,423
3rd Party programme related expenses	-	-	-	-	-	-	60,588	60,588	83,808
RSS Partnership payments	-	-	-	-	-	-	61,377	61,377	54,007
	<u>691,777</u>	<u>218,011</u>	<u>75,622</u>	<u>21,361</u>	<u>410,650</u>	<u>172,365</u>	<u>350,353</u>	<u>1,940,139</u>	<u>1,731,559</u>
Share of support costs (see note 6)	-	-	-	-	-	-	269,593	269,593	316,705
Share of governance costs (see note 6)	-	-	-	-	-	-	6,173	6,173	7,262
	<u>691,777</u>	<u>218,011</u>	<u>75,622</u>	<u>21,361</u>	<u>410,650</u>	<u>172,365</u>	<u>626,119</u>	<u>2,215,905</u>	<u>2,055,526</u>
Analysis by fund									
Unrestricted funds	172,247	32,827	14,942	21,361	5,929	30,736	198,230	476,272	536,152
Restricted funds	519,530	185,184	60,680	-	404,721	141,629	427,889	1,739,633	1,519,374
	<u>691,777</u>	<u>218,011</u>	<u>75,622</u>	<u>21,361</u>	<u>410,650</u>	<u>172,365</u>	<u>626,119</u>	<u>2,215,905</u>	<u>2,055,526</u>

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Charitable activities

(Continued)

For the year ended 31 December 2020

	Proforest Ltd	Proforest Sdn Bhd	Proforest Brazil	Proforest Ghana	Proforest Initiative Africa (Ghana)	Proforest Latin America	Other Charitable Expenditure	Total 2020
	£	£	£	£	£	£	£	£
Labour costs for programme delivery	566,529	184,962	117,604	103,661	183,031	36,328	-	1,192,115
Programme expenses recharged	28,663	67,931	11,452	17,657	52,503	-	-	178,206
3rd Party Sub Contractor costs	-	-	-	-	-	-	223,423	223,423
3rd Party programme related expenses	-	-	-	-	-	-	83,808	83,808
RSS Partnership payments	-	-	-	-	-	-	54,007	54,007
	<u>595,192</u>	<u>252,893</u>	<u>129,056</u>	<u>121,318</u>	<u>235,534</u>	<u>36,328</u>	<u>361,238</u>	<u>1,731,559</u>
Share of support costs (see note 6)	-	-	-	-	-	-	316,705	316,705
Share of governance costs (see note 6)	-	-	-	-	-	-	7,262	7,262
	<u>595,192</u>	<u>252,893</u>	<u>129,056</u>	<u>121,318</u>	<u>235,534</u>	<u>36,328</u>	<u>685,205</u>	<u>2,055,526</u>
Analysis by fund								
Unrestricted funds	158,937	14,789	3,988	103,661	18,222	-	236,555	536,152
Restricted funds	436,255	238,104	125,068	17,657	217,312	36,328	448,650	1,519,374
	<u>595,192</u>	<u>252,893</u>	<u>129,056</u>	<u>121,318</u>	<u>235,534</u>	<u>36,328</u>	<u>685,205</u>	<u>2,055,526</u>

The Proforest Initiative's one charitable activity is that of the promotion of and education regarding sustainable development and the protection of the environment.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Programme development	59	-	59	483	-	483
Management and administrative support	171,643	-	171,643	216,376	-	216,376
Office and establishment costs	96,431	-	96,431	98,934	-	98,934
Other expenses	1,460	-	1,460	912	-	912
Audit fees	-	6,150	6,150	-	4,550	4,550
Trustees' meeting costs	-	23	23	-	2,712	2,712
	<u>269,593</u>	<u>6,173</u>	<u>275,766</u>	<u>316,705</u>	<u>7,262</u>	<u>323,967</u>
Analysed between Charitable activities	<u>269,593</u>	<u>6,173</u>	<u>275,766</u>	<u>316,705</u>	<u>7,262</u>	<u>323,967</u>

Governance costs includes payments to the auditors of £6,150 (2020- £4,550) for audit fees.

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

One trustee received £10 in respect of reimbursed postage during the year (2020: Three trustees were reimbursed expenses of £516). In 2020 the trustees also had £1,931 expended on their behalf for lunches and travel.

8 Staff costs

	2021 Number	2020 Number
Management	1	1
Operations and IT	6	6
Finance	3	6
Total	<u>10</u>	<u>13</u>

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Staff costs

(Continued)

The amount of £171,643 (2020: £216,376) (see note 3) covers the costs for management and administrative support for The Proforest Initiative provided by staff whose costs were paid by Proforest Ltd. Employees of Proforest Ltd have joint contracts of employment with The Proforest Initiative.

Key management personnel comprise the Trustees, the chief executive officer, a programme director, the Africa regional director, the operations director and the finance director. This was also the case in 2020. Remuneration paid to the charity's key management personnel in the year totalled £424,971 (2020: £409,368) of which £120,133 (2020 : £89,606) is included as an expense in these accounts.

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2021 Number	2020 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
	<u> </u>	<u> </u>

9 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	20,582	107,719
Other debtors	12,910	7,092
Accrued income	124,612	151,282
	<u> </u>	<u> </u>
	158,104	266,093
	<u> </u>	<u> </u>

10 Other creditors falling due within one year

	2021 £	2020 £
Trade creditors	42,165	37,673
Amounts due to fellow subsidiaries (see note 15)	290,527	427,354
Accruals and deferred income	26,724	65,337
	<u> </u>	<u> </u>
	359,416	530,364
	<u> </u>	<u> </u>

11 Deferred income

	2021 £	2020 £
Arising from grants received for specific future programmes	101,097	70,407
	<u> </u>	<u> </u>

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Deferred income

(Continued)

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Deferred income is included within:		
Current liabilities	101,097	70,407
Movements in the year:		
Deferred income at 1 January 2021	70,407	7,692
Released from previous periods	(70,407)	(7,692)
Resources deferred in the year	101,097	70,407
Deferred income at 31 December 2021	101,097	70,407

Deferred income includes grant funding, received in advance for programmatic implementation in FY2022, as follows:

	Grant	Amount £	Programme
G071	FCDO-P4F_TFA phase III	43,065	Africa TFA APOI programme
G078	FCDO-FGMC extension 2021-2022	8,507	Production Landscape programme

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds				Balance at 31 December 2021
	Balance at 1 January 2020	Incoming resources	Resources expended	Transfers	Balance at 1 January 2021	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£	£	£	£	£
Training	-	-	(30,058)	30,058	-	-	(13,654)	13,654	-
Africa TFA APOI	32,771	452,664	(452,683)	(32,752)	-	451,833	(448,131)	(3,702)	-
LatAm Brasil - Soy Toolkit	-	233,044	(233,942)	898	-	43,699	(42,276)	(1,423)	-
Production Landscape	87,609	611,292	(690,560)	-	8,341	584,241	(584,242)	(8,340)	-
RS Toolkits	-	54,755	(55,494)	739	-	107,567	(110,264)	2,697	-
IKI Landscape	-	60,021	(56,637)	2,413	5,797	514,830	(541,066)	20,439	-
	<u>120,380</u>	<u>1,411,776</u>	<u>(1,519,374)</u>	<u>1,356</u>	<u>14,138</u>	<u>1,702,170</u>	<u>(1,739,633)</u>	<u>23,325</u>	<u>-</u>

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Restricted funds

(Continued)

Restricted monies were received from a variety of sources to support the programmes outlined above:

Training programme

Internal funding for developing Proforest Academy on-line training platform and materials.

Africa TFA APOI programme

Africa Palm Oil Initiative: a multistakeholder initiative involving 9 countries and 1 state in Central and West Africa to promote the development of sustainable palm oil.

LatAm Brasil -Soy Toolkit programme

Capacity building programme to support traders and manufacturers using soy from Brazil to understand their supply chains and support responsible production that avoids deforestation.

Production Landscape programme

Support to initiatives in Ghana, Liberia, Cameroon and Indonesia to align private sector initiatives to combat deforestation with government and civil society action in each country.

RS Toolkits programme

Capacity building programme to help buyers of beef and palm oil to understand their supply chains and support responsible production that avoids deforestation.

IKI Landscape programme

Support to landscape initiatives in Ghana, Cote d'Ivoire and Peru to align private sector initiatives to combat deforestation with government and civil society action in each country.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Fund balances at 31 December 2021 are represented by:						
Current assets/ (liabilities)	452,145	-	452,145	431,073	14,138	445,211
	<u>452,145</u>	<u>-</u>	<u>452,145</u>	<u>431,073</u>	<u>14,138</u>	<u>445,211</u>

14 Commitments of the Charity

As at 31 December 2021 the Charity:

- had no material commitments not provided for in the accounts
- had given no guarantees to third parties
- had no liabilities secured on its assets
- had made no loans to connected persons or otherwise
- had made no ex-gratia payments in the year then ended.

15 Related party transactions and controlling party

Transactions with related parties

Proforest Initiative is a subsidiary of Proforest Ltd in accordance with the provisions of section 1159 of the Companies Act 2006. The reason that Proforest Initiative falls within this definition is that Proforest Ltd is the sole member of Proforest Initiative. Each trustee of the Proforest Initiative has one vote. The sole member cannot overrule any decision making by the Trustees. In theory, sole membership entitles Proforest Ltd to resign the Board of Trustees, however in practice this could not happen due to the regulatory framework in which the charity operates.

Proforest Ltd's principal objectives are to help people to produce and source natural resources sustainably. Proforest Ltd provides consultancy services to companies, developing practical approaches to responsible production and sourcing that support companies in their transition to better practices on the ground.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Related party transactions and controlling party

(Continued)

During the year ended 31 December 2021 Proforest Limited recharged The Proforest Initiative £683,932 (2020: £874,808) for costs of charitable activity paid on its behalf. As at 31 December 2021 £112,406 (2020: £215,624) was due to Proforest Limited from The Proforest Initiative. £354 (2020: £Nil) was due from Proforest Limited to The Proforest Initiative

During the year ended 31 December 2021 Proforest Sdn Bhd (a wholly owned Malaysian subsidiary of Proforest Limited) recharged The Proforest Initiative £218,011 (2020: £252,893) for costs of charitable activity paid on its behalf. As at 31 December 2021, £Nil (2020: £Nil) was due from Proforest Sdn Bhd to The Proforest Initiative and £19,025 (2020: £83,184) was due to Proforest Sdn Bhd from the Proforest Initiative

During the year ended 31 December 2021 Proforest Ghana (a company under common control but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £21,361 (2020: £121,318) for costs of charitable activity paid on its behalf. As at 31 December 2021 £Nil (2020: £36,123) was due from The Proforest Initiative to Proforest Ghana.

THE PROFOREST INITIATIVE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Related party transactions and controlling party

(Continued)

During the year ended 31 December 2021 Proforest Initiative Africa, a registered charity in Ghana not under common control but sharing objectives with the Proforest Initiative, recharged The Proforest Initiative was recharged £410,650 (2020: £235,534) for costs of charitable activity paid on its behalf. At 31 December 2021 £88,196 (2020: £76,909) was due to Proforest Initiative Africa.

During the year ended 31 December 2021 Proforest Brazil (an Association registered in Brazil, which is not under common control), recharged The Proforest Initiative £75,622 (2020: £129,056) for costs of charitable activity paid on its behalf. As at 31 December 2021, £44,105 (2020: £15,514) was due to Proforest Brazil from The Proforest Initiative.

During the year ended 31 December 2021 Proforest Latin America (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £180,212 (2020: £36,328) for costs of charitable activity paid on its behalf. As at 31 December 2021, £26,927 was owed by The Proforest Initiative to Proforest Latin America (2020: £Nil).

16 Cash generated from operations	2021 £	2020 £
Surplus/(deficit) for the year	6,934	(84,748)
Adjustments for:		
Investment income recognised in statement of financial activities	(15)	(454)
Movements in working capital:		
Decrease in debtors	107,989	53,494
(Decrease)/increase in creditors	(170,948)	151,766
Increase in deferred income	30,690	62,715
Cash (absorbed by)/generated from operations	(25,350)	182,773
17 Analysis of changes in net funds		
The charity had no debt during the year.		

THE PROFOREST INITIATIVE

England & Wales - Charity number 1137523

Accounts

Registered charity number: 1137523

Registered company number: 7293440

**THE PROFOREST INITIATIVE
(A COMPANY LIMITED BY GUARANTEE)**

**ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Proforest Initiative is a Registered Charity and Company
Limited by Guarantee registered in England and Wales, No. 7293440

THE PROFOREST INITIATIVE
LEGAL AND ADMINISTRATIVE INFORMATION

Registered charity number:	1137523
Registered company number:	7293440
Principal and registered office:	Frewin Chambers Frewin Court Oxford OX1 3HZ
Bankers:	HSBC plc 65 Cornmarket Street Oxford OX1 3HY
Independent auditors:	Critchleys Audit LLP Beaver House 23 – 38 Hythe Bridge Street Oxford OX1 2EP
Legal advisors:	Blake Morgan Seacourt Tower West Way Oxford OX2 0FB
Directors/trustees	R J Cooper (Chair) I Dodo (resigned 09/12/2020) M Abreu E J Fripp I A R Smyth M Hobley

The directors of the charitable company (the charity) are also its trustees for the purpose of charity law.

THE PROFOREST INITIATIVE

REPORT OF THE BOARD OF TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2020. Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, Governance & Management

The Proforest Initiative is a company limited by guarantee (registered at Cardiff on 23 June 2010) and a charity (registered on 17 August 2010) governed by its Memorandum and Articles of Association. Charity number: 1137523. Company number: 7293440.

The directors of the charitable company ('the Charity') are its trustees for the purpose of Charity Law and throughout this report are collectively referred to as the Trustees.

The number of Trustees is at least three, and not more than six. Trustees serve for an initial term of three years and approximately one third of Trustees retire at each AGM. A Trustee may volunteer to stay on the Board for a second period of three years. The trustees meet approximately quarterly, by telephone if they so agree, but in person at least once a year.

The Trustees serving during 2020 were as follows:

R J Cooper (Chair)
 I Dodoo (resigned 09/12/2020)
 M Abreu
 E J Fripp
 I A R Smyth
 M Hobley

Under the Memorandum and Articles of Association, the Charity has the power to make any investment, but only after obtaining such advice from a financial expert as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification. No investment has been made to date.

Pay policy for senior staff

The board of directors, who are the Charity's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 4 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in line with inflation. The Board of Trustees sign off on pay reviews for senior staff.

THE PROFOREST INITIATIVE

REPORT OF THE BOARD OF TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives & Activities

1. To promote for the benefit of the public conservation and improvement of the physical and natural environment by promoting sustainable development by:
 - 1.1. The preservation, conservation and the protection of the environment and the prudent use of resources,
 - 1.2. The relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities,
 - 1.3. the promotion of sustainable means of achieving economic growth and regeneration.

Sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.
2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment relating to sustainable development and the protection, enhancement and rehabilitation of the environment.

During the year ended 31 December 2020, the Charity received funding to carry out a variety of activities to support implementation of its programmes to improve the environmental and social sustainability of agriculture and forestry commodity production and sourcing. These programmes included work in Africa, Latin America and Southeast Asia on the implementation of sustainable production practices for major commodity crops. To this end, the Charity supported the private sector to work in alignment with government action to reduce deforestation, developed tools to enable agricultural commodity buyers to reduce the environmental and social impacts of their supply chains; and supported large-scale collaborative approaches to sustainable land management.

The Charity made particular progress in facilitating collaborative “landscape” approaches to land management that bring together private sector, government and civil society organisations. These focused on oil palm producing landscapes in Indonesia, as well as cocoa-producing areas in Ghana. Efforts to bring together private and public sectors to deliver on countries’ climate commitments by reducing deforestation were also supported in other countries in Africa and Latin America. Work continued to convene governments, private sector and civil society across 10 countries in West and Central Africa to agree action plans for the sustainable expansion of oil palm.

The Charity carried out a range of capacity building activities. New resources were produced and shared to help soy buyers implement their commitments to responsible sourcing of soy from Brazil. The Charity supported a new local practitioners’ network to facilitate village-level capacity building in Indonesia to gain legal status. Due to the Covid-19 pandemic, much of the Charity’s capacity building activities were moved on-line, resulting in a significant opportunity to expand on-line training in a range of sustainability topics, including conflict management in multistakeholder processes, ‘Free, Prior and Informed Consent’ for land use, and gender awareness in agro-commodity production. The move to on-line also made the training available to a wider range of participants, including a higher proportion of women than previously.

Over the year, the Charity provided significant technical support to organisations developing standards and methodologies for defining, implementing and assessing the sustainable management of agricultural production. This included facilitation support to the Roundtable on Sustainable Palm Oil to develop new procedures around shared responsibility for sustainability through the palm oil value chain, and inputs to the SourceUp sustainable sourcing platform and LandScale.

THE PROFOREST INITIATIVE

REPORT OF THE BOARD OF TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

The Charity was involved in fundraising activities for future projects related to the responsible management of agricultural commodities to enhance conservation and improve living conditions of workers and local communities around the world. These activities resulted in several grants of between one and three years' duration being obtained.

The Trustees developed and implemented policies and procedures to govern the charity's relationship with third parties, and to strengthen the management and transparency of the charity.

The Trustees confirm that they have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

Financial Review & Reserves Policy

During 2020, the Charity saw a decrease on both income and expenditure of unrestricted charitable activities, with a net income of £22,850 (2019: £37,374) due to a combination of increased (predominantly due to losses on revaluation of foreign currency balances) fixed costs, decreased contributions towards fixed costs, and higher margins on our sustainability initiatives. These initiatives are where the Charity provides technical support to organisations developing standards and safeguards to promote better management of natural resources.

In 2020 our net expenditure on restricted activities was £107,598 compared to net income of £14,146 in 2019. The Charity's restricted funds carried forward has decreased by 85% compared to 2019.

Our programme delivery was funded by grants from donors such as FCDO's (formerly DfID) Forest Governance, Markets and Climate (FGMC) programme, Partnership for Forests (P4F) programme, WWF-US (funded by Global Environmental Facility and Collaboration for Forests and Agriculture (GEF), and The Federal Republic of Germany Ministry for the Environment, Nature Conservation and Nuclear Safety's International Climate Initiative (IKI).

The Proforest Initiative has a policy of building and maintaining reserves approximately equal to six months (50%) of the annual running costs in order to ensure the organisation can deal with fluctuations in income and payment schedules. In addition to the agreed level of operational reserves, the charity also chooses to retain a certain level of additional reserves approximately equal to 15% of annual running costs, to act as a buffer against significant future foreign exchange rate fluctuations and direct programme related expenses not covered by grant or donor funding. Proforest Ltd agrees to underwrite the Proforest Initiative should adequate reserves not be available.

The reserve levels are reviewed annually by the Trustees, as part of the review of the accounts and, where the unrestricted reserves are not at the required level, a strategy for adjusting the reserves over the following year will be agreed. The unrestricted reserves held at 31 December 2020 are £431K.

The current reserve level is above the annual operating cost of the Charity. Any surplus above requirement also provides a useful short-term additional reserve, during the continued uncertainty of Brexit and potential economic impact of the COVID-19 pandemic. One year on, we still face uncertainty surrounding Brexit and Covid, however it is the opinion of the Trustees that there is no significant effect on the charity's activities and going concern status.

During 2020 the Trustees approved a £50k budget from unrestricted reserves, to support the development of an electronic training platform. £30k has been utilised as at 31 December 2020.

THE PROFOREST INITIATIVE

REPORT OF THE BOARD OF TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Risk Management

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks. A risk management matrix details risks and confirms the procedures in place and is reviewed and approved each year. As several programmes include work in high risk countries (post-conflict or limited infrastructure to respond to accidents and emergencies) work plans are reviewed and, if necessary amended, to respond to any risk which cannot be adequately mitigated.

Future plans

The Charity is in a strong position to build its international and regional programmes over the next few years. The main plans for the next three years are:

- Leverage private sector commitments to sustainability: Support accelerated implementation of private sector commitments to exclude deforestation and exploitation from their own supply chains and support wider initiatives for responsible production beyond their supply chains.
- Support action in production landscapes: Develop effective ways for private sector companies to engage meaningfully with government, civil society and other actors in production landscapes, to facilitate the implementation of responsible production practices.
- Facilitate multi-stakeholder sustainability initiatives: Provide technical support for organisations developing standards, processes and safeguards to promote better management of natural resources.
- Develop toolkits and guidance: Support companies sourcing or investing in soy, beef and palm oil in Latin America and Southeast Asia, to help them ensure commodity production does not contribute to deforestation and other adverse environmental and social impacts.
- China: Support the development and use of tools and guidance in Chinese markets, to increase the sustainability of agricultural commodity sourcing and investment by Chinese companies
- Human rights: develop approaches to ensure human rights are respected in agricultural commodity production and sourcing. This includes labour, land, indigenous people and communities, child and gender rights, among others.
- Training and capacity building: expand training courses, on-line resources and practical on-the-ground experience for local sustainability practitioners in Africa, Latin America and Asia.
- Smallholders and livelihoods: work with partners to support the equitable integration of smallholder producers into responsible global supply chains of commodity crops.

The Trustees are overseeing the implementation of improved management and reporting systems.

Trustees' responsibilities

The Trustees (who are also directors of The Proforest Initiative for the purposes of company law) are responsible for preparing the Trustees' 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 its income and expenditure 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

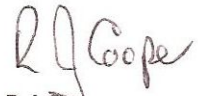
THE PROFOREST INITIATIVE**REPORT OF THE BOARD OF TRUSTEES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which 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 auditors are unaware, and
- 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 auditors are aware of that information.

Approved by the Board of Trustees on 15th June 2021 and signed on its behalf by:



R J Cooper
(Trustee / Director)

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF THE PROFOREST INITIATIVE

Opinion

We have audited the financial statements of The Proforest Initiative for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2020 and of 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 Charity 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 the Charity's ability to continue as a going concern for a period of at least 12 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PROFOREST INITIATIVE (CONTINUED)

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' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) have 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 and proper 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 trustees 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' report and from the requirement to prepare a strategic report.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement [set out on page 5], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Charity 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.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PROFOREST INITIATIVE (CONTINUED)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Charity through discussions with trustees and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including the Companies Act 2006 and the Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

THE PROFOREST INITIATIVE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE PROFOREST INITIATIVE (CONTINUED)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors/trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland

Senior Statutory Auditor

For and on behalf of Critchleys Audit LLP, Statutory Auditor

Oxford

Date.....18 June 2021.....

THE PROFOREST INITIATIVE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted	Restricted	Total	Total
	Note	2020	2020	2020	2019
		£	£	£	£
Income and endowments from:					
Donations and legacies	2	-	1,411,776	1,411,776	1,512,036
Charitable activities		558,548	-	558,548	614,574
Investments		<u>454</u>	<u>-</u>	<u>454</u>	<u>873</u>
Total income		<u>559,002</u>	<u>1,411,776</u>	<u>1,970,778</u>	<u>2,127,483</u>
Expenditure on:					
Charitable activities	3	<u>536,152</u>	<u>1,519,374</u>	<u>2,055,526</u>	<u>2,075,963</u>
Total expenditure		<u>536,152</u>	<u>1,519,374</u>	<u>2,055,526</u>	<u>2,075,963</u>
Net (expenditure)/income		22,850	(107,598)	(84,748)	51,520
Transfers between funds		<u>(1,356)</u>	<u>1,356</u>	<u>-</u>	<u>-</u>
Net movement in funds		21,494	(106,242)	(84,748)	51,520
Total funds brought forward		<u>409,579</u>	<u>120,380</u>	<u>529,959</u>	<u>478,439</u>
Total funds carried forward		<u>431,073</u>	<u>14,138</u>	<u>445,211</u>	<u>529,959</u>

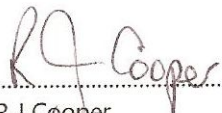
All activities are continuing. There were no gains or losses recognised during the year except those shown above. The Statement of Financial Activities incorporates the income and expenditure account for the year. As the company is limited by guarantee it is not considered appropriate to show a reconciliation of shareholders' funds.

THE PROFOREST INITIATIVE
(Registered company number: 07293440)

BALANCE SHEET
AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Current Assets			
Debtors	5	266,093	319,587
Cash at bank and in hand		<u>779,889</u>	<u>596,662</u>
		1,045,982	916,249
Creditors: amounts falling due within one year	6	<u>(600,771)</u>	<u>(386,290)</u>
Net current assets		<u>445,211</u>	<u>529,959</u>
Total assets less current liabilities		<u>445,211</u>	<u>529,959</u>
Net assets		<u>445,211</u>	<u>529,959</u>
Funds			
Unrestricted	7	431,073	409,579
Restricted	7	<u>14,138</u>	<u>120,380</u>
Total funds		<u>445,211</u>	<u>529,959</u>

The accounts were approved and authorised for issue by the Board of Trustees on 15/06/2021 and signed on its behalf by:


.....
R J Cooper
(Director/Trustee)

THE PROFOREST INITIATIVE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net (expenditure)/income for the reporting period	(84,748)	51,520
Adjustments for:		
Decrease/(increase) in debtors	53,494	(33,298)
Increase/(decrease) in creditors	<u>214,481</u>	<u>(71,650)</u>
Net cash generated by operating activities	183,227	(53,428)
Net cash provided by investing activities	—	—
Change in cash and cash equivalents in the reporting period	183,227	(53,428)
Cash and cash equivalents at the beginning of the reporting period	<u>596,662</u>	<u>650,090</u>
Cash and cash equivalents at the end of the reporting period	<u>779,889</u>	<u>596,662</u>

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charitable company's accounts:

a) Basis of accounting

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Proforest Initiative meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements have been prepared on a going concern basis. The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

b) Income is generally recognised on a receivable basis and are reported gross of related expenditure, where the amounts are reasonably certain and when there is adequate certainty of receipt. Interest is included when receivable by the Charity.

c) Expenditure is accounted for on an accruals basis and gross of any related income. They are classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

- Costs of charitable activity comprises direct expenditure. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs include those costs, such as audit or independent examination fees and legal and professional fees, associated with constitutional and statutory requirements.

d) Unrestricted general funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Where a donor has specified a particular purpose for a donation, the income is shown as restricted income in the Statement of Financial Activities. Any such income unexpended at the year end is shown as a restricted fund in the balance sheet. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 20120

1 ACCOUNTING POLICIES (CONTINUED)

e) The following acronyms are used in the notes to these accounts:

DFID	Department for International Development (UK)
FGMC	Forest Governance, Markets and Climate Programme
P4F	Partnerships for Forests
PN	Practitioners Network
RSPO-SS	Roundtable on Sustainable Palm Oil Smallholder Support
SHARP	Small Holder Acceleration and REDD+ programme
SISP	Sustainability Initiative Support Programme
TFA	Tropical Forest Alliance
WEF	World Economic Forum
GEF	Global Environment Facility

2 Donations and legacies

	Restricted 2020	Total 2020	Total 2019
	£	£	£
DFID/Palladium – P4F TFA	-	-	99,805
WWF – US GEF Soy Brazil	233,044	233,044	215,692
WWF – US GEF Africa TFA	-	-	20,435
DFID/KPMG- FGMC 2018-21	611,292	611,292	762,564
DFIF/Palladium P4F TFA AP01 2019-2020	452,664	452,664	413,540
IKICall 2016	60,022	60,022	-
WWF US – GEF Asia Learning & Exchange+Cerrado Protocol	23,993	23,993	-
CDP 2020 – BEEF Toolkit	<u>30,761</u>	<u>30,761</u>	<u>-</u>
Total grant income	<u>1,411,776</u>	<u>1,411,776</u>	<u>1,512,036</u>

No donations were received in 2020 (2019: nil)

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 EXPENDITURE ON CHARITABLE ACTIVITIES

The promotion of and education regarding sustainable development and the protection of the environment:

	2020	2019
	£	£
3 rd Party Sub Contractor costs	223,423	209,721
3 rd Party programme related expenses	83,808	118,351
RSS Partnership payments	54,007	52,870
Proforest Ltd - labour costs for programme delivery (a)	566,529	522,270
Proforest Ltd – programme expenses recharged (a)	28,663	105,792
Proforest Sdn Bhd – labour costs for programme delivery (b)	184,962	132,026
Proforest Sdn Bhd – programme expenses recharged (b)	67,931	61,422
Proforest Brazil – labour costs for programme delivery (c)	117,604	115,247
Proforest Brazil – programme expenses recharged (c)	11,452	19,361
Proforest Ghana-labour costs for programme delivery (d)	103,661	110,876
Proforest Ghana – programmes expenses recharged (d)	17,657	23,515
Proforest Africa Initiative (Ghana) – labour costs for programme delivery (e)	183,031	165,851
Proforest Africa Initiative (Ghana) – programme expenses recharged (e)	52,503	133,044
Proforest Latin America- labour costs for programme delivery (f)	36,328	3,369
Programme Development and fundraising	483	8,940
Management and administrative support (see note 4)	216,376	208,256
Office and establishment costs	98,934	74,715
Governance costs – Trustees’ meeting costs	2,712	5,435
Governance costs – Audit fees	4,550	4,550
Other expenses	<u>912</u>	<u>352</u>
	<u>2,055,526</u>	<u>2,075,963</u>

The Proforest Initiative shares human resources and offices with Proforest Ltd and Proforest Ltd covers all salary and office costs. During the year, the Proforest Initiative paid an agreed amount which covered the costs directly attributable to the delivery of programmes based on the staff time used. In addition, a large amount of direct programme expenses were paid by Proforest Ltd and then reimbursed by The Proforest Initiative. The items totalling £595,191 marked (a) represent programme related costs.

Proforest Sdn Bhd is a limited company registered in Malaysia. The Proforest Initiative occasionally contracts services from Proforest Sdn Bhd in order to deliver services locally in the region. The figure shown in (b) represents these costs.

Proforest Brazil is a registered Association in Brazil. During the year Proforest Brazil expended funds on the delivery of The Proforest Initiative programmes. The figure shown in (c) represents these costs.

Proforest Limited (Ghana) is a limited company registered in Ghana. During the year Proforest Limited (Ghana) expended funds on the delivery of The Proforest Initiative programmes. The figure shown in (d) represents these costs.

Proforest Africa Initiative is a registered charity in Ghana. During the year the charity expended funds on the delivery of the Proforest Initiative (UK) programmes. The figure shown in (e) represents these costs.

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Proforest Latin America is the equivalent to a limited company in the UK. During the year Proforest Latin America expended funds on the delivery of The Proforest Initiative programmes. The figure shown in (f) represents these costs.

Why we have programmes

The Proforest Initiative is part of the not-for-profit Proforest Group, an independent mission-driven organisation working in the field of natural resource management and specialising in practical approaches to sustainability. After a decade of providing relatively short-term technical support and services to companies and multilateral organisations, the Proforest Initiative was created by Proforest Limited in 2010 in recognition of the potential for Proforest to be even more effective by complementing shorter-term support with longer-term programmes.

What the programmes aim to achieve

Proforest Initiative programmes address the need to realise transformational change at the sector or landscape levels, such as sharing our know-how to help build more effective multi-stakeholder initiatives and capacity development of natural resource management practitioners, producers, supply chain organisations, governments and civil society. Through such changes, the production of agricultural and forest commodities such as palm oil, soy, timber and beef can benefit producer countries whilst being socially and environmentally sustainable.

Working with partners

The Proforest Initiative delivers its programmes working closely with other Proforest entities in Africa, Asia, Latin America and the UK. In order to extend its reach and effectiveness, it also routinely works in partnership with organisations in civil society as well as the private and public sectors.

4 STAFF REMUNERATION AND EXPENSES

The amount of £216,376 (see note 3) covers the costs for management and administrative support for The Proforest Initiative provided by staff whose costs were paid by Proforest Ltd as stated above. Employees of Proforest Ltd have joint contracts of employment with The Proforest Initiative. The total number of employees is 40 (2019: 40).

Key management personnel comprise the Trustees, the chief executive officer, a programme director, the Africa regional director, the operations director and the finance director. This was also the case in 2019. Remuneration paid to the charity's key management personnel in the year totalled £409,368 (2019: £461,084) of which £89,606 (2019 : £83,922) is included as an expense in these accounts.

The number of employees whose employee benefits (excluding pension costs) fell within the following bands was:

	2020	2019
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	2	2
£80,001 - £90,000	<u>1</u>	<u>2</u>

No Trustees received any remuneration during the year. Three Trustees (2019: 6) were reimbursed expenses totalling £516 (2019: £716) during the year, and had £1,931 (2019: £3,193) expended on their behalf for lunches and travel.

THE PROFOREST INITIATIVE

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

5 DEBTORS

	2020	2019
	£	£
Trade debtors	107,719	160,934
Other debtors – Accrued Income and prepayments	158,374	121,445
Amounts due from Proforest (UK) Ltd	<u>-</u>	<u>37,208</u>
	<u>266,093</u>	<u>319,587</u>

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	37,673	34,285
Amounts due to Proforest Limited	215,624	136,778
Amounts due to Proforest Sdn Bhd	83,184	39,070
Amounts due to Proforest Association (Brazil)	15,514	5,602
Amounts due to Proforest Ltd (Ghana)	36,123	41,210
Amounts due to Proforest Africa Initiative	76,909	32,643
Accruals and other creditors	65,337	89,010
Deferred income	<u>70,407</u>	<u>7,692</u>
	<u>600,771</u>	<u>386,290</u>

Deferred income represents grants and donations received for specific future programmes. Deferred income movements can be summarised as follows:

	2020	2019
	£	£
Brought forward	7,692	7,631
Recognised as income in the year	(7,692)	(7,631)
Deferred in the year	<u>62,907</u>	<u>7,692</u>
Carried forward	<u>62,907</u>	<u>7,692</u>

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

7 FUNDS

	Balance at 01/01/2019 £	Incoming Resources 2020 £	Resources Expended 2020 £	Transfer 2020 £	Balance At 31/12/2020 £
Restricted funds					
Training	-	-	(30,058)	30,058	-
Africa TFA POI	32,771	452,664	(452,683)	(32,752)	-
LatAm Brasil	-	233,044	(233,942)	898	-
Production Landscape	87,609	611,292	(690,560)	-	8,341
RS Toolkits	-	54,755	(55,494)	739	-
IKI Landscape	-	60,021	(56,637)	2,413	5,797
Total restricted funds	120,380	1,411,776	(1,519,374)	1,356	14,138
Unrestricted funds	409,579	559,002	(536,152)	(1,356)	431,073
Total funds	529,959	1,970,778	(2,055,526)	-	445,211

Restricted monies were received from a variety of sources to support the programmes outlined above. During the year the charity allocated £5,797 from unrestricted funds to the IKI Landscape programme as part of a co-funding agreement. The Trustees approved an allocation of £50,000 from unrestricted reserves towards the development of a training platform. £30,058 of the allocation was utilised as at 31 December 2020.

Represented by:

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Net current assets	431,073	14,138	445,211

8 COMMITMENTS OF THE CHARITY

As at 31 December 2020 the Charity:

- had no material commitments not provided for in the accounts
- had given no guarantees to third parties
- had no liabilities secured on its assets
- had made no loans to connected persons or otherwise
- had made no ex-gratia payments in the year then ended.

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

Proforest Initiative is a subsidiary of Proforest Ltd in accordance with the provisions of section 1159 of the Companies Act 2006. The reason that Proforest Initiative falls within this definition is that Proforest Ltd is the sole member of Proforest Initiative. Each trustee of the Proforest Initiative has one vote. The sole member cannot overrule any decision making by the Trustees. In theory, sole membership entitles Proforest Ltd to resign the Board of Trustees, however in practice this could not happen due to the regulatory framework in which the charity operates.

Proforest Ltd's principal objectives are to help people to produce and source natural resources sustainably. Proforest Ltd provides consultancy services to companies, developing practical approaches to responsible production and sourcing that support companies in their transition to better practices on the ground.

During the year ended 31 December 2020 Proforest Limited recharged The Proforest Initiative £874,808 (2019: £913,606) for costs of charitable activity paid on its behalf. As at 31 December 2020 £215,624 (2019: £133,951) was due to Proforest Limited from The Proforest Initiative. £Nil (2019: £14,931) was due from Proforest Limited to The Proforest Initiative

During the year ended 31 December 2020 Proforest Sdn Bhd (a wholly owned Malaysian subsidiary of Proforest Limited) recharged The Proforest Initiative £252,893 (2019: £193,448) for costs of charitable activity paid on its behalf. As at 31 December 2020, £Nil (2018: £39,070) was due from Proforest Sdn Bhd to The Proforest Initiative and £83,184 (2019: £nil) was due to Proforest Sdn Bhd from the Proforest Initiative

During the year ended 31 December 2020 Proforest Ghana (a company under common control but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £121,318 (2019: £134,391) for costs of charitable activity paid on its behalf. As at 31 December 2020 £36,123 (2019: £40,708) was due from The Proforest Initiative to Proforest Ghana.

During the year ended 31 December 2020 Proforest Africa Initiative, a registered charity in Ghana not under common control but sharing objectives with the Proforest Initiative, recharged The Proforest Initiative was recharged £235,534 (2019: £298,895) for costs of charitable activity paid on its behalf. At 31 December 2020 £76,909 (2019: £32,643) was due to Proforest Africa Initiative.

During the year ended 31 December 2020 Proforest Brazil (an Association registered in Brazil, which is not under common control), recharged The Proforest Initiative £129,056 (2019: £134,608) for costs of charitable activity paid on its behalf. As at 31 December 2020, £15,514 (2019: £5,602) was due to Proforest Brazil from The Proforest Initiative.

During the year ended 31 December 2020 Proforest Latin America (the equivalent of a limited company in the UK), which is not under common control, but shares objectives with The Proforest Initiative and works closely with it) recharged The Proforest Initiative £36,328 (2019: £3,369) for costs of charitable activity paid on its behalf.

THE PROFOREST INITIATIVE

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**10 GENERAL INFORMATION**

The Proforest Initiative is a company limited by guarantee incorporated and domiciled in England. Its registered office address and principal place of business is Frewin Chambers, Frewin Court, Oxford, OX1 3HZ.

In the event of the company being wound up, the liability of the members is limited to £1.

11 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted	Restricted	Total
	Note	2019	2019	2019
		£	£	£
Income and endowments from:				
Donations and legacies	2	-	1,512,036	1,512,036
Charitable activities		614,574	-	614,574
Investments		<u>873</u>	<u>-</u>	<u>873</u>
Total income		<u>615,447</u>	<u>1,512,036</u>	<u>2,127,483</u>
Expenditure on:				
Charitable activities	3	<u>578,073</u>	<u>1,497,890</u>	<u>2,075,963</u>
Total expenditure		<u>578,073</u>	<u>1,497,890</u>	<u>2,075,963</u>
Net income/(expenditure)		37,374	14,146	51,520
Transfers between funds		<u>82,163</u>	<u>(82,163)</u>	<u>-</u>
Net movement in funds		119,537	(68,017)	51,520
Total funds brought forward		<u>290,042</u>	<u>188,397</u>	<u>478,439</u>
Total funds carried forward		<u>409,579</u>	<u>120,380</u>	<u>529,959</u>