

THE NENO MACADAMIA TRUST

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

Charity Number: **1184696** (From 31 July 2019)
1104555 (Until 31 July 2019)

THE NENO MACADAMIA TRUST

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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THE NENO MACADAMIA TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees present their annual report for the period ended 31 December 2021.

OBJECTS

The objects of the Trust are the alleviation of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities, in particular Neno and the adjacent districts in Malawi, Africa, as the trustees may from time to time direct.

PRINCIPAL ACTIVITIES

The principal activities continued to be:

Supporting cooperatives, smallholder nurseries, infrastructure and training facilities, including:

- establishing nurseries, tree planting and tree surveys
- the NESMACSL warehouse and nursery
- the Neno Vocational Training Centre
- cooperative warehouse and individual smallholder drying racks

Facilitating access to resources for the smallholder macadamia industry in Malawi through HIMACUL, including:

- fairtrade certification and securing trade finance
- buying macadamia from farmers (nut in shell)
- sorting, grading and transport to macadamia factory
- fairtrade sales in Europe through Liberation Foods

Developing economic, social and environmental activities delivered by HIMACUL for smallholder macadamia farmers, including:

- agroforestry systems
- environment protection, soil and water conservation
- business planning for rural enterprises
- cooperative training, employment and community development

Focused on the services provided by HIMACUL to smallholders, including:

- elderly farmers growing macadamia as a retirement and inheritance crop
- training and nutrition for children and young people
- rural energy and waste management
- environmental service payment systems

ORGANISATION

The principal office is 42 Harpur Street, Bedford, MK40 2QT.

OFFICERS & COUNCIL MEMBERS

The officers and council members who served during the year were:

Chairman Mr Andrew Emmott

Secretary Dr William Rawes

Treasurer Mr John Ascott

Trustees Mr Timothy Emmott
Mr David Ascott

THE NENO MACADAMIA TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIRMAN'S ANNUAL REPORT FOR 2021

Charitable objects: The alleviation of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities, in particular Neno and the adjacent districts in Malawi as the trustees may from time to time direct.

Reflection on the COVID-19 pandemic and needs in Malawi

I write this report with a sense of dread.

It is almost 20 years ago that William Kamkwamba (of the book and the film "The Boy Who Harnessed The Wind") lived through the famine that overwhelmed so many people in Malawi. I was in Kasungu for eight critical weeks during the early part of 2002 and witnessed some of these dreadful events unfold requiring assistance.

The famine coincided with the AIDS pandemic which had already left many children orphaned and vulnerable. A drought in 2001 destroyed annual crops like maize and groundnuts. Tenant tobacco and maize farmers were evicted from their farms highlighted by William Kamkwamba's story. By the onset of rains in December through to April 2022 many in the development community were unaware of the scale of the emergency. The countryside looked lush. "How can so many people be hungry?"

Two years into another pandemic we all have been conditioned to focus on looking after "number one", family and friends, our neighbours and local community, local businesses and our health systems. There are some positive experiences about this focus on local communities as we look to reduce food miles, buy local, engage regenerative farming and farmers markets, use refill shops etc.

Our partner organisation, Nutcellars (www.nutcellars.com), has embraced this interest in all things local and yet the macadamia grown by farmers in Malawi is not exactly local! Tree nut crops like macadamia are carbon sinks and research demonstrates that compared to other sources of protein and energy, tree nuts are carbon negative as well as having many other plant based benefits for our changing diets.

Normally we would visit the macadamia farmer cooperatives at least once a year. But the past two years have been anything but normal. Macadamia has provided farmers who grow the crop some structure. The market for macadamia is structured and has been less volatile, but for farmers selling their annual crops into unstructured markets the impact of COVID 19 is more extreme. NMT's cooperative partner organisation in Malawi, HIMACUL, has seen that farmers who rely only on less resilient annual crops are finding it difficult to survive. When the same crops are intercropped with macadamia the macadamia it increases food security for farmers and their families.

The Famine Early Warning System (<https://fews.net>) reports this year for Malawi show that overall there have been several years of above average harvest for most of the country. However, higher yields lead to lower prices and farmers are forced to sell more to meet their basic needs. Most of the maize crop was sold to the national grain reserve or other traders, leaving the farmers with little in reserve. The long-term weather forecasts were suggesting that the 2021-22 rainy season would be good.

However, in December 2021 some regions of Malawi experienced dry, very hot weather with temperatures exceeding 45 °C which will have a severe impact on successful harvests and increases anxiety in the smallholder population. In late January 2022 Cyclone Ana flooded many districts in southern Malawi which will exacerbate the already precarious food security situation in Malawi.

NMT Activities 2021

In 2021 NMT made its fourth set of annual Carbon Damage Mitigation Certificate payments to HIMACUL farmers and cooperatives from its 2020 macadamia tree survey, and started its fifth (2021) farmer survey. NMT has partnered with Orbis Expeditions (www.orbis-expeditions.com) who have committed to use NMT's CDMC's to mitigate the carbon footprint of the expeditions to Malawi and elsewhere (travel permitting). Purchases of CDMC's continue to be made by individuals, businesses, the Themba Trust (www.thembatrust.org.uk) and Profs Who Fly (www.profswhofly.org) who are using NMT's carbon calculator to estimate the voluntary carbon offsets for air travel, domestic, vehicle or general CO2 <http://nenomacadamiastrust.co.uk/NMTCarbonCalculator.html>

THE NENO MACADAMIA TRUST

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIRMAN'S ANNUAL REPORT FOR 2021 continued

After 5 years of proving the concept NMT is preparing to scale up its provision of certificates with its HIMACUL cooperative community based tree surveys which have continued even through 2 years of the COVID pandemic year which is a testament to the ongoing close working relationship between HIMACUL and NMT. We look to 2022 to expand the work with more farmers and cooperatives to increase the number of macadamia trees to be planted in the next few years. We aim to build on the invaluable support from Profs Who Fly, Imperial College London, the Open University, Clinton Development Initiative, and the individuals who have bought CDMC's as we seek new partners in the year ahead.

During the last year NMT trustees continued to support and engage with Emmanuel Zuza, an Open University GDRF PhD student who is working with HIMACUL and NMT to study the impact of different agro-ecological zones on 5 macadamia cultivars grown by smallholder farmers.

NMT's partnership continued with the Open University course SDT306 Environment:
Responding to change <http://www.open.ac.uk/courses/modules/sdt306>

We built on the OU Post Graduate Office's project with Marston Vale Community Forest to plant trees in the UK and Malawi in recognition of graduating PhD students
<https://www.open.ac.uk/research/news/ou-celebrates-postgraduate-research-students-planting-trees>

During the year NMT and HIMACUL completed the project to rehabilitate and restore macadamia tree nurseries with support from the Walbrook Foundation which has provided a good platform to scale up tree planting and further develop the CDMC work.

The ongoing support from individuals and from partner organisations continues to be gratefully received and we are encouraged by an increase in the number of regular donations. Despite the uncertainties of the past year NMT's finances including CDMC payments have remained secure. NMT looks forward to working with HIMACUL and our partners to be even more focused on how farmers in Malawi can become resilient to climate shocks.

As we start 2022 with the warnings of COP26 making it clear that the climate crisis is upon us and there is limited time to act. Our aim is to provide a bridge between the carbon damage mitigation that is needed to reduce the increase in global average temperatures and the need for farming communities to have help adapting to changing weather patterns, as is happening with HIMACUL's farmers in Malawi.

TRANSACTIONS AND FINANCIAL POSITION

The Income and Expenditure Account shows a net surplus for the year of £431 (2020 deficit of £6,800). The Balance Sheet shows total funds of £3,840. The cash at bank shows a balance of £3,840.

RESERVES AND RISK MANAGEMENT

The present level of funding is considered adequate to support the continuing operations, and the Trustees consider the financial position to be satisfactory with £3,779 of unrestricted reserves.

The Trustees actively review as part of their regular board meetings all potential areas of risk faced. Procedures are in place to identify and mitigate risks arising from adverse conditions.

Independent examiner's report to the Trustees of The Macadamia Trust

I report on the accounts of the Trust for the period ended 31 December 2021, which are set out on pages 7 to 10.

Respective responsibilities of the Trustees and the examiner

The Trustees are responsible for the preparation of the accounts. The Trustees consider that an independent examination is needed.

It is my responsibility to:

- examine the accounts;
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

An examination includes a review of the accounting records kept by the association and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as committee members concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

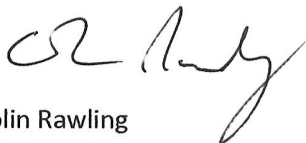
In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting record; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Colin Rawling
65 Water Lane, Wootton, Northampton, NN4 6HH

Date: 30.3.2022

THE NENO MACADAMIA TRUST

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

| | NOTES | 31 December 2021 | | | 31 December 2020 | | |
|--|-------|---------------------|-------------------|---------------|---------------------|-------------------|----------------|
| | | Restricted £ | Unrestricted £ | Total £ | Restricted £ | Unrestricted £ | Total £ |
| INCOME | | | | | | | |
| Donations including Gift Aid | 1 | - | 20,397 | 20,397 | - | 27,524 | 27,524 |
| Carbon Damage Mitigation Certificates | | 5,042 | - | 5,042 | 2,551 | - | 2,551 |
| Grants | | - | 800 | 800 | - | - | - |
| Other Income | | - | 5,064 | 5,064 | 3 | - | 3 |
| TOTAL | | 5,042 | 26,262 | 31,303 | 2,554 | 27,524 | 30,078 |
| EXPENDITURE | | | | | | | |
| Donation to HIMACUL | | - | 22,323 | 22,323 | - | 25,753 | 25,753 |
| Carbon Damage Mitigation Certificates disbursement | | 5,866 | - | 5,866 | 4,318 | - | 4,318 |
| Nurseries Project | | 2,153 | - | 2,153 | 5,205 | - | 5,205 |
| Surveys | | - | - | - | - | 850 | 850 |
| Bank Charges and Fees | | - | 371 | 371 | - | 414 | 414 |
| IT Services and Licences | | - | 158 | 158 | - | 136 | 136 |
| Other Expenses | | - | - | - | - | 202 | 202 |
| TOTAL | | 8,019 | 22,853 | 30,872 | 9,523 | 27,355 | 36,878 |
| (Deficit)/Surplus for year | | (2,977) | 3,409 | 431 | (6,968) | 168 | (6,800) |

THE NENO MACADAMIA TRUST

BALANCE SHEET AS AT 31 DECEMBER 2021

| | NOTES | As at 31 Dec 2021 | As at 31 Dec 2020 £ |
|---|-------|----------------------|---------------------------|
| CURRENT ASSETS | | | |
| Bank balance | | 3,840 | 3,409 |
| CAF Balance | | - | - |
| | | <hr/> | <hr/> |
| | | 3,840 | 3,409 |
| | | <hr/> | <hr/> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 4 | - | - |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS/(LIABILITIES) | | 3,840 | 3,409 |
| | | <hr/> | <hr/> |
| NET ASSETS/(LIABILITIES) | | 3,840 | 3,409 |
| | | <hr/> | <hr/> |
| Financed by: | | | |
| RESERVES | | | |
| General reserve | 5 | 3,798 | 1,160 |
| Restricted reserve - CDMC | 5 | 42 | 96 |
| Restricted reserve - Nurseries Projects | | - | 2,153 |
| | | <hr/> | <hr/> |
| Balance at end of year | | 3,840 | 3,409 |
| | | <hr/> | <hr/> |

Chairman *Andrew Emmott*

Treasurer *J Ascott*

THE NENO MACADAMIA TRUST

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

Accounting Convention

The accounts have been prepared under the historical cost convention.

Income

Donations are accounted for on a receipts basis. In respect of other income account is taken of known amounts due but unpaid.

Expenditure

Expenditure is accounted for on a cash accounting basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Taxation

The charity is exempt from tax on its charitable activities

Fund accounting

The charity has both restricted and unrestricted reserves. Restricted reserves can only be used for the purpose the funds were donated for, while unrestricted funds can be used in accordance with the charitable objectives of the trust at the discretion of the trustees.

2. Trustees' Remuneration and Benefits

The trustee's did not receive any remuneration or benefits for their role as trustee during the year ended 31 December 2021 nor for the year ended 31 December 2020.

3. Debtors

The only assets of the trust are bank accounts.

4. Creditors

The trust does not have any current liabilities (2020 £Nil).

THE NENO MACADAMIA TRUST

**NOTES TO ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Movement of funds

| | As at 31 Dec 2020 | Movement in funds | As at 31 Dec 2021 |
|---|------------------------------|------------------------------|------------------------------|
| | £ | | £ |
| Reserves | | | |
| General reserve | 1,160 | 2,638 | 3,798 |
| Restricted reserve - CDMC | 96 | (54) | 42 |
| Restricted reserve - Nurseries Projects | 2,153 | (2,153) | - |
| | | | |
| Total funds | 3,409 | 431 | 3,840 |

Net movement in funds, included in the above are as follows:

| | Incoming resources | Resources expended | Transfer between reserves | Movement in funds |
|---|-------------------------------|-------------------------------|--|------------------------------|
| | £ | £ | £ | £ |
| Reserves | | | | |
| General reserve | 26,262 | (22,853) | (771) | 2,638 |
| Restricted reserve - CDMC | 5,042 | (5,866) | 771 | (54) |
| Restricted reserve - Nurseries Projects | - | (2,153) | - | (2,153) |
| | | | | |
| Total funds | 31,303 | (30,872) | - | 431 |

The Restricted reserve - CDMC relates to the sale of Carbon Damage Mitigation Certificates to the general public, for the subsequent payment to HIMACUL for onward payment to farmers and associations in Malawi, and any associated costs.

| | As at 31 Dec 2021 | As at 31 Dec 2020 |
|---|------------------------------|------------------------------|
| | £ | £ |
| 6. Cashflow Statement | | |
| Cash at bank at beginning of year | 3,409 | 11,209 |
| Surplus/(Deficit) from Income & Expenditure Account | 431 | (6,800) |
| | | |
| | 3,840 | 4,409 |
| | | |
| Working Capital Movement: | | |
| Debtors (Increase)/Decrease | - | - |
| Creditors (Decrease)/Increase | - | (1,000) |
| | | |
| Cash at bank at end of year | 3,840 | 3,409 |