



**2023 Annual Report
and
Financial Statements**

**Farm Africa Limited
Company Number: 01926828**

Contents

Part 1	
Trustees' report	3
Part 2	
Independent auditor's report	25
Part 3	
Financial statements	29

Part 1

Trustees' report

Report of the Chair

Welcome to Farm Africa's 2023 Annual Report, which showcases some of the highlights of our work supporting rural communities in eastern Africa to improve the quality, quantity and value of their produce, while farming in harmony with nature.

Across the region, the challenges of extreme poverty, food insecurity and biodiversity loss are being intensified by climate change, global economic instability and political disruption. The good news is that there is potential for farming communities to build more resilient livelihoods. Working together, Farm Africa and farmers are unlocking this potential, enabling farmers to both grow their incomes and restore biodiversity.

Longer term, we recognise that Africa has the ability to feed not only its own growing population but to be a major exporter to the rest of the world. As Bill Gates recently told the Financial Times "Africa can be a net food exporter, even in the face of climate change."

At the heart of our programmes is the inclusion of women. Mary Temu, a smallholder farmer from Tanzania, explains why this is important: "In Africa, women, we tend to keep quiet. Men are those who are able to make a decision. But when you go to the field, women are the ones who are supposed to do a lot of work in the field."

By supporting women to gain access to land and finance or take up leadership positions in cooperatives, we work to increase gender equity, which helps women boost not just their incomes but also their status.

This year, we were proud to see the quality of our programmes recognised through awards, including 'Food & Beverage Charity Partnership of the Year' at the Third Sector Business Charity Awards for our work with the Waitrose Foundation improving the lives of vegetable and flower farmers and workers on farms in the Waitrose supply chain in Kenya and Tanzania.

Fundraising highlights included our biggest ever team running the London Marathon; the incredible Mahale Mountains Trek, which raised more than £200,000; and our first year as the official charity of the London Coffee Festival; as well as some substantial legacy gifts and a networking reception in Dar es Salaam.

Our thanks go to Tim Smith and Charles Reed, who stepped down from the Board of Trustees this year. We are delighted that Charles remains with us as a new Ambassador, and we are pleased to welcome Keith Pickard as a new trustee.

The trustees would like to thank the Farm Africa team for their great commitment as well as everyone who supports our work towards realising our vision of a resilient rural Africa, where people and the environment thrive.



John Reizenstein

Chair

6 June 2024

Report of the Chief Executive

This time last year, I reflected on the severity of the unprecedented drought affecting eastern Africa. Towards the end of 2023, the region began finally experiencing wetter conditions, particularly in eastern and northern Kenya and southern Ethiopia, which are critical in reducing food insecurity. However, the rains brought by the El Niño phenomenon were too heavy in places, bringing challenges of flooding.

Extreme weather events remain a severe challenge for farmers in eastern Africa, who are bearing the brunt of the climate crisis, with very little support to adapt. The percentage of global climate finance reaching smallholder farmers is falling, and is now just 0.8%.

At Farm Africa, we are scaling up our support to help communities affected by the climate crisis build more resilient livelihoods. In 2023 we embarked upon three of our largest ever programmes.

In Kenya, we started work with the Mastercard Foundation on a \$20million project that will create 150,000 sustainable, dignified jobs for young women and men, internally displaced persons and people with disabilities in the aquaculture and mariculture sectors.

In Ethiopia, we built on previous success working with Sida to launch a new four-year programme sustainably managing forests, conserving biodiversity, building communities' resilience to climate change and developing sustainable livelihoods through holistic nature-based solutions.

In Tanzania, we started work with the Dutch NGO SNV on a four-year programme that aims to boost the food security and nutrition of 168,000 households and support 100 small and medium-sized enterprises.

Last year also brought us opportunities to highlight to policy-makers why a food-secure future means focusing on smallholder farmers. Farm Africa submitted evidence to the UK government to inform the development of a new white paper on international development, which set out their vision for tackling extreme poverty and climate change. In November, I was pleased to attend the Global Food Security Summit convened by the UK Government.

As we scale up Farm Africa's work and impact, we are grateful to all those who support us and make this growth possible. I'm also encouraged that as we expand our work we remain on track to strengthen our financial reserves within this strategy period, creating the foundations for future stability and investment in the organisation.



Dan Collison

Chief Executive

6 June 2024

Strategic report

This section presents Farm Africa's mission, values and strategic goals, including the priorities outlined in the strategic plan (2021-2025), and the mid-term review of the strategy that took place in 2023. This section also summarises Farm Africa's achievements in 2023, and outlines our goals for 2024.

Vision, mission and values

Farm Africa's vision is of a resilient rural Africa where people and the environment thrive.

Effective agriculture transforms lives, underpins resilient food systems, and protects natural resources. Farm Africa supports a just rural transition for farmers and farming communities in eastern Africa, which improves yields, improves food quality and safety, and increases household incomes.

Our technical approaches to sustainable agriculture, market engagement and protecting the environment have the greatest impact when they are integrated into a holistic effort, connecting smallholder farmers to thriving markets and transforming subsistence agriculture into a sustainable business.

We are ambitious to expand our work and increase our impact: to lift more communities out of poverty; to open up more agricultural markets; to provide more expertise and help safeguard natural resources.

Our mission

To promote sustainable agricultural practices, strengthen markets and protect the environment in rural Africa.

Our values

- **Expert:** Expertise and insightful evidence based solutions are at the heart of everything Farm Africa does;
- **Grounded:** Our teams and partners work closely with local communities, engaging them in every level of decision-making;
- **Impactful:** We deliver long-lasting change for farmers, their families and the environments they live in;

- **Bold:** We model innovative approaches and are not afraid to challenge strategies that are failing

2021 – 2025 strategy

In 2021 we concluded a participatory process to develop a strategic plan for Farm Africa (2021-2025).

The great strength of our strategy is the clear articulation of Farm Africa's three thematic priorities: agriculture, market engagement and environment.

In agriculture, our programmes continue to support farmers to transition to commercial livelihoods. Access to better inputs, technology and information improves incomes and makes livelihoods more resilient to shocks. Our projects improve yields and quality across multiple value chains, including coffee, sorghum, livestock and edible oil seeds and horticulture. Our climate-smart approaches help mitigate the effects of climate change.

Market engagement improves farmers' linkages to local and international markets, emphasising business development, access to financial services and support to the small and medium-sized enterprises that are a crucial intermediary between producers and markets. Our links with food industry partners have strengthened our offer in corporate social responsibility.

Our work on protecting the environment builds on Farm Africa's experience in landscape management, including participatory forest management and payment for ecosystem services. Progress in avoiding deforestation has developed our role in carbon sequestering, promoted alternative livelihoods for forest communities, and we have seen our approaches endorsed and supported by governments in the region for replication at scale.

Our strategy is underpinned by five cross-cutting themes:

- **Climate action:** We will work to reduce greenhouse gas emissions and strengthen

the resilience and adaptive capacity of communities to climate change.

- **Gender equality:** We will design projects to be gender-sensitive and include meaningful outcomes for women's economic empowerment.
- **Youth employment:** We will emphasise the creation of job opportunities for young people throughout the value chain.
- **Resilience:** We will enhance communities', enterprises' and ecosystems' ability to mitigate and adapt to shocks.
- **Agri-tech:** We will embrace the use of technology at all stages of the value chain.

The concept of food systems – describing the connections between producers, consumers, the environment and policy – provides a useful way of integrating the approaches and is the lens through which our approaches, interventions and programmes are analysed. Understanding Farm Africa's work in the context of food systems opens up new relationships with corporate partners, strengthens our connection to markets and business development, and provides a strong platform for scaling our work through advocacy.

The strategy not only sets out our programmatic directions, it is a plan for the whole organisation. It commits the organisation to a culture of 'One Farm Africa' – emphasising transparent communication, accountability in decision making, and learning across teams. The code of conduct, safeguarding policy and our security measures are prominent in this.

The plan also steers Farm Africa to a sustainable financial future, which maintains strong reserve levels and delivers steady growth in restricted and unrestricted income. International aid flows are shifting as donors change priorities, with the UK's decreasing aid budget a clear indicator of this. We are building new funding relationships to realise the strategy, including engaging with global climate funds and developing new ways of working with corporate partner organisations.

2023 Mid-term strategy review

In 2023, we conducted a mid-point assessment of the current strategy. This involved extensive consultation with staff, partners and external advisors to understand the achievements of the strategy, updating our understanding of the regional and sector context, and determine priorities and objectives for the remaining strategy period.

Our initial assessment shows significant progress has been made against the strategic objectives even though there were major macro-economic challenges in the post-COVID external environment.

The review noted good progress in developing our programme strategies and results in areas such as regenerative agriculture, climate-smart agriculture, landscape management and coffee cultivation. We've seen encouraging growth in our Kenya and Tanzania programmes, the development of our opportunities in eastern DRC, and a building on our experience of carbon markets. We have experienced challenges in the development of our Uganda programme and our work in livestock. We also noted good progress in steering Farm Africa to a sustainable financial future, including updating target reserves to appropriately reflect the level of risk in operations and the external environment.

The mid-term review highlighted the long-term decline in some of our critical fundraising channels, particularly our individual giving supporter base, a reflection of both the cost of living crisis and the natural attrition of charity givers. The Board of Trustees agreed to a series of investments aimed at building high value giving, slowing the decline in individual giving, and building our brand, and we are looking forward to seeing a return on these investments during the second half of the strategy period.

Our activities and achievements

In 2023 we managed projects across five countries in eastern Africa, reaching 613,000 people. With our support, communities working in the agricultural sector across eastern Africa have been able to grow their incomes while also protecting their local environment for generations to come.

The following highlights our project 'Enhance Viability of participatory forest management', being delivered in the Harena Forest in Ethiopia. This project focuses on increasing the quality and quantity of Arabica coffee being produced in the region, whilst working with communities to reverse the decline in forest biodiversity.

SECURING A BRIGHT FUTURE FOR THE HARENA FOREST

With a little recalibration, traditional forest management systems can play a powerful role in meeting the needs of a changing world.

Rolling across the southern Bale Mountains, the Harena Forest is Ethiopia's largest remaining montane tropical moist forest. It is known for its many

endemic plant and animal species and for being one of the last places on Earth where Coffee Arabica still grows in the wild.

One of Ethiopia's few intact forests, many people rely upon its resources for their survival. Wild-growing forest coffee is an important source of subsistence income for local people, and wood gathered from the forest is a primary source of fuel. The forest also serves as a vital refuge in times of conflict, drought or natural disaster, providing shelter, shade, water and nourishment for people and livestock. Long-standing traditions govern usage of forest resources and cutting of live trees is prohibited without special permission from community elders.

However, times are changing.

Historically, the landscape that surrounds the Harena forest has been sparsely populated, but in recent decades many people have migrated to the area, clearing trees for intensive coffee production, livestock grazing and subsistence agriculture. While mature trees in the forest are still respected, in many areas the undergrowth shrubs and tree seedlings are being cleared to encourage the growth of wild coffee. The depletion of grazing lands is also causing more livestock to be driven into the forest in search of forage.

The changes of land use and increased population density are putting unsustainable demands on forest resources. To reverse the decline in forest biodiversity, there is urgent need to sustainably evolve livelihood strategies for local people.

EVOLVING TOGETHER

Already working collaboratively in the area since 2019, in 2021 Farm Africa and Forests of the World embarked on a two-year project to improve forest conservation in two communities that have experienced high population growth.

The project aimed to support community-based organisations in Harena Buluk and Dello Mena woredas to produce and sell more high-quality coffee, improve livestock productivity in a sustainable way and generate knowledge that could guide further livelihood and conservation activity.

The project provided training in forest-friendly farming techniques, fodder production, business skills, biodiversity monitoring and biogas technology to over 1,900 people, who went on to train and assist at least over 5,300 others. If household members are included, it is estimated that over 28,000 people have benefitted overall.

REVERSING DESTRUCTIVE TRENDS

Especially encouraging has been the uptake of coffee-based agroforestry systems. By planting wild coffee seedlings, along with a range of income-generating multipurpose trees and shrubs, from animal fodder and vegetable crops to fruit trees and fast-growing timber trees, farmers can realise a higher economic return. By the end of 2023, 147 farmers had converted a total of 24.1 hectares of farmland to agroforestry – that's the equivalent of reforesting 45 football fields!

Improving access to water for lowland communities has also reduced the need to drive livestock into the forest for forage. A network of water points, canals, ponds, roof water harvesting structures and pumps have been constructed to irrigate land and provide water for livestock and people. Over 230 households have benefitted.

MAKING CONSERVATION PROFITABLE

Great strides have been made in increasing the profitability of forest management cooperatives. Following the delivery of business development training to the delegates of 12 cooperatives, four have already formed business plans and are trading profitably.

There is widespread improvement in the quality and quantity of coffee being produced, and although the coffee market has been challenging in recent months, progress is being made in securing better access to markets.

Livelihood improvements aren't the only benefit to be unlocked. Community forest management cooperative members are now regularly monitoring biodiversity levels across the forest.

The need for smallholder farmers to collect evidence of their sustainability is greater than ever. For example, in June 2023 the EU implemented a new regulation for a deforestation-free supply chain that requires smallholder coffee farmers to provide evidence of deforestation-free production.



"I had been drying my coffee for many years on a soil-based floor, and this had always reduced the quality of my coffee. After the project provided me with training and material support, I have been able to produce a high quality and quantity of coffee. Our main problem was not getting a fair price for our products. For many years, our coffee was priced by brokers and traders, but now with the support of this project I have been able to supply my coffee to international markets directly."

--Sheikh Hussein H/ Temam, coffee producer

Performance against objectives

To aid our planning we have broken down the strategic objectives into a set of annual goals. These goals are more specific and time-bound than the strategic objectives. The table below sets out how we performed against our key goals for 2023.

Strategic objective	Annual goal	Outcome
Achieve growth through diversity in funding	We will raise £14.4 million of restricted grant funding for 2023, including extending relationships with key strategic donors in Norway and Sweden, expanding our work in integrated landscape management and diversifying our grant funding portfolio.	Grant expenditure in 2023 was £12.5 million. The shortfall against the target was driven by delays to projects in Ethiopia as a result of the security situation caused by conflict, and pound sterling strengthening against local currencies. We are successfully diversifying our grant funding portfolio, extending relationships with the Swedish Embassy in Ethiopia, the Norwegian Embassy in Ethiopia and building relationships with new donors, including the Mastercard Foundation who have awarded Farm Africa a five year market-led aquaculture initiative that seeks to create 150,000 jobs for young women and men in Kenya. Additionally, new grant income was secured with The Norwegian Agency for Development Cooperation (NORAD) in a joint proposal with the Dutch development agency SNV for a food security initiative in Tanzania.
	We will raise £1.8 million of unrestricted funding in 2023 with a diversified fundraising portfolio, including new relationships in the food sector, with high net worth partners, and reinstating the Farm Africa Trek.	<p>Unrestricted income for 2023 was £2.0 million. In the context of a very competitive UK fundraising market, and an acute cost of living crisis, we did well to achieve and exceed our income target. As in previous years, Farm Africa's supporters have responded consistently and generously to our appeals, and individual giving remains the cornerstone of our unrestricted income.</p> <p>Corporate partnerships income also exceeded expectations, thanks to brilliant fundraising efforts associated with the Mahale Mountains trek, although corporate giving overall has been impacted by high inflation and cost of living pressures.</p> <p>Events income also performed well, with our runners in the London Marathon exceeding their fundraising targets overall.</p>
	Digital strategy agreed in support of fundraising, communications and knowledge management.	<p>Resources were allocated to support Farm Africa's wider digital ambition in 2023, with investment in digital acquisition and a new website, to be launched in 2024, being approved by the Board of Trustees. Furthermore, the communications strategy was finalised and approved in 2023, with three strategic objectives:</p> <ol style="list-style-type: none"> 1. Build Farm Africa's online profile, reach and engagement amongst priority audiences in the UK and US. 2. Develop a steady stream of engaging content that communicates the impact of Farm Africa's work.

Strategic objective	Annual goal	Outcome
		3. Strengthen Farm Africa's reputation as a thought leader in sustainable agriculture.
Transforming rural livelihoods	We will continue to build on the positive impact of our forestry projects by completing the sale of carbon credits on behalf of partners in Ethiopia.	Partners in Ethiopia requested Farm Africa support them in the sale of up to 2.8 million tonnes of carbon credits in 2023. These credits are derived from forest protection work in the Bale Mountains and are owned by the local forest management committees and the forest authorities. We expect to complete registration and sales during 2024-25.
	DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project.	Throughout 2023 Farm Africa's worked with a donor consortium and government ministries to plan to expand our work with 10 coffee cooperatives in eastern DRC. There were delays in decision making which meant work to develop the full proposal and prepare for an operational Farm Africa presence was on hold for much of the year. However, by the end of 2023 we had received a positive indication from the donor consortium to proceed with the full proposal development, and we now hope to commence this ambitious project by Q4 of 2024. In developing this work we have had to take careful consideration of the continuing security challenges in North Kivu province.
	We will demonstrate impact for 500,000+ community members in 2023.	<p>613,000 people were reached through our programmes during 2023.</p> <p>This number incorporates people directly targeted by our programmes; farmers, agro-pastoralists, livestock herders, fish farmers, MSMEs, cooperatives, local county government, extension workers, agro-dealers, traders and the household members of certain stakeholders.</p> <p>The number of people reached has exceeded our target, but is 15% lower than in 2022 due to the fact that the majority of projects were in start-up or close phases, with some projects in Ethiopia, for example, facing challenges in start-up due to insecurity and staffing.</p>
Technical leadership and advocacy	Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management.	<p>Programme offers were clearly articulated on gender, agri-tech and a living wage study. These were reviewed and approved by Farm Africa's expert Programme Advisory Committee. The living wage study was done across the main Waitrose Foundation supplier farms and the agri-tech programme offer utilised external learning from the Annual AGRI-FIN Learning event held in Nairobi in October 2023. Articulation of our agri-insurance programme offer was moved into 2024 in order to allow for internal and external learning collection.</p> <p>Further country advocacy work was conducted on the Biosphere Reserve Policy in Ethiopia, and the Village-</p>

Strategic objective	Annual goal	Outcome
		<p>Based Advisor model in Kenya. The technical and senior management team also framed a climate resilience paper, and this was used for Farm Africa's submission to the FCDO White Paper <i>International Development in a Contested World: Ending Extreme Poverty and Tackling Climate Change</i>. The FCDO Cabinet Secretary personally communicated with the CEO on Farm Africa's contribution, and Farm Africa was subsequently invited to participate in Global Food Security and Nutrition Summit hosted by the UK government.</p> <p>Farm Africa also substantially contributed to the ICAI learning event in Glasgow on aid to agriculture in a time of climate change, and the review of FCDO's agriculture policy over August and September 2023.</p>
Deepen our partnerships	We will establish new partnerships to further explore the potential of Farm Africa projects to access carbon markets.	Extensive partnership continued with the Rabobank ACORN initiative in Kenya, which received two rounds of Carbon Removal Units (CRUs) for the agro-forestry work in Embu in Mount Kenya region. Talks with McKinsey on a new rangeland management scheme also continued, with discussions also taking place with Finance Earth on a REDD+ scheme in Tanzania. The payment for environmental services (PES) component of the Central African Forestry Initiative (CAFI) was also refined.
	We will build on our programme expertise and reputation to extend our technical and funding networks.	<p>Farm Africa built extensively on its programme expertise and reputation in technical and funding networks with the following key pieces of networking over 2023: the Blue Innovation initiative and extensive participation and panel presentations at the Africa Food System Forum in Dar es Salaam in September, including hosting an event for over 80 donors, partners and corporate partners.</p> <p>Additionally, Farm Africa was invited to present its regenerative agriculture models to a corporate supplier audience in October in Nairobi, including to Diageo, Coca-Cola and Kakuzi among others. This led to hosting the suppliers in the field in Embu to see Farm Africa's work first hand. This also led to a direct consultation on Diageo's double materiality risk assessment on their draft environment, social and governance (ESG) strategy.</p>
One Farm Africa	Carry out the 2023 staff survey.	<p>Farm Africa carried out our sixth biennial staff survey. We typically have high levels of participation in the survey, but last year we achieved our highest level of participation with 87% of employees taking part. We also achieved our highest ever total engagement/satisfaction rate of 81%.</p> <p>There are still areas where we want to improve and action planning around these areas will happen in 2024. Actions and initiatives will then be built into organisational and team annual goals.</p>

Strategic objective	Annual goal	Outcome
	Continue regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings.	We have continued to build our culture of 'One Farm Africa' through using internal communication channels to share news and learning across the organisation. This includes our regular internal newsletter, and also our series of 'project learning exchanges' - a monthly opportunity for staff to share one or two current project case studies, outlining successes and challenges and offering learning points for other teams. All-staff meetings have been held twice a year for the purposes of sharing important information such as annual accounts and budgets. In 2023 there were also some notable cross-region visits, including Ethiopia project teams and partners travelling to both Kenya and Tanzania.
	Develop and implement a framework of inclusive language that is appropriate to the context our staff are operating in.	The work to develop a framework of inclusive language progressed well in 2023, with us working collaboratively across the team to consider how the framework could be used to guide communications in different countries and cultures. The work to finalise and roll out the inclusive language guide took place in early 2024.
A sustainable financial future	Timesheet system agreed and implemented for Farm Africa.	A new timesheet process was devised within the finance team and rolled out to the organisation. There is further work to do to embed the new process in 2024, but it provides a good basis for continuing to improve our cost recovery methods.

2024 outlook

Goals for 2024 are informed by our long-term strategic priorities, as well as the immediate challenges facing farming communities in eastern Africa:

- The long drought in the Horn of Africa has impacted much of the region, devastating livestock numbers and reducing yields. Towards the end of 2023, the region began finally experiencing wetter conditions, with heavy rainfall causing destructive floods in many areas.
- Insecurity continues to impact eastern DRC and parts of Ethiopia, including the Amhara and Oromia regions.
- The cost of living and inflation increases present a challenge for households and businesses, particularly in Ethiopia.

2024 is set to be Farm Africa's biggest ever year, with a budget of over £18 million. While this lays the ground for us to work with more farmers and communities, and grow the impact and scale of our programmes, it brings with it the challenges of managing the risks attached to growth, such as quality and compliance. So, a priority for 2024 is understanding the needs across Farm Africa in institutional strengthening around team capacity and organisational systems. This "Fit for Purpose" exercise will provide the basis for investment decisions over the rest of the strategy period and beyond.

Programme delivery will focus on the smooth start-up of our new grants, specifically the large Mastercard Foundation fisheries programme in Kenya, and the new food security programme with SNV in Tanzania. And we are optimistic that by Q4 of 2024 we will be starting work on the long-planned coffee and forest project with 10

coffee cooperatives in eastern DRC, taking into account the serious implications of continuing insecurity and conflict in North Kivu.

Advocacy and policy engagement continues to build, and our long-standing relationship with the National Farmers Union includes a jointly hosted parliamentary event in the UK and contributions to the government committee inquiry into UK aid spending. In Ethiopia we will develop a joint advocacy strategy with Tree Aid.

We'll continue to explore opportunities to engage with climate and carbon financing and build on a very promising opportunity to deepen our relationship with a major UK retailer.

Strategic objective	Annual goal
Achieve growth through diversity in funding	We will raise £15.9 million of restricted grant funding for 2024, including extending relationships with key strategic donors, diversifying our grant funding portfolio geographically and thematically with a key focus on DRC.
	We will raise £2.0 million of unrestricted funding in 2024, including from the growth of our major giving programme and campaigns to acquire a new cadre of individual donors.
	We plan for our new website to be live by the end of July 2024.
	We will participate for the first time in New York Climate week in September 2024, aiming to grow our network in the USA and spotlight the role of our Farm Africa US entity.
Transforming rural livelihoods	We will continue to build on the positive impact of our forestry projects by completing the sale of carbon credits on behalf of partners in Ethiopia.
	DRC presence and management structure in place to support the anticipated start of the new Coffee Cooperatives and Forest Cover project.
	We will demonstrate impact for 750,000+ community members in 2024.
Technical leadership and advocacy	Programme offers on gender, agri-tech, living income and agri-insurance agreed with thematic focus on participatory rangeland management.
Deepen our partnerships	Farm Africa continues to have opportunities to engage in carbon markets and climate financing. We are cautious about gearing our project funding too far towards the carbon space because of the uncertainty and complexity of that market, however we see new openings in 2024 to pursue new carbon-related funding in Tanzania (forestry) and Kenya (rangeland).
	In other partnerships we are excited to commence our new food security programme in Tanzania with the Dutch organisation SNV, and we have a good opportunity to embark on some joint advocacy work in Ethiopia in partnership with Tree Aid.
	In the UK, building on our extensive network across the food and farming sectors, we have an excellent opportunity to enter into a new fundraising partnership with a major UK retailer.
	We will build on our programme expertise and reputation to extend our technical and funding networks.
One Farm Africa	Develop and implement staff survey actions.

Strategic objective	Annual goal
	Continue to build our culture of regular internal communications (bi-monthly newsletter), cross-team learning and collaboration opportunities, and all-staff meetings.
	Refresh our staff handbooks to ensure legal compliance and people management best practice.
A sustainable financial future	Our Fit for Purpose exercise shows the need for investment in core systems and processes in Farm Africa. We lack an integrated HR system across the organisation, and would benefit from investment in IT and knowledge management.

Financial report

In this section we set out the financial performance of Farm Africa Limited and its subsidiaries ('Farm Africa') in 2023 and review its position at the end of the year. We continue to monitor the impact of inflation and other economic factors, which continue to present challenges for project delivery and on Farm Africa's reserves and its management of financial risk, including implications for the trustees' assessment of the organisation's going concern status.

Financial performance

Income

Farm Africa receives income principally from three sources:

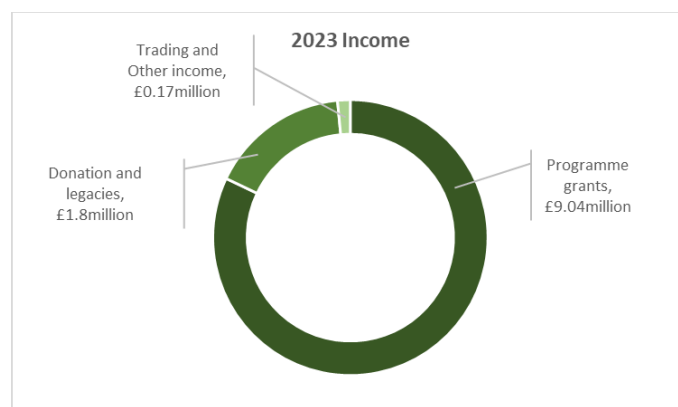
- Grants from governments, institutions and other major donors to fund specific projects (restricted funding);
- Corporate sponsorship income via our trading subsidiary Farm Africa Trading Limited (unrestricted funding);
- Donations, legacies, and other fundraising activities (unrestricted funding).

Total income in 2023 was £11m (2022: £14.72m). This reflects some of the large grants coming to an end and the timing of receipts according to the terms of new grants signed, with a significant amount of new grant income expected to be recognised in 2024. This also reflects a reduction in legacy income, as in 2022 several significant legacies were received and so legacy income was exceptionally high.

Programme grants remained the largest funding stream at £9m (2022: £11.9m). This included income on four projects including: the new Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy in Ethiopia; new funds secured towards Nature-Based Solutions for Sustainable and Inclusive Development (NSSID) from the Swedish International Development Agency (Sida); ongoing multi-sector eco-regional approach in Bale Eco-region in Ethiopia, funded by the European Union and funding from the Waitrose Foundation and the World Food Programme.

Donations and legacies decreased to £1.8m (2022: £2.6m), with our committed giving and responses to appeals falling, and the receipt of several significant legacies in 2022. The decrease driven by these income streams was partially offset by an increase in income from fundraising events, including a very successful Mahale Mountains Trek in Tanzania.

The chart following shows the breakdown of income between the principal sources:



Expenditure

Farm Africa's expenditure falls into three main categories:

- Direct costs of implementing programmes in Africa;
- Fundraising costs;
- Support costs, including head office staff and governance.

Total expenditure in 2023 was £14.3m (2022: £14.6m).

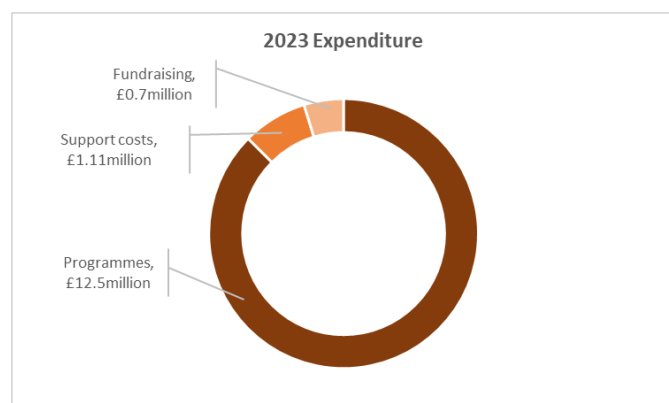
Programme spend decreased by £0.7m to £12.5m (2022: £13.2m) as major projects in Ethiopia came to an end and the country programme started work on new grants. Furthermore, disruption and security issues as a result of conflict in Ethiopia caused projects in the affected areas to underspend and other projects saw underspends as the pound sterling strengthened against local currencies. There has been an increase in programme expenditure in Kenya and

Tanzania, as we continue to build the country programmes and diversify Farm Africa's grant funding portfolio.

Support costs increased by £0.36m to £1.11m (2022: £0.75m). This was due to inflation and investment in several much-needed roles in countries and programme support, as part of the mid-point strategy review.

Fundraising costs remained at £0.7m (2022: £0.7m).

The chart following shows the breakdown of expenditure between the main categories:



In the Statement of Financial Activities support costs are allocated to spend on charitable activities (programmes) and fundraising, but in this analysis they are shown separately.

Financial results and closing reserves

Farm Africa reported a deficit of £3.2m for 2023 (2022: surplus £0.1m). This is made up of a £0.5m deficit on unrestricted funds (2022: surplus £0.9m) and a deficit on restricted funds of £2.7m (2022: deficit £0.8m).

Unrestricted funds comprise income from general fundraising activities and income earned by our trading subsidiary. This funds the organisation's operating and programme support costs.

The results for the year have been lower than expected due to the increased cost pressure and investment plans as part of the mid-point strategy review. Additionally, cost recovery targets have been affected by the devaluation of local currencies. The transition to the new SIDA and Mastercard Foundation grants are testament to the returns on investment plans.

In respect to the deficit on restricted reserves of £2.7m (2022: deficit £0.8m), the level of restricted fund surplus or deficit fluctuates from year to year due to the differences in timings between the receipt of grant

income and the corresponding project expenditure. In 2023 this figure is a deficit having funds carried forward from 2022 on three major projects in advance (Bale Eco-region Phase II project funded by the European Union, Forests for Sustainable Development programme, funded by the Royal Norwegian Embassy and Bridging fund from the Swedish International Development Agency (Sida), in Ethiopia. Under charity accounting rules and our accounting policies, income is recognised in full when certain recognition criteria are met, even if the corresponding expenditure is incurred in a different accounting period. Such timing differences may result in restricted fund deficits in some years and surpluses in other years.

Farm Africa has a closing restricted fund balance of £1.75m (2022: £4.4m).

The unrestricted reserves of Farm Africa of £1.4m compares to our target for unrestricted reserves of £2.5m. The process by which the reserves target is set is explained in the section below, "Reserves policy".

Farm Africa's unrestricted reserves has risen from £1m at 2021 to their current level of £1.4m. Over the last few years Farm Africa has been in transition to a new, sustainable financial model in which unrestricted income and expenditure are once again in balance. 2023 presented challenges for the organisation, with volatile exchange rates and cost pressures and therefore it has not been possible to build reserves in 2023, however it is anticipated target reserves will be reached by the end of 2025.

The annual budget for 2024 plans an operating deficit of £0.28m. Management have agreed to continue a recovery plan to build reserves back to the target of £2.5m, the latest forecasts indicate this is achievable in 2025 with additional legacy and other one-off income.

The organisation's forecast and financial sustainability is considered further in the section below, "Going concern".

Reserves policy

The Board of Trustees has determined that in addition to the minimum unrestricted reserves of £0.6m to cover cost of closure, Farm Africa needs unrestricted reserves of £1.6m to provide financial security through:

- Providing working capital to manage seasonality of income and for the effective running of the organisation;
- Protecting against unrestricted income fluctuations;
- Protecting against unforeseen project

expenditure due to working in inherently risky situations and to manage foreign exchange volatility.

In addition, the trustees aim to build designated reserves of £0.3m to enable Farm Africa to invest in unforeseen funding and growth opportunities.

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts for a period of 12 months from the date of signing the accounts, including cash flows, the level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations and legacies, and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure and recovery of core costs. Responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country. Furthermore, security and economic factors such as inflation present challenges for project delivery, thereby limiting recovery of core costs.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2023. The entity is on track to achieve programme funding targets in 2024 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of the programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £75m worth of proposals covering multiple years. The pipeline also ensures diversity of country portfolio in line with Farm Africa's strategic aim to achieve geographic spread of programmatic impact.

As the organisation experiences a period of growth, a number of pressures on cash flows have been identified due to the timing of forecast income and expenditure, increasing the organisation's liquidity risk in Q4 of 2024, with expected recovery in Q1 of 2025.

Cash management controls are in place to ensure sufficient working capital at all times. Additionally Farm Africa would expect to be able to secure an overdraft facility to cover the expected period of heightened liquidity risk.

The actual 2023 closing unrestricted reserve is £1.4m and is forecasted to increase to £1.9m by the end of 2024. This is mainly due to a receipt of a large legacy. This reserve balance is expected to further increase in 2025 to £2.5m with the final tranche of the same legacy and other one-off income.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Structure, governance and management

In this section we set out how Farm Africa is governed, its charitable objects and how it delivers public benefit. We also describe several key policies regarding the operations of the charity.

Statement of trustees' responsibilities

The trustees (who are also the directors for the purposes for company law) are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom generally accepted accounting practice (United Kingdom accounting standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the

assets of the 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 corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Governance and organisational structure

Farm Africa's officers and advisors are as shown on page 24 of this report.

Sir Michael Palin CBE kindly agreed to continue as patron of Farm Africa during 2023.

Farm Africa is governed by a board of trustees and authority is delegated by them to the chief executive to manage the organisation. Changes to the board of trustees are shared in the officers and advisors section on page 24.

Trustee recruitment is undertaken through a range of routes dependent on the identified needs. For example, when seeking a trustee with audit experience, we have targeted advertising through selected accountancy firms. This is followed by an interview process with a panel of trustees and approval by the board. The trustees are then formally elected by the members at the next annual general meeting. New trustees receive a personalised induction, including briefings from the chair, chief executive and other senior management team members. They are encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board

meetings and as and when specific training needs are identified.

The Finance, Risk and Audit Committee (FRAC) met regularly throughout 2023 under the chairmanship of Nick Allen. FRAC normally comprises at least two trustees, together with external members as required. FRAC reviews and agrees the external audit plan, reviews the external auditor's management letter and monitors the implementation of resulting actions. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register, the annual report and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports.

The Programme Advisory Committee (PAC) met throughout 2023 under the chairmanship of Laketch Mikael. PAC comprises at least two trustee members and external members from a wide range of disciplines. PAC has two objectives:

- to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit
- to provide management with advice and a sounding-board on aspects of its programme work.

The nomination committee continued its work during the year, chaired by John Reizenstein. It comprises no fewer than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development.

A separate Remuneration Committee was formed with responsibility for considering salary increments for senior staff, cost of living increases for UK staff and salary increments for the chief executive. The Committee puts forward recommendations on these matters for Board approval. The Remuneration Committee is also responsible for the consideration and approval of pay policy and any ex-gratia or similar payments. We are supported by Farm Africa USA Inc, which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

Charitable objects

While there has been huge progress in bringing global poverty levels down, sub-Saharan Africa has benefitted the least. Today, more than half of the world's extreme poor live in sub-Saharan Africa. The vast majority work in agriculture in rural areas. We

tackle the three big challenges trapping people in rural Africa in poverty: ineffective agriculture, environmental destruction and their lack of access to markets.

This work is guided by our charitable objects:

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

We implement these objects through pursuing our organisational mission, values and strategy.

Public benefit statement

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

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

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

Legal structure

Farm Africa Limited is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828) approved and adopted on 29 May 1985 and last updated by special resolution on 23 June 2004. Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities are included in note 13 to the accounts.

Tax status

Farm Africa Limited has charitable status and is exempt from corporation tax because all of its income is charitable and is applied for charitable purposes. Tax charges may arise in the trading subsidiary, in relation to any taxable profits not gifted to the parent charity in the year.

Auditor appointment

A resolution confirming the reappointment of Crowe UK LLP as auditors will be proposed at the Farm Africa annual general meeting.

Subsidiaries

During 2023, Farm Africa Limited had one directly owned and active subsidiary, Farm Africa Trading Limited, which enables us to receive sponsorship income from corporate partners in a tax efficient manner.

Farm Africa Trading Limited made a loss for the year before taxation of £41,092 (2022: loss of £7,530). Our corporate sponsorship income is variable as it is dependent on the number of high-profile events in a particular year and thus results can differ from one year to another.

Farm Africa Limited no longer holds any shareholding in Sidai following the change of ownership in 2022. On 7 June 2022 the directors of Farm Africa Enterprises Limited approved the sale of the company's shareholding in Sidai Africa Limited to its shareholders for a nominal £5.23 consideration. The book value of the share was £1, resulting a nominal £4.23 profit on disposal.

Risk management

The board is responsible for ensuring that there is an appropriate process for risk management in Farm Africa. Assisted by senior staff, the board regularly reviews and assesses the major risks to which Farm Africa is exposed, in particular those relating to the operations and finances of the organisation. Risks are recorded and monitored on an organisational risk register that includes an assessment of the likelihood

and potential severity of impact of each risk. Farm Africa's risks are reviewed every month by the senior management team. The Finance, Risk and Audit Committee review the risk register periodically in detail with the senior management to monitor the status of those risks, the mitigating actions and controls that are in place. The board receives a report on the top risks and any issues that require attention of the board.

Farm Africa's current risks are reviewed and managed by the board of trustees include the following:

i) Slower programme spend impacting cost recovery

Like any other development organisation, the risk of lower cost recovery remains due to programme spending impacted by multiple factors, for example, delays in key delivery of processes (recruitment, procurement) and the economic, political and security situation in Ethiopia causing disruption and logistical challenges for Farm Africa and its partners. To mitigate this risk, Farm Africa's management team and board conduct periodic reviews of programme performance. The Programmes and Finance teams review detailed cost recovery at the project level every month, and take corrective actions where necessary. Country teams also repeat the same at country level to ensure phasing of spend (including partner spend) is adequately monitored.

ii) Organisational capacity and capability during a period of growth

Farm Africa is experiencing a period of growth and this presents the risk that organisational capacity and capability cannot support the scale of programmes. Management and the board of trustees have agreed an initial set of investments to build capacity in fundraising, communications and programme funding. A capacity gap assessment has been done, and a prioritised set of further investments agreed. There remains a risk of overstretch in core teams and an independent 'fit for purpose' review of structure and resource allocation is underway to guide management action over the rest of the strategy period and beyond.

iii) Security

Farm Africa maintains a global security management policy, a stand-by crisis management plan, and country level security plans. During 2023 security risks and incidents were actively and effectively managed in Ethiopia. Team communication is facilitated and movement control is enforced where necessary with robust usage of security protocols. Careful monitoring and clear action on staff security kept Farm Africa teams and partners safe during this period.

iv) Liquidity risk

As the organisation experiences a period of growth, a number of pressures on cash flows have been identified due to the timing of forecast income and expenditure, increasing the organisation's liquidity risk. Cash flow forecasting is updated quarterly and actuals versus forecast are monitored by management and the Finance Risk and Audit Committee (FRAC). Monthly management accounts are published and reviewed by budget holders, management and are shared with trustees quarterly. Budget controls are in place to manage expenditure. The financial risks and opportunities tracker is updated monthly and reviewed by management to ensure timely action is taken on any material overs and unders compared to budget. Cash management controls are in place to ensure sufficient working capital at all times.

v) Inflationary pressure reduces the value of Farm Africa's pay offer, reduces staff's ability to meet their living costs and impacts on wellbeing.

Inflationary pressure continues in the country operations due to the post-pandemic macro-economic environment and the impact of the Ukraine war. Ethiopia continues to be classified as a hyperinflationary economy by market analysts. In response to this pressure, Farm Africa was able to support staff with pay increases. As a result of this measure overall staff turnover remains lower than other entities in the development sector. Further work on pay policies, including the management of international staff is underway with an aim of reducing future risks.

Farm Africa's overall approach is to recognise and accept an appropriate level of risk, in particular ensuring that risk management does not deter innovation and learning. The board fully supports this strategy, and is satisfied that the management systems in place provide reasonable assurance that identifiable risks are managed appropriately.

Grant-making policy

Farm Africa works with a number of delivery or implementation partners where generally Farm Africa is the lead grant recipient and the delivery partners act as sub-grant recipients.

Partner selection is done on a grant-by-grant basis. The criteria for partner selection include specialist expertise that will broaden Farm Africa's technical expertise (for example, the International Water Management Institute, which works alongside us on natural resource management projects), geographical reach to enable more effective programme delivery (for

example, SOS Sahel in Ethiopia), and a complementary core competence.

Before a formal grant agreement is signed all potential grantees are subject to a due diligence process based upon the OCAT (Organisational Capacity Assessment Tool).

A signed grant agreement is put in place with all partners, which covers joint ways of working, delivery criteria and reporting requirements. Grant reporting requirements are generally governed by Farm Africa's grant agreement with the primary donor.

Remuneration policy

Farm Africa does not compete with salaries in the private sector but our salaries are pitched at a level to allow us to attract effective, energetic and innovative leaders who will enable us to increase our impact and achieve our vision of a resilient rural Africa where people and the environment thrive.

Farm Africa has a track record of world class technical expertise and delivery and around 200 staff internationally. This provides the organisational context in which to set our remuneration policy.

Farm Africa aims to pay around the median level for a charity of our size; for this purpose we benchmark all salaries in the UK and internationally annually against sector-specific salary surveys and cross-reference them against local cost of living indices. This data is translated into salary scales for the UK and each operational country and approved by Farm Africa's senior team. All staff are paid in line with these salary scales.

The remuneration committee uses the benchmark data to review and fix annual senior salary increases. We believe that our senior salaries paid as a result of this process are a proper reflection of the skills, knowledge and experience required to run an organisation like ours. The bandings for senior staff remuneration are disclosed in Note 11.

Fundraising disclosure

In 2023 Farm Africa conducted all of its fundraising practices "in house" and did not engage any agency to provide fundraising acquisition on its behalf. Farm Africa raises funds from individuals, events, corporate partners and trusts and foundations. All fundraising activity was overseen by the Director of External Relations and all activity was compliant with the Fundraising Regulator.

Farm Africa is a voluntary member of the Fundraising Regulator and as such ensures compliance with the Fundraising Code of Conduct.

Farm Africa did not receive any formal complaints in relation to its fundraising in 2023 (2022: nil) but does have a complaints procedure in place, which can be actioned if required to do so.

In order to protect vulnerable people, Farm Africa ensures that all communication with donors is recorded on a secure database. Should there be any concerns that a supporter is vulnerable, as per Farm Africa's safeguarding policy, appropriate action is taken to prevent requests for donations from these supporters.

Investment policy

Farm Africa has an agreed investment policy covering both programme-related investments and assets held to fund planned expenditure. As the majority of Farm Africa's funds are held to support planned expenditure the aim of the investment policy is to minimise risk and protect capital security and therefore such assets are held as cash, invested to obtain a yield where possible.

Statement of compliance with Charity Governance Code

The Charity Governance Code consists of seven key principles. These are underpinned by the core role and responsibility of the trustees:

1. Organisational purpose
2. Leadership
3. Integrity
4. Decision-making, risk and control
5. Board effectiveness
6. Diversity
7. Openness and accountability

In 2021 Farm Africa comprehensively updated the Board Guide, providing a clear induction for new and existing trustees on the specific responsibilities of board members.

Farm Africa considers that it is compliant with the Charity Governance Code.

Safeguarding

Farm Africa's approach to safeguarding is codified in our Safeguarding Policy. Farm Africa is committed to:

- Promoting good practice and work in a way that prevents harm, abuse and coercion occurring;
- Ensuring that any allegations of abuse or suspicions are investigated promptly and robustly. And where the allegation is proven it will be dealt with appropriately;
- Taking any action within our powers to stop abuse occurring and ensure the person who has

experienced the abuse receives appropriate support;

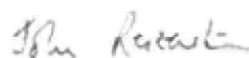
- Being transparent and open by reporting any cases of abuse to the appropriate authorities.

In order to create a working environment that safeguards our beneficiaries Farm Africa will:

- Promote the rights of the people we work with to live free from abuse and coercion;
- Ensure the wellbeing of the people we work with;
- Manage our work in a way that promotes safety and prevents abuse.

The board has appointed a designated Safeguarding Lead who acts on behalf of the trustees to monitor adherence to Farm Africa's safeguarding policy and procedures, participate in the investigation and resolution of any reported incidents, and act as a source of guidance for other trustees on safeguarding matters.

Approved by the board of Trustees of Farm Africa Limited on 6 June 2024 including, in their capacity as company directors, the strategic report contained therein, and signed on its behalf by:



John Reizenstein, Chair

Reference and administrative details

Patron

Sir Michael Palin CBE

Chair

John Reizenstein

Trustees

John Reizenstein (Chair)

Nick Allen (Treasurer)

Colin Brereton (Retired 1 September 2023)

Serena Brown

Ken Caldwell

François Jay (Appointed 1 September 2023)

Julian Marks

Laketch Mikael

Caroline Miller Smith

Jan Bonde Nielsen

Jane Ngige

Anna Onyango (Appointed 1 September 2023)

Keith Pickard (Appointed 1 November 2023)

Charles Reed (Retired 1 September 2023)

Victoria Sekitoleko (Appointed 1 September 2023)

Tim Smith CBE (resigned 14 December 2023)

Vicky Unwin

Ambassadors

Kate Adie OBE

Judith Batchelar OBE

Minette Batters

General Sir Peter de la Billière KCB KBE DSO MC DL

Ashley Palmer-Watts

Charles Reed

Registered Charity Number

326901

Registered Company Number

01926828

Registered Office and Principal Office

3-5 Bleeding Heart Yard

London EC1N 8SJ

Auditors

Crowe UK LLP

Chartered Accountants and Registered Auditor

55 Ludgate Hill

London EC4M 7JW

Bankers

Barclays Bank PLC

1 Churchill Place

London E14 5HP

Lawyers

Hogan Lovells International LLP

Atlantic House

Holborn Viaduct

London EC1A 2FG

Part 2

Independent auditor's report

Independent auditor's report to the members of Farm Africa

Opinion

We have audited the financial statements of Farm Africa Limited ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charitable Company Balance Sheets, the Consolidated 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 group's and the charitable company's affairs as at 31 December 2023 and of the group's 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 group 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 charitable company's or the group'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 trustees are responsible for the other information contained within the annual report. 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.

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 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, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 and proper accounting records have not been kept; 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.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 28, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to

operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.


Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of voluntary and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



Jayne Rowe
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 26th July 2024

Part 3

Financial statements

Consolidated statement of financial activities

(incorporating income and expenditure account) for the year ended 31 December 2023

	Note	2023 Unrestricted funds £'000	2023 Restricted funds £'000	2023 Total funds £'000	2022 Unrestricted funds £'000	2022 Restricted funds £'000	2022 Total funds £'000
Income from							
Donations and legacies	2	1,813	-	1,813	2,596	-	2,596
Charitable activities							
General		-	9,043	9,043	-	11,942	11,942
Total income from general charitable activities	3	-	9,043	9,043	-	11,942	11,942
Other trading activities	4	87	-	87	121	-	121
Investments	4	42	-	42	9	-	9
Other income	4	36	4	40	47	1	48
Total income		1,978	9,047	11,025	2,773	11,943	14,716
Expenditure on							
Raising funds	6	677	-	677	659	-	659
Charitable activities							
Agriculture		482	3,135	3,617	272	2,873	3,145
Market Engagement		644	4,192	4,836	474	4,996	5,470
Environment		682	4,435	5,117	462	4,873	5,335
Total expenditure on charitable activities	7	1,808	11,762	13,570	1,208	12,742	13,950
Total expenditure		2,485	11,762	14,247	1,867	12,742	14,609
Net income/(expenditure) for the year	5	(507)	(2,715)	(3,222)	906	(799)	107
Other recognised gain/(loss)		-	73	73	-	(24)	(24)
Total funds brought forward		1,915	4,393	6,308	1,009	5,216	6,225
Total funds carried forward	16	1,408	1,751	3,159	1,915	4,393	6,308

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 33 to 49 form an integral part of these financial statements.


Consolidated and charity balance sheets

As at 31 December 2023

	Note	2023 Group £'000	2023 Charity £'000	2022 Group £'000	2022 Charity £'000
Fixed assets					
Tangible assets	11	115	115	153	153
Intangible assets		20	20	-	-
		135	135	153	153
Current assets					
Debtors	13	737	938	680	890
Cash at bank and in hand		2,754	2,628	6,213	6,034
		3,491	3,566	6,893	6,924
Creditors					
Amounts falling due within one year	14	(435)	(418)	(549)	(529)
Net current assets		3,056	3,148	6,344	6,395
Total assets less current liabilities		3,191	3,283	6,497	6,547
Provisions for liabilities and charges					
	15	(32)	(32)	(189)	(189)
Net assets		3,159	3,251	6,308	6,358
The funds of the group and charity					
Restricted funds	16	1,751	1,751	4,393	4,393
Unrestricted funds - general	16	1,408	1,499	1,915	1,965
Total funds	16	3,159	3,250	6,308	6,358

The deficit for the financial year dealt with in the financial statements of the parent company was £3,072,000.

Approved by the Board and authorised for issue on 6 June 2024 and signed on their behalf by:



John Reizenstein
Chair



Nick Allen
Treasurer

Registered Company No.: 01926828

The notes on pages 33 to 49 form an integral part of these financial statements.

Consolidated statement of cashflows

For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash used in operating activities	A	(3,440)	474
Cash flows from investing activities:			
Dividends, interest, and rent from investments		42	9
Disposal of tangible fixed assets and capital grants		5	9
Purchase of tangible fixed assets and capital grants		(66)	(131)
Net cash used in investing activities		(19)	(113)
Change in cash and cash equivalents in the reporting period		(3,459)	361
Cash and cash equivalents at the beginning of the reporting period		6,213	5,852
Cash and cash equivalents at the end of the reporting period		2,754	6,213

	At the start of the year £'000	Cashflows £'000	Foreign Exchange Movements £'000	At the end of the year £'000
Cash	6,213	(3,625)	166	2,754
Cash equivalents	-	-	-	-
Total	6,213	(3,625)	166	2,754

Notes to the statement of cash flows**A. Reconciliation of cash flows from operating activities**

	2023 £'000	2022 £'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(3,149)	83
Adjustments for:		
Depreciation	69	76
Profit on the disposal of fixed assets	(5)	(9)
(Increase)/Decrease in debtors	(57)	182
(Decrease)/Increase in creditors falling due within one year	(116)	51
(Decrease)/Increase in provisions	(156)	102
Dividends, interest and rents from investments	(42)	(9)
Other adjustments	16	-
Net cash used in operating activities	(3,440)	474

B. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand in the UK and overseas	2,754	6,213
	2,754	6,213

Notes to the consolidated financial statements

1. Accounting policies

Farm Africa Limited ('the charity' or 'the charitable company') is a private limited company (registered number 1926828) which is incorporated and domiciled in the United Kingdom. The address of the registered office is 3-5 Bleeding Heart Yard, London, EC1N 8SJ. The charity is a public benefit entity. More detail on how the trustees have satisfied themselves that Farm Africa has met the public benefit requirements is given in the trustees' report on page 20.

Basis of accounting

The consolidated financial statements of Farm Africa Limited and its subsidiaries ('the group' or 'Farm Africa') have been prepared under the historical cost convention and in accordance with the charities SORP (FRS102), applicable accounting standards and the Companies Act 2006.

The results and balance sheet of the charitable company's subsidiaries have been consolidated on a line-by-line basis and have the same accounting reference date as the charity. The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

No statement of financial activities is presented for the charitable company alone because the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under s408 Companies Act 2006. The net deficit of the charitable company was £3,072,000 (2022: surplus £88,000).

Going concern

The trustees have assessed Farm Africa's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements, including a review of updated forecasts for a period of 12 months from the date of signing the accounts, including cash flows, the level of unrestricted reserve and a consideration of key risks that could negatively affect the charity.

The key risks in our financial model are a decline in income from unrestricted donations and legacies, and a decline in restricted income from donors to fund programmatic activity leading to lower programme expenditure and recovery of core costs. Responses to appeals have exceeded expectations, however we remain cautious given the wider economic uncertainties still facing households across the country. Furthermore, security and economic factors such as inflation present challenges for project delivery, thereby limiting recovery of core costs.

Farm Africa has maintained good relationships with donors and other stakeholders in country operations. The focus on programme implementation and impact in communities gave Farm Africa unique opportunities to secure funding from existing and new donors in 2023. The entity is on track to achieve programme funding targets in 2024 with projects already secured or very likely to be secured with contracts. Farm Africa maintains a long-term view of the programme proposal pipeline process managed by a dedicated programme funding team. Currently the pipeline has more than £75m worth of proposals covering multiple years. The pipeline also ensures diversity of country portfolio in line with Farm Africa's strategic aim to achieve geographic spread of programmatic impact.

As the organisation experiences a period of growth, a number of pressures on cash flows have been identified due to the timing of forecast income and expenditure, increasing the organisation's liquidity risk in Q4 of 2024, with expected recovery in Q1 of 2025.

Cash management controls are in place to ensure sufficient working capital at all times. Additionally Farm Africa would expect to be able to secure an overdraft facility to cover the expected period of heightened liquidity risk.

The actual 2023 closing unrestricted reserve is £1.4m and is forecasted to increase to £1.9m by the end of 2024. This is mainly due to a receipt of a large legacy. This reserve balance is expected to further increase in 2025 to £2.5m with the final tranche of the same legacy and other one-off income.

The trustees review actual and forecasted results on a regular basis to assess the potential financial impact on Farm Africa and remain positive on the outlook of the organisation. The trustees and management continue to focus on cost consciousness and actively pursue further measures to increase fundraising income for future years and maintain robust funding for programmatic expenditure.

After considering these factors, the trustees have concluded that the charity has adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

Key areas of estimation uncertainty

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Fund accounting

Funds held by the charitable company are:

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

Income

Income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement, there is probability of receipt and the amount is measurable.

In respect of legacy income we consider this to be the earlier of (a) receipt of the income; and (b) grant of probate, confirmation from the executors that there are sufficient assets in the estate (after settling any liabilities) to pay the legacy, and that any conditions attached to the legacy are either within the control of the charity or have been met. Additionally with regard to residuary legacies we consider the amount is measurable where it has been calculated independently by the executors and the estate's assets can be measured with sufficient reliability.

Tax recovered from income received under Gift Aid is recognised when the related income is recognised and is allocated to the income category to which the income relates. Where income is received in advance of the point of recognition it is deferred.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate market value at the date of receipt. No amount has been included in the financial statements for services donated by volunteers.

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

Income from other trading activities is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

Expenditure

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

Expenditure on charitable activities is reported as a functional analysis of the work undertaken by Farm Africa, against our three thematic priorities of our strategy: agriculture, market engagement (previously 'business') and environment. Under these headings are included grants payable and costs of activities performed directly by the charitable company, together with associated support costs. These costs include salaries and associated employment costs including pensions and any termination payments required.

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

Expenditure on raising funds comprises salaries, direct expenditure and overhead costs of UK-based staff who promote fundraising from all sources including institutional donors, trusts, companies and individuals.

Support costs include UK central functions, and have been allocated to cost categories on a basis consistent with the level of activity.

Pension costs

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

Foreign currencies

The functional currency of Farm Africa is considered to be the pound sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are presented in pounds sterling.

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

Operating leases

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

Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised

but are written off on acquisition as direct project expenditure. This policy is employed because ownership of the property does not always pass to Farm Africa upon project completion. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 12.

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

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

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

Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortisation and impairment losses. Website and software development costs are capitalised as intangible assets and amortised on a straight-line basis over 3 year period from the date of operation.

Individually acquired software assets costing less than £1,000 are written off in the period of acquisition. Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. Any impairment value is recognised immediately in the Statement of Financial Activities.

Provisions

Provisions are recognised when Farm Africa has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Financial instruments

Farm Africa has financial assets and liabilities of a kind that qualify as basic financial instruments. Financial assets comprise cash at bank and in hand, short term deposits, trade and other debtors. Financial liabilities include trade and other creditors and loans. Basic financial instruments are recognised at transaction value and subsequently measured at amortised cost. Details and carrying value of these financial assets and liabilities are given in notes 14 to 16.

2. Income from donations and legacies

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£'000	£'000	£'000	£'000
General				
Committed giving	412	-	412	435
Appeals and donations	515	-	515	781
Legacies	383	-	383	1,057
Fundraising events	305	-	305	51
Corporate donations	4	-	4	16
Gifts in kind: donated services (legal and digital)	66	-	66	31
Gifts in kind: donated assets	-	-	-	100
	1,685	-	1,685	2,471
Grants				
Trusts and Foundations	128	-	128	125
	128	-	128	125
Total donations and legacies	1,813	-	1,813	2,596

3. Income from charitable activities

	Restricted funds 2023 £'000	Restricted funds 2022 £'000
Grants from government, institutional and other similar donors		
Agriconsulting Europe	-	12
Agricultural Markets Development Trust	99	203
Agriculture Business Initiative Development Limited	-	17
Allen & Overy LLP	50	-
AGRA	259	135
Danida	35	-
European Union	1,215	1,953
Forests of the World	109	49
Hartree Environmental Development	24	-
Jersey Overseas Aid Commission	198	42
Mastercard Foundation	11	-
Medicor Foundation	100	190
Norwegian Agency for Development Cooperation	102	422
Open Society Foundations	-	75
The David and Lucile Packard Foundation	-	46
Rabobank Foundation	287	-
Royal Norwegian Embassy in Addis Ababa	1,661	2,089
Swedish International Development Co-operation Agency	2,004	3,993
The Deutsche Gesellschaft für Internationale Zusammenarbeit	144	36
UK aid from the FCDO (previously DFID) – Aid Match	-	1
UBS Optimus Foundation	-	208
Virunga Foundation		11
Vitol Foundation	65	-
Waitrose Foundation	783	935
World Food Programme	1,419	697
United Nations Development Programme	-	328
United Nation Office for Project Services	-	40
UN Women	51	162
Other international agencies and other donors	427	298
Total grants from government, institutional and other similar donors	9,043	11,942
Total income from charitable activities	9,043	11,942

4. Other income

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2023	2023	2023	2022
	£'000	£'000	£'000	£'000
Other trading activities				
Trading	87	-	87	121
Total other trading activities	87	-	87	121
Investment income				
Deposit interest	42	-	42	9
Total investment income	42	-	42	9
Other income				
Sub-lease of office space and other miscellaneous income	31	4	35	38
Profit on sale of assets	5	-	5	9
Total other income	36	4	40	47
Total	165	4	169	177

5. Net income for the year

This is stated after charging:	Total 2023 £'000	Total 2022 £'000
Depreciation and amortisation	69	76
Payments under operating leases	147	94
Tax advisory	5	3
Audit fee - Country offices	52	19
Auditor's remuneration for the annual statutory audit:		
Charitable company	37	38
Subsidiary companies	2	2

6. Expenditure on raising funds

	2023 £'000	2022 £'000
Donations and legacies		
Fundraising costs	503	504
Support costs allocated (note 10)	45	28
	548	532
Charitable activities		
Fundraising costs	16	16
Support costs allocated (note 10)	2	1
	18	17
Other trading activities		
Fundraising costs	102	104
Support costs allocated (note 10)	9	6
	111	110
Total	677	659

7. Expenditure on charitable activities

	Operational programmes	Grants payable	Support costs*	Total	Total
	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000
		(note 9)	(note 10)		
Agriculture	2,429	892	296	3,617	3,145
Market Engagement	3,622	819	395	4,836	5,470
Environment	2,586	2,113	418	5,117	5,335
Total	8,637	3,824	1,109	13,570	13,950

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

8. Grants to partner organisations (note 7)

	2023 £'000	2022 £'000
Ethiopia projects		
Frankfurt Zoological Society	489	378
International Water Management Institute	256	209
Melca – Ethiopia	79	369
Mercy Corps	(45)	332
Organization for Rehabilitation and Development in Amhara	109	212
PHE Ethiopia Consortium	601	492
SOS Sahel	1,739	1,222
Sustainable Environment and Development Action	111	292
TechnoServe	7	-
Union of Ethiopian Women Charitable Association	158	600
Environment and Coffee Forest Forum	189	278
KIT - Royal Tropical Institute	1	63
Kenya projects		
African Aquaculture Resource Centre	-	75
Tanzania projects		
Friends in Development	-	29
Tanzania Horticultural Association	-	-
TCCIA Manyara	2	20
MEZZANINE	13	-
Biztech	114	-
Uganda projects		
Africa Innovations Institute	-	5
Kahawatu	-	7
North Eastern Chilli Producers Association	-	(1)
	3,823	4,582

Grants were payable during the year to partners working on restricted projects. At year end there were three payments totalling £32,000 outstanding SOS Sahel, PHE Ethiopia and African Aquaculture Resource Centre (2022: £128,000 outstanding to partners).

9. Analysis of support costs

	Management costs	Office costs	Finance & IT costs	HR costs	Governance costs	Total	Total
	2023	2023	2023	2023	2023	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities (note 7)							
Agriculture	34	70	129	31	32	296	169
Market Engagement	45	93	173	42	42	395	292
Environment	47	99	183	45	45	419	287
	126	262	485	118	119	1,110	748
Expenditure on raising funds (note 6)							
Donations and legacies	5	11	20	5	5	46	30
Charitable activities	-	-	1	-	-	1	-
Other trading activities	1	2	4	1	1	9	6
	6	13	25	6	6	56	36
	132	275	510	124	125	1,166	784

Support costs allocated are UK costs only. They have been apportioned proportionally to activity. Overseas office costs have been directly attributed to the costs of delivering charitable activities in country.

10. Employees

	2023	2022
	£'000	£'000
Staff costs		
Wages and salaries (including life assurance)		
Overseas contracted staff	3,945	3,665
UK contracted staff	1,601	1,522
	5,546	5,187
Social security costs	135	128
Pension costs	98	91
	5,779	5,406

Wages and salaries includes £15,000 redundancy (2022: £nil) and termination payments, which are paid out in accordance with our redundancy policy and the legal requirements of each country in which we work.

The key management personnel of the charitable company comprise the Chief Executive, the Director of External Relations, the Director of Programmes, the Director of Finance, the Head of Human Resources and Country Directors. The total employee benefits paid to these individuals (including employer's pension and national insurance) was £887,000 (2022: £762,000).

	2023	2022
	No.	No.
Employees with remuneration in the range of £60,001 to £70,000	-	-
Employees with remuneration in the range of £70,001 to £80,000	2	2
Employees with remuneration in the range of £80,001 to £90,000	-	2
Employees with remuneration in the range of £90,001 to £100,000	1	-
Employees with remuneration in the range of £100,001 to £110,000	3	2

The average number of employees for the group during the year analysed by function were:

	2023	2022
	No.	No.
Overseas contracted staff		
Farm Africa	200	161
UK contracted staff		
Fundraising and communications	13	14
Programmes support	3	2
Management and administration of charity	10	8
	226	185

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

One Trustee was reimbursed £236 in travel expenses incurred on behalf of the organisation. In addition, £8,890 travel cost was paid directly to suppliers in respect of trustees travelling to board meetings and programmes. The cost incurred by the charity for the trustee indemnity insurance was £3,800 in 2023 (2022: £3,600).

Farm Africa makes contributions for its employees to various defined contribution schemes. The amount of contributions due to these schemes at the year ended 31 December 2023 was £17,550 (2022: £12,248).

11. Fixed assets**Group and charity**

	Leasehold improvements £'000	Vehicles £'000	Machinery & equipment £'000	Computer equipment £'000	Intangible Assets £'000	Total £'000
Cost						
At 1 January 2023	27	180	37	130	-	374
Additions	-	20	4	22	20	66
Disposals	-	(13)	-	-	-	(13)
At 31 December 2023	27	187	41	152	20	427
Depreciation						
At 1 January 2023	(9)	(76)	(34)	(104)	-	(223)
Charge for the year	(8)	(35)	(2)	(24)	-	(69)
Disposals	-	-	-	-	-	-
At 31 December 2023	(17)	(111)	(36)	(128)	-	(292)
Net book value						
At 31 December 2023	10	76	5	24	20	135
At 31 December 2022	19	103	3	28	-	153

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £168,000 (2022: £370,000). The accounting policy relating to fixed assets is referred to in note 1(i).

Intangible asset consists of website cost, which is planned to be launched in 2024.

	Intangible Assets 2023 £'000	Total 2023 £'000	Total 2022 £'000
Website development	20	20	-
Total	20	20	-

12. Investments

The table below shows the charity's interests in subsidiaries and investments at 31 December 2023:

Company	Company Status	Investment classification	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited (company number: 7398449)*	Active	Subsidiary	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited (company number: 9359340)*	Active	Subsidiary	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited (company number: 7401279)*	Dormant	Subsidiary	UK	100% owned by Farm Africa	IP and registered trade marks

* Registered office: 3 – 5 Bleeding Heart Yard, London EC1N 8SJ

The results for the year of the active subsidiaries are shown below.

Farm Africa Trading Limited		
	2023	2022 (restated)
	£'000	£'000
Total incoming resources	94	66
Total resources expended	(123)	(124)
Retained deficit for the year	(29)	(58)
Total assets	139	184
Total liabilities	(270)	(286)
	(131)	(102)

13. Debtors

	2023 Group £'000	2023 Charity £'000	2022 Group £'000	2022 Charity £'000
Amounts owed by subsidiary undertakings	-	214	-	226
Trade debtors	92	79	88	71
Other debtors	55	55	63	63
Prepayments	178	178	175	175
Accrued income – other	22	22	9	9
Accrued income – project grants	390	390	346	346
		-		
	737	938	680	890

14. Creditors: Amounts falling due within one year

	2023 Group £'000	2023 Charity £'000	2022 Group £'000	2022 Charity £'000
Trade creditors	36	21	222	202
Deferred income	13	13	-	-
Other creditors and accruals	353	351	199	199
Grant obligations	33	33	128	128
	435	418	549	529

Charity and group

	2023 £'000	2022 £'000
At 1 January	128	143
Grants paid to partners in settlement of obligations at year-end	(128)	(143)
New grant obligations	33	128
As at 31 December	33	128

15. Provisions for liabilities and charges**Group and charity**

	Severance	Dilapidations	Potential non-recoverable project costs	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
At 1 January	160	5	24	189	87
Amounts charged to the statement of financial activities	15	-	-	15	132
Amounts used during the year	(172)	-	-	(172)	(30)
As at 31 December	3	5	24	32	189

Provisions comprise the following:

- Contract severance provisions for staff on non-UK contracts. Under employment law in some of the countries where Farm Africa operates there is an entitlement to severance payments when an employee leaves. The amount payable is determined by the salary and length of service of each employee. The provision represents the accumulated entitlements of all such employees. From 2023, the provisions are transferred to a restricted employee bank accounts. Farm Africa provides instruction to the bank, upon departure of an employee from Farm Africa and leavers can access the account to withdraw funds.
- Dilapidation provisions to cover estimated future costs of restoring properties to their required condition at the end of their lease. The provision will be released at the end of the lease, based on dilapidation costs required, provided the lease is not renewed.
- Non-recoverable project costs provision made related to a programme due to translational impact between reporting currency (US dollar) and pound sterling.

16. Movements in funds

	At 1 January 2023	Income	Expenditure	At 31 December 2023
	£'000	£'000	£'000	£'000
Ethiopian programmes	3,458	5,409	(8,369)	498
Kenyan programmes	909	1,753	(1,284)	1,378
Tanzanian programmes	82	1,712	(1,816)	(22)
Ugandan programmes	10	107	(103)	14
UK programmes	(143)	64	(79)	(158)
Forestry programme	59	(59)	-	-
Other miscellaneous restricted funds	42	61	(111)	(8)
Movement on restricted funds	4,417	9,047	(11,762)	1,702
Other recognised gains	(24)	88	(15)	49
General funds	1,915	1,978	(2,485)	1,408
Movement on unrestricted funds	1,915	1,978	(2,485)	1,408
Total movement on reserves	6,308	11,113	(14,262)	3,159

The movement on restricted reserves represents the net of monies received and expended on projects that are funded by grants from specific donors. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request. Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs incurred.

The movements in funds in 2022 are presented below.

	At 1 January 2022	Income	Expenditure	At 31 December 2022
	£'000	£'000	£'000	£'000
Ethiopian programmes	4,656	8,215	(9,414)	3,457
Kenyan programmes	436	1,609	(1,136)	909
Tanzanian programmes	14	1,569	(1,501)	82
Ugandan programmes	(4)	194	(180)	10
UK programmes	3	352	(498)	(143)
Forestry programme	59	-	-	59
Other miscellaneous restricted funds	52	4	(13)	43
Movement on restricted funds	5,216	11,943	(12,742)	4,417
Other recognised losses	-	-	(24)	(24)
General funds	1,009	2,773	(1,867)	1,915
Movement on unrestricted funds	1,009	2,773	(1,867)	1,915
Total movement on reserves	6,225	14,716	(14,633)	6,308

17. Net assets analysis (Group)

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fund balances at 31 December 2023 are represented by:			
Tangible and intangible fixed assets	135	-	135
Net current assets	1,273	1,751	3,024
Total	1,408	1,751	3,159

Fund balances at 31 December 2022
are represented by:

Tangible and intangible fixed assets	153	-	153
Net current assets	1,762	4,393	6,155
Total	1,915	4,393	6,308

18. Constitution

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

19. Commitments: Operating leases

At 31 December 2023 Farm Africa has the following commitments under non-cancellable operating leases:

	Equipment £'000	Property £'000	Total 2023 £'000	Total 2022 £'000
In less than one year	15	118	133	121
Between one and five years	46	-	46	93
Later than five years	-	-	-	27
	61	118	179	241

20. Related party transactions

There were no other related party transactions requiring disclosure other than transactions with subsidiaries (2022: £143,000).

Farm Africa Limited charged a management fee of £18,937 (2022: £18,612) to Farm Africa Trading Limited. At 31 December 2023, Farm Africa Trading owed £214,000 (2022: £226,000) to Farm Africa Limited.

21. Parent company result

The parent company generated a deficit of £3,072,000 (2022: surplus £88,000).

The overall result of the charitable company is a combination of the unrestricted and restricted fund surplus or deficit. The nature of the restricted grants and timing of income recognition of restricted income vary significantly year by year. For example, in some years restricted grant funding is received in advance on a number of grants and in others the income already received is spent. Therefore, there are significant variations in the overall surplus or deficit of the charitable company.

22. Pension costs

As at 31 December 2023, Farm Africa operated one defined contribution scheme in the UK, provided by Friends Life part of the Aviva Group. It also makes contributions into other individual employee pension schemes. Farm Africa paid contributions at a rate of 8% of employee salary during the accounting period.

The pension cost included in the statement of financial activities for UK employees was £98,000 (2022: £91,000).

23. Legacies

The estimated value of legacies notified but neither received, nor for which we had received confirmation from the executors that a payment could be made as at the year end, and so not included in income is £1,104,000 (2022: £937,000).

24. Capital commitments

There were no capital commitments outstanding as at 31 December 2023 (2022: none).

25. Acting as agent

Farm Africa acted as an agent during the reporting period. The charity received £nil (2022: £2,129,300) and paid £14,600 (2022: £5,940,700) as agent during the period, with a balance as at 31 December 2023 of £nil (2022: £12,989).