Fairtrade Australia & New Zealand Ltd

ACN 114 571 881

Annual Report - 31 December 2023

Fairtrade Australia & New Zealand Ltd
Contents
31 December 2023

Fairtrade Australia & New Zealand Ltd
Directors' report
31 December 2023

The Directors present their report, together with the financial statements, on the Company for the year ended 31 December 2023.

Information on Directors
The directors present their report together with the financial report of Fairtrade Australia and New Zealand Ltd ("Fairtrade ANZ" or "the Company") for the financial year ended 31 December 2023 and the auditor's report thereon.

Name:	Josie Pagani
Title:	Director
Appointed date:	29 April 2020
Qualifications:	BA, GradCertIntLaw
Experience and expertise:	Extensive experience in dealing with global issues and international development as the Director of the Council for International Development, and before that with the OECD Development Assistance Committee. A regular media commentator on current affairs in New Zealand and has been a political advisor to ministers in government.
Special responsibilities:	Board Chair Member of Advocacy and Citizen Engagement Committee CEO of Childfund New Zealand

Name:	Terence Jeyaretnam
Title:	Director
Appointed date:	23 November 2018
Qualifications:	B.Eng, FIEAust, EngExec
Experience and expertise:	Over 25 years' experience in advising governments and corporations on sustainability issues.
Special responsibilities:	Chair of Finance, Audit and Risk Committee Member of Growth and Innovation Committee.

Name:	John Thwaites
Title:	Director
Appointed date:	23 November 2018
Qualifications:	BSc LLB (Hons), FAICD
Experience and expertise:	Extensive experience in climate change, water, sustainability and corporate social responsibility, including advising Australian, State and Local governments. Also, former Deputy Premier Victoria.
Special responsibilities:	Chair of Nominations and Remuneration Committee Member of Growth and Innovation Committee

Name:	Margaret Zabel
Title:	Director
Appointed date:	23 November 2018
Qualifications:	BMath, MBA, GAICD
Experience and expertise:	Extensive experience in customer centred business strategy and transformation, brand and marketing strategy, innovation, customer experience, culture and change leadership, corporate sustainability.
Special responsibilities:	Chair of Advocacy and Citizen Engagement Committee

Name:	Joanne Butterworth-Gray
Title:	Director
Appointed date:	29 August 2023
Experience and expertise:	A professional chair and non-executive director with extensive experience across capital projects, land management and precinct planning, utilities and logistics, agribusiness, tourism and market development and legal. Chair of Southern Rural Water, Campaspe Port Enterprise and Northern Territory Seafood Council, a Trustee of Caulfield Racecourse Reserve Trust. On her executive career in Victorian public service, she leads reform with emergency management, delivering culture improvement in HM Prison Barwon, and facilitating economic partnerships across the three tiers of government. Prior to government, she was the first female CEO of Victoria's wine industry. Has a transformational style of leadership focussed on supporting Boards to be future fit across strategy, risk, financial performance, ESG, culture and social licence.

Name:	John Buttle
Title:	Director
Appointed date:	23 November 2018 Resigned 29 May 2023
Experience and expertise:	Over 30-40 years' experience in audit, due diligence and special work, including strategy, planning and all aspects of risk management including strategic, credit, market and operational risk.
Special responsibilities:	Board Chair Member of the Finance, Audit & Risk Committee

Name:	John Hewson
Title:	Director
Appointed date:	16 March 2020 Resigned 22 September 2022
Qualifications:	BEcon, MA PhD
Experience and expertise:	Widely known for his careers in academia, media, politics and business: as leader of the Liberal Party, and the Federal Coalition in Opposition, a founder of Macquarie Bank, Chairman of ABN Amro Australia, and Chair/Director of a host of public and private companies and not-for-profits.

Name:	Ian McInnes
Title:	Director
Appointed date:	4 December 2023
Qualifications:	MBA, Master of Science
Experience and expertise:	Ian McInnes is the CEO at Tearfund New Zealand, which is the third largest international NGO in New Zealand. He has spent the last two decades in international aid and development work, much of it in disaster response work and follow on recovery operations. He has pioneered and championed some of the aid sectors most innovative approaches to tackling exploitation and poverty, including prosecuting human trafficking in SE Asia, and developing market based agricultural livelihoods – including a dairy company in post war Sri Lanka.
Special responsibilities:	Deputy Chair of FANZ Board. Member of Finance, Audit and Risk Committee

Name:	Alastair Brown
Title:	Director
Appointed date:	16 October 2023
Qualifications:	Bachelor of Arts (Hons)- Economics, Accounting and Finance. Chartered Accountant
Experience and expertise:	Over a two-decade career, Alastair has spent the last 10 years in senior finance roles within major Australian FMCG and Retail businesses. The provision of sustainable food to consumers aligns closely to his values. Alastair is currently the Finance Director & Company Secretary for Simplot Australia which operates a complex and extensive supply chain globally and throughout Australia & New Zealand, representing one of the largest food suppliers in this region.
Special responsibilities:	Chair of Finance, Audit, and Risk Committee

Name:	Katherine Rich
Title:	Director
Appointed date:	29 May 2023
Qualifications:	Bachelor of Arts and Bachelor of Commerce
Experience and expertise:	Katherine Rich is Chair of the New Zealand Parliamentary Education Trust and children's charity Barnardos. She is the former Chief Executive of the New Zealand Food and Grocery Council, an industry association that advocates on behalf of companies marketing food and other fast-moving consumer goods. Katherine was a Member of Parliament 1999 – 2008 and prior to that held a number of agribusiness marketing roles. She is a former New Zealand member of the APEC Business Advisory Council, Chair of Fairtrade Australia New Zealand, Deputy Chair of the Food Safety Advisory and Assurance Council, and a board member of the Health Promotion Agency.
Special responsibilities:	N/A

Principal activities

The principal activity of Fairtrade ANZ during the financial period was to connect consumers and producers through Fairtrade Mark which signifies fairer trade conditions, thus providing more capacity for disadvantaged producers in developing countries to combat poverty, strengthen their position and take more control over their future. These activities included:

- Fairtrade fortnight campaign
- Campaigns, including International Women's Day, International Day against Child Labour and International Day for the Abolition of Slavery.
- Promoting the ideals of Fairtrade through businesses that are keen to build fair and equitable trading relationships.
- Trade Shows, for example MICE (Melbourne International Coffee Expo)
- Participation in Industry Forums / Presentations
- Work supporting producers in the Pacific region, particularly in PNG, East Timor, Samoa, Vanuatu, Timor Leste and Tonga.

There were no significant changes in the nature of the activities of the Company during the period.

Short term objectives

The Company's short-term objectives are to:

- Expand market access in Australia and New Zealand for Fairtrade certified producers with a particular focus on Indo-Pacific supply chains;
- Build awareness of the Fairtrade Mark and convert awareness of the Fairtrade Mark into regular product purchase;
- Provide assurance to consumers of the Fairtrade Mark via a credible and independent certification program; and
- Improve economic and community development of Pacific rural communities through Fairtrade certification and market access.

Long term objectives

The Company's long-term objectives are to:

- Improve the livelihoods for small scale farmers and workers in developing countries;
- Increase Fairtrade Producer Organisation income; and
- Facilitate community development, driven by use of the Fairtrade Premium

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Maintain regular engagement with existing licensees to improve the value of the Fairtrade brand and increase awareness of the Fairtrade brand. Build relationships with new and potential licensees. Create commodity plans to establish market access for Fairtrade certified products and to develop new Fairtrade certified products, particularly from the Indo-Pacific region, and participate in trade shows;
- Consumer and community marketing and engagement – by carrying out consumer campaigns, advocacy and campaigning against anti-modern-day slavery, child labour and for women's rights and legislation to stop slavery in supply chains. A focus on developing networks and alliances/partnerships and media relations and monitoring;
- Conducting scheduled audits of licensees in accordance with the Fairtrade International Assurance Code;
- Supporting Fairtrade producer organisations among producing communities in the Pacific region. Support for Fairtrade certification was provided to producer organisations across PNG, Fiji, Timor Leste, Tonga and Solomon Islands. Training was also provided on coffee quality, organic certification, and the Gender School of Leadership was rolled out in PNG and Timor Leste; and
- Research and impact studies provide producers with evidence to adopt best practice, for example to understand the carbon footprint of the sugar industry, and the impact of the coffee industry in PNG.

How principal activities assisted in achieving the objectives
The principal activities assisted the Company in achieving its objectives by raising public awareness regarding the Fairtrade Mark, expanding market access in Australia and New Zealand of Fairtrade certified products and building the capacity of producers in the Pacific region to obtain Fairtrade certification.

Performance measures
Fairtrade ANZ measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of Fairtrade ANZ and whether Fairtrade's objectives are being achieved.

Members' guarantee
Fairtrade ANZ is incorporated under the Corporations Act 2001 and is a company limited by guarantee. Currently, the Company have two members - Friends of the Earth and The Ethics Centre. If Fairtrade ANZ is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the entity. As at 31 December 2023, the total amount that members of Fairtrade ANZ are liable to contribute if Fairtrade ANZ is wound up is $200 (2022: $300).

Fairtrade Australia & New Zealand Ltd
Directors' report
31 December 2023

Meetings of the Directors

During the period, five meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Director's meeting		Finance, audit, and risk Committe		Growth and innovation Committee		Advocacy & citizen engagement Committe	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Joanne Butterworth-Gray	6	6	n/a	n/a	n/a	n/a	n/a	n/a
Josie Pagani	17	17	n/a	n/a	n/a	n/a	1	0
John Thwaites	17	16	n/a	n/a	1	1	n/a	n/a
Katherine Rich	12	8	n/a	n/a	n/a	n/a	n/a	n/a
Alastair Brown	3	3	n/a	n/a	n/a	n/a	n/a	n/a
Ian McInnes	1	1	n/a	n/a	n/a	n/a	n/a	n/a
Margaret Zabel	17	17	n/a	n/a	n/a	n/a	1	1
Terence Jeyaretnam	17	15	1	1	1	1	n/a	n/a
John Buttle	6	4	1	1	n/a	n/a	n/a	n/a

The Company does not have separate committees established. Therefore, the Board of Directors took the roles and responsibilities assigned to the Committees.

Operating and financial review

The total revenue for the year was $2,759,595 (2022: $3,537,420).

The income/(deficit) for the year amounted to $90,238 (2022: ($1,145,486)). The Company is exempt from income tax.

	2023 FY	2022 FY	2021 FY	2020 FY	2019 FY
Grant income	887,043	2,192,524	2,060,951	1,365,576	2,164,906
License fees and other income	1,872,552	1,344,896	2,890,427	2,433,693	3,471,076
Total revenue	**2,759,595**	**3,537,420**	**4,951,378**	**3,799,269**	**5,635,982**
Expenses	(2,669,357)	(4,682,906)	(3,268,251)	(4,014,645)	(5,122,689)
Result from operating activities	**(a) 90,238**	**(b) (1,145,486)**	**(c) 577,125**	**(d) (215,376)**	**(e) 513,293**

Explanations of movements

(a) The grant income has significantly decreased during the financial year due to the grant programs in the Pacific ended on 31 December 2023, according to the grant agreement with the donor organisations.

(b) License fees have increased over the years due to increase in licensees' sales which depict the Fairtrade logo.

(c) Involves an 18-month period (July 20 to Dec 21), includes the loss of major licensees and COVID 19 impacts.

(d) Reflects the impact of COVID-19 (including contribution to Fairtrade International Relief Fund - $122,634).

(e) Includes an adjustment relating to recognition of license fee income – Profit: $613,662.

Dividends

The Company being a public company limited by guarantee is precluded under its Constitution from payment of dividends to its members.

Significant changes in the state of affairs
In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events subsequent to reporting date
Since the end of the financial year, the financial situation has improved, and cost-cutting measures along with the long-term growth plan implemented have enabled the Company to address the challenges faced. Taking rapid action, and also putting into place a long-term plan for growth, have reassured the Directors that the decline in the financial situation experienced in prior years is being dealt with, and will not ultimately affect the core obligations of the Company.

To date, the Directors believe the Company's capacity to remain a going concern for the foreseeable future is on track with these changes in place but stand ready to act if there are signs that this is not the case.

The prevailing inflationary situation and cost of living pressures in ANZ created unprecedented economic uncertainty, which is exacerbated by geopolitical tensions that can unravel international trade. This has impacted existing and potential licensees, which has created challenges for Fairtrade Australia and New Zealand. Actual economic events and conditions in the future may be materially different from those estimated by Fairtrade Australia and New Zealand Ltd at the reporting date.

As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with a reasonable degree of certainty the potential impact of these events after the reporting date on Fairtrade Australia and New Zealand Ltd, its operations, its future results and financial position.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Fairtrade Australia and New Zealand Ltd, the results of the operations or the state of affairs of the Fairtrade Australia and New Zealand Ltd in the future financial years.

Likely developments
Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Indemnification and insurance of officers and auditors
Indemnification
Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability of any person who is or has been an officer or auditor of the Company.

Insurance premiums
During the financial period the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the period ended 31 December 2023 and since the financial year. Such insurance contracts insure against certain liabilities (subject to specific exclusions) persons who are or have been directors or executive officers of the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Lead auditor's independence declaration
The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 31 December 2023.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

29 August 2024

Walker Wayland NSW
Chartered Accountants

ABN 55 931 152 366

Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

GPO Box 4836
SYDNEY NSW 2001

Telephone: +61 2 9951 5400
Facsimile: +61 2 9951 5454
mail@wwnsw.com.au

Website: www.wwnsw.com.au

29 August 2024

The Directors
Fairtrade Australia and New Zealand Ltd
Level 3 33 Lincoln Square South
Carlton VIC 3053

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SUBDIVISION 60-C SECTION 60-40 OF AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012**

To the directors of Fairtrade Australia and New Zealand Ltd

I declare that the best of my knowledge and belief, in relation to the audit of the year ended 31 December 2023 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Fairtrade Australia & New Zealand Ltd
Statement of surplus or deficit and other comprehensive income
For the year ended 31 December 2023

	Note	2023 $	2022 $
Income			
Grant income	3	887,043	2,192,524
License fee		1,768,167	1,332,706
Certification fees		99,971	(5,707)
Other income		4,414	17,897
Total income		2,759,595	3,537,420
Expenses			
Australian grants	4	(295,823)	(703,660)
New Zealand grants	4	(361,837)	(977,246)
Other grants	4	(159,491)	(431,716)
Employment costs		(989,821)	(1,383,383)
Licensing costs		(542,545)	(776,838)
Domestic program costs		(15,580)	(45,778)
Organisation costs		(45,492)	(47,785)
Technology costs		(63,300)	(57,300)
Non-monetary costs		(43,025)	(71,948)
Occupancy costs		(62,588)	(65,984)
Other costs		(89,855)	(121,268)
Total expenditure		**(2,669,357)**	**(4,682,906)**
Surplus/(deficit) before income tax expense		90,238	(1,145,486)
Income tax expense	2	-	-
Surplus/(deficit) after income tax expense for the year attributable to the members of Fairtrade Australia & New Zealand Ltd		90,238	(1,145,486)
Other comprehensive deficit			
Foreign currency translation losses		-	(12,274)
Other comprehensive deficit for the year, net of tax		-	(12,274)
Total comprehensive income/(deficit) for the year attributable to the members of Fairtrade Australia & New Zealand Ltd		**90,238**	**(1,157,760)**

The above statement of surplus or deficit and other comprehensive income should be read in conjunction with the accompanying notes

Fairtrade Australia & New Zealand Ltd
Statement of financial position
As at 31 December 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	5	545,022	336,419
Trade and other receivables	6	590,984	789,941
Other assets		50,856	16,262
Total current assets		1,186,862	1,142,622
Non-current assets			
Property, plant and equipment	7	9,033	21,525
Intangibles	8	42,900	53,553
Total non-current assets		51,933	75,078
Total assets		1,238,795	1,217,700
Liabilities			
Current liabilities			
Trade and other payables	9	683,120	1,179,606
Contract liabilities	10	-	152,062
Employee benefits	11	45,225	81,375
Total current liabilities		728,345	1,413,043
Non-current liabilities			
Trade and other payables	14	615,717	-
Employee benefits	11	-	162
Total non-current liabilities		615,717	162
Total liabilities		1,344,062	1,413,205
Net liabilities		(105,267)	(195,505)
Equity			
Reserves		735,679	735,679
Accumulated deficits		(840,946)	(931,184)
Total deficiency in equity		(105,267)	(195,505)

The above statement of financial position should be read in conjunction with the accompanying notes

Fairtrade Australia & New Zealand Ltd
Statement of changes in equity
For the year ended 31 December 2023

	Foreign currency translation reserve $	General reserves $	Accumulated deficit $	Total $
Balance at 1 January 2022	12,274	735,679	214,302	962,255
Deficit after income tax expense for the year	-	-	(1,145,486)	(1,145,486)
Exchange differences on translating foreign operations	(12,274)	-	-	(12,274)
Total comprehensive deficit for the year	(12,274)	-	(1,145,486)	(1,157,760)
Balance at 31 December 2022	-	735,679	(931,184)	(195,505)

	Foreign currency translation reserve $	General reserves $	Accumulated deficit $	Total $
Balance at 1 January 2023	-	735,679	(931,184)	(195,505)
Surplus after income tax expense for the year	-	-	90,238	90,238
Exchange differences on translating foreign operations	-	-	-	-
Total comprehensive income for the year	-	-	90,238	90,238
Balance at 31 December 2023	-	735,679	(840,946)	(105,267)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Fairtrade Australia & New Zealand Ltd
Statement of cash flows
For the year ended 31 December 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from grants and licenses		2,938,179	3,927,262
Payments to suppliers and employees		(2,690,954)	(4,672,203)
Interest paid		(15,642)	(10,052)
Net cash from/(used in) operating activities	12	231,583	(754,993)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-	(18,740)
Purchase of intangible assets	8	(24,535)	(31,390)
Proceeds from disposal of property, plant and equipment	7	1,555	-
Net cash used in investing activities		(22,980)	(50,130)
Net increase/(decrease) in cash and cash equivalents		208,603	(805,123)
Cash and cash equivalents at the beginning of the financial year		336,419	1,153,816
Effects of exchange rate changes on cash and cash equivalents		-	(12,274)
Cash and cash equivalents at the end of the financial year	5	545,022	336,419

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Reporting entity

Fairtrade Australia and New Zealand Ltd is a not-for-profit company limited by guarantee, incorporated, and domiciled in Australia. The financial report covers Fairtrade Australia and New Zealand Ltd as an individual entity. The Company is primarily involved in the economic improvement and community development of rural communities in developing countries through Fairtrade certification and market access.

Note 2. Material accounting policy information

The accounting policies that are material to the Company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

Income tax

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 31 December 2023, the Company had a net current asset position of $458,517 (2022: net current liability position of $270,421) and net liability position of $105,267 (2022: $195,505). The total comprehensive income/(deficit) for the year 31 December 2023 amounted to $90,238 (2022: $1,157,760). Net cash inflow/(outflow) from above year was $232,638 (2022: $754,993).

The liabilities of the entity as of 31 December 2023 include an amount payable to Fairtrade International of $911,563, which may be deferred under a payment plan of 14 quarterly payments over the next 36 months. The current agreement with Fairtrade International stipulates that the Company pays 36.2% of its license fee to Fairtrade International.

Management has been advised from the Government bodies that provide the entity with funding that grant funding will cease in December 2023.

The above matters give rise to material uncertainties that cast significant doubt on the ability of the entity to continue as a going concern.

Notwithstanding the above matters and the history of operating losses, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis based on the following mitigating factors:

Note 2. Material accounting policy information (continued)

- Management has prepared cash flow forecasts up until 30 June 2025 which indicate that the Company will generate sufficient cashflows to enable the Company to pay its debts as and when they fall due;
- Management has carried out a detailed cost reduction restructuring exercise in order to reduce the monthly cash outflows over the next 12 months;
- Management has an agreement with Fairtrade International for a favorable payment plan for the membership fees;
- Management have negotiated a payment plan arrangement with the ATO on 17 April 2023 for $138,257 owing (to be repaid by April 2025 in $6,000 monthly instalments). Furthermore, management have secured an IRD (NZ) payment plan arrangement from June 2023 to July 2026, for debts totalling $116,169 (NZD$125,091); and
- As at the date of this report, the Company has approximately $386,000 in cash assets.

The Company's ability to continue to operate as a going concern is dependent upon the success of new funding and increasing license fee revenue, some of which is not yet contractually confirmed and is consequently uncertain at the date of approval of these annual financial statements. Should the Company be unable to continue as a going concern it may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise.

Leases

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Revenue

Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts, and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

(i) *Grant revenue*
Grant revenue is recognised under AASB 15 Revenue from Contracts with Customers. Generally, grant revenue is recognition based on either cost or time incurred which best reflects the transfer of control. Where specifically designated grant revenue and the designated expenditure for such grants during the year has not occurred or is incomplete and there is likely to be an obligation to repay, the resulting amount is carried forward and recognised in contract liability and will be brought to account in future years as the funds are expended. Income from grants is recognised where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, and when the performance obligations are satisfied.

(ii) *License fee*
Revenue for license fees is recognised under AASB 15 Revenue from Contracts with Customers. Under the licence agreement with customers, the licence provides a right to use the Company's intellectual property as it exists throughout the licence period. Revenue for related performance obligation is recognised over time, as the customers are using intellectual property during licence period. Revenue is recognised to the extend it can be reliably measured. The licence fee is calculated based on a pre-defined percentage of licensee sales on a quarterly and monthly basis.

Note 2. Material accounting policy information (continued)

(iii) *Other income*
Other income is recognised on an accrual basis when the Company is entitled to it.

Goods and services tax (GST)

Revenue, expenses, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Property, plant and equipment

(i) *Recognition and measurement*
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Any gains and losses on disposal of an item of property, plant, and equipment (calculated as the difference between the proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

(ii) *Subsequent costs*
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed.

(iii) *Depreciation*
Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

Depreciation is calculated to write off the cost of property, plant, and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognised surplus or deficit.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	**2023**	**2022**
Office furniture and equipment	20.0%	20.0%
Computer equipment	33.3%	33.3%
Leasehold improvements	20.0%	20.0%

Note 2. Material accounting policy information (continued)

Intangibles

(i) *Software*
Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between three and four years.

(ii) *Amortisation*
Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Financial instruments

Financial assets
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTSD (Fair Value through Surplus or Deficit), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Employee benefits

(i) *Short-term employee benefits*
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) *Defined contribution plans*
Obligations for contributions to defined contribution plans are recognised as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) *Other long-term employee benefits*
The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Expected future benefits are discounted using market yields at reporting date on Australian corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Remeasurements are recognised in surplus or deficit in the period in which they arise.

(iv) *Termination benefits*
Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are payable more than 12 months of the end of the reporting period, then they are discounted.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Contract liabilities

Note 2. Material accounting policy information (continued)

Contract liabilities consists of deferred grant revenue received for projects that are in progress and have not yet been completed as of year end.

Foreign currency transactions and balances

(i) *Foreign currency transactions*
Transactions in foreign currencies are translated to the respective functional currencies of Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in surplus or deficit. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(ii) *Foreign operations*
The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in statement of surplus or deficit and other comprehensive income and presented in the foreign currency translation reserve (Foreign Currency Translation Reserve) in equity.

Note 3. Revenue and other income

	2023 $	2022 $
Grant income:		
MFAT grants	428,786	794,336
DFAT grants	246,910	868,388
Others	211,347	529,800
Total	887,043	2,192,524
Licensing fees	1,768,167	1,332,706
Certification fees	99,971	(5,707)
Other income	4,414	17,897
Total revenue and other income	2,759,595	3,537,420

No income in the form of donations, gifts, bequests, or legacies have been received in the current or prior financial period, nor has any income been received in relation to International Political or Religious Adherence Promotion Programs.

Note 4. Expenses

	2023 $	2022 $
Australian grants	295,823	703,660
New Zealand grants	361,836	977,246
Other grants	159,491	431,716
	817,150	2,112,622

Note 5. Cash and cash equivalents

	2023 $	2022 $
Cash at bank	545,022	335,407
Cash on hand	-	1,012
	545,022	336,419

Included in the cash and cash equivalents balance are unexpended grant funds amounting to nil (2023: $152,062). Refer to Note 20.

Note 6. Trade and other receivables

	2023 $	2022 $
Trade receivables	175,149	341,272
Accrued debtors	440,186	471,599
Provision for bad debts	(24,351)	(22,930)
	590,984	789,941

As at 31 December 2023 trade receivables are shown net of an impairment allowance for doubtful debts of $24,351. (2022: $22,930) arising from the inability of debtors to pay.

Note 7. Property, plant and equipment

	2023 $	2022 $
Office furniture and equipment - at cost	34,697	34,697
Less: Accumulated depreciation	(32,886)	(31,963)
	1,811	2,734
Computer equipment - at cost	123,381	125,413
Less: Accumulated depreciation	(116,159)	(106,622)
	7,222	18,791
Leasehold improvements - at cost	20,626	20,626
Less: Accumulated depreciation	(20,626)	(20,626)
	-	-
Total	9,033	21,525

Movement in carrying amounts:

	Office furniture and equipment $	Computer equipment $	Total $
Balance at the beginning of the year	2,734	18,791	21,525
Disposal	-	(1,555)	(1,555)
Depreciation expense	(923)	(10,014)	(10,937)
At 31 December 2023	1,811	7,222	9,033

Note 8. Intangible assets

	$
Cost	
At 31 December 2022	230,438
Additions	24,535
Adjustments	38
At 31 December 2023	255,011
Accumulated amortisation	
At 31 December 2022	176,885
Amortisation for the year	35,188
Adjustment	38
At 31 December 2023	212,111
Carrying amounts	
At 31 December 2022	**53,553**
At 31 December 2023	**42,900**

Note 9. Trade and other payables

	2023 $	2022 $
Trade payables – third parties	66,874	244,170
Trade payables – related parties:		
Fairtrade International	295,846	603,973
Fairtrade Foundation UK	18,125	18,756
FLO-Cert Gmbh	59,516	33,544
Accrued expenses	20,000	50,730
Other payables	222,759	228,433
Total trade and other payables	683,120	1,179,606

Note 10. Contract liabilities

	2023 $	2022 $
DFAT	-	(3,090)
Other grants	-	155,152
Total grant contract liabilities	-	152,062
Total contract liabilities	-	152,062

Note 11. Employee benefits

	2023 $	2022 $
Current liabilities:		
Annual leave	45,225	81,375
Total current liabilities – employee benefits	45,225	81,375

Note 11. Employee benefits (continued)

	2023 $	2022 $
Non-current liability:		
Long service leave	-	162
Total non-current liability – employee benefits	-	162

Provision for employee benefits represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amount accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave to be vested.

The non-current portion for this provision includes amounts accrued for long services leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been discussed in Note 2.

Note 12. Cash flow information

	2023 $	2022 $
a) Reconciliation of cash Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	545,022	336,419

	2023 $	2022 $
b) Reconciliation of result for the year to cash flows from operating activities Reconciliation of net income to net cash provided by operating activities:		
Income/(deficit) for the year	90,238	(1,145,486)
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- Depreciation and amortisation	46,125	51,608
- Decrease in trade and other receivables	198,957	396,972
- Decrease/(increase) in other current assets	(34,594)	7,128
- Increase in trade and other payables	119,231	688,979
- Decrease in contract liabilities	(152,062)	(621,940)
- Decrease in employee benefits	(36,312)	(132,254)
Cash flows from operations	231,583	(754,993)

Note 13. Member's guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. Currently, the Company have two members - Friends of the Earth and The Ethics Centre. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding and obligations of the Company. As at 31 December 2023, the number of members was 2 (2022: 312).

Note 14. Non-current liabilities - Trade and other payables

	2023 $	2022 $
Trade payables - related party:		
Fairtrade International	615,717	-
	615,717	-

Note 15. Related parties

(i) Key management personnel:
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

The totals of remuneration paid to the key management personnel of Fairtrade Australia and New Zealand Ltd during the year are as follows:

	2023 $	2022 $
Short-term employee benefits	434,783	828,083

(ii) Trade payables:

	2023 $	2022 $
Fairtrade International e.V.	911,563	603,973
Flo-Cert Gmbh	59,516	33,544
Fairtrade Foundation UK	18,125	18,756
Total	989,204	656,273

The above payables are unsecured, non-interest bearing, and repayable on demand.

Note 16. Financial risk management

The entity’s financial instruments consist mainly of deposits with banks, trade and other receivables and payables, and contract liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments, are as follows:

Note 16. Financial risk management (continued)

	Note	2023 $	2022 $
Financial assets at amortised costs:			
Cash and cash equivalents	5	545,022	336,419
Trade and other receivables	6	590,984	789,941
Total financial assets		1,136,006	1,126,360

	Note	2023 $	2022 $
Financial liability at amortised costs:			
Trade and other payables - current	9	683,120	1,179,606
Trade and other payables - non-current	14	615,717	-
Total financial liability		1,298,837	1,179,606

Note 17. Auditor's remuneration

During the financial year, the following fees were paid or payable for services provided by the auditor of the Company:

	2023 $	2022 $
Remuneration of the auditor:		
- Auditing of the financial statements	25,000	43,000

Note 18. Contingencies

Contingent asset: There may be license fee income for the period up to 31 December 2023 which has not been recorded as revenue due to the balance of this revenue not being able to be reliably measured as at 31 December 2023.

Contingent liabilities: In the opinion of the Directors, the Company did not have any contingencies as at 31 December 2023 (31 December 2022: Nil).

Note 19. Events after the reporting period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Fairtrade Australia and New Zealand Ltd, the results of the operations or the state of affairs of the Fairtrade Australia and New Zealand Ltd in the future financial years. The directors do not believe it will affect the Company's capacity to remain a going concern for the foreseeable future.

Note 20. Company details

The registered office and principal place of business of the company is:

Fairtrade Australia and New Zealand Ltd
160 Johnston Street
Fitzroy VIC 3065

Note 21. Table of cash movements for designated purpose

The following table discloses the movements in the following grants:

- Department of Foreign Affairs and Trade (DFAT)
- The Ministry of Foreign Affairs and Trade (MFAT) – New Zealand
- United Nations Office for Project Services (EIF)
- Market Development Facility
- Australian National University
- Fairtrade International – Producer support services (FLO)
- Nestle Funds for Fijian Farmers (NFF)

	DFAT $	**MFAT** $	**ANU** $	**MDF** $	**EIF** $	**FLO** $	Total $
Balance at 31 December 2021	577,739	-	17,965	1,493	96,878	50,302	744,377
Funding received	641,404	1,016,125	15,286	100,503	259,499	22,915	2,055,732
Funding utilised	(1,222,232)	(1,016,125)	(30,573)	(101,996)	(203,904)	(73,217)	(2,648,047)
Balance as at 31 December 2022	(3,089)	-	2,678	-	152,473	-	152,062
Balance at 31 December 2022	(3,089)	-	2,678	-	152,473	-	152,062
Funding received	3,089	504,732	-	-	-	58,014	565,835
Funding utilised	-	(504,732)	(2,678)	-	(152,473)	(58,014)	(717,897)
Balance as at 31 December 2023	-	-	-	-	-	-	-

Fairtrade Australia & New Zealand Ltd
Directors' declaration
31 December 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Joanne ButterworthGray

29 August 2024

Walker Wayland NSW
Chartered Accountants

ABN 55 931 152 366

Level 11, Suite 11.01
60 Castlereagh Street
SYDNEY NSW 2000

GPO Box 4836
SYDNEY NSW 2001

Telephone: +61 2 9951 5400
Facsimile: +61 2 9951 5454
mail@wwnsw.com.au

Website: www.wwnsw.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FAIRTRADE AUSTRALIA AND NEW ZEALAND LTD

Opinion

We have audited the financial report of Fairtrade Australia and New Zealand Ltd, which comprises the statement of financial position as at 31 December 2023, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Fairtrade Australia and New Zealand Ltd is in accordance with Division 60 of the Australian Charities and Not- for-Profits Commission Act 2012 ("ACNC Act"), including:

- giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 "Going Concern" in the financial report which describes the events and/or conditions which give rise to the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

As disclosed in note 2, the Company's ability to continue as a going concern is dependent on its ability to generate positive cash flows from operations from maintaining and increasing license fee revenues, renegotiating the repayment terms of the Fairtrade International amounts payable, continually honouring the license fee payments to Fairtrade International, and satisfying the payment plan arrangement with Fairtrade International, accessing additional funding from donors and government bodies and meeting the payment plan obligations in relation to the Australian Taxation Office and New Zealand Taxation Authorities.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) (Including Independence Standards) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
FAIRTRADE AUSTRALIA AND NEW ZEALAND LTD

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Walker Wayland NSW

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 30th day of August 2024, Sydney