

SUSTAINABLE FIBRE ALLIANCE
UNAUDITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

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COMPANIES HOUSE

WR
Whittingham Riddell
chartered accountants

SUSTAINABLE FIBRE ALLIANCE
(A company limited by guarantee)

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SUSTAINABLE FIBRE ALLIANCE
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 JANUARY 2017**

Trustees

Una Jones
Andreas Wilkes
Alison Rodwell (resigned 7 June 2017)
Charles Hubbard
Simon Cotton (appointed 22 February 2016)

Company registered number

09389265

Charity registered number

1165742

Registered office

41 Bryn Awelon, Mold, Flintshire, CH7 1LT

SUSTAINABLE FIBRE ALLIANCE
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

The Trustees present their annual report together with the financial statements of Sustainable Fibre Alliance for the year 1 February 2016 to 31 January 2017.

The company was formed on 14th January 2015; the comparative figures on the Statement of Financial Activities covers the period from 14th January 2015 to 31st January 2016. The company obtained charitable status on 24th February 2016.

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

a. Policies and objectives

The objects of the charity are:

to promote sustainable development for the benefit of the public by:

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

to advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large.

b. Activities for achieving objectives

The main activities undertaken in order to achieve the charity's purposes are to promote global sustainability standards for cashmere, and restore grasslands, and to transform the complex supply chain of cashmere, from herders to retailers.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

SUSTAINABLE FIBRE ALLIANCE
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2017

Achievements and performance

a. Review of activities

In March 2016 SFA released revised re-drafted versions of two codes of practice, Animal Welfare and Grassland Stewardship, based on comments and suggestions from consultations in Mongolia with herders and herder co-operatives, and various relevant experts. Significant achievements since then include the start of pilot implementation to test the Codes of Practice on the ground, engaging wider stakeholders for a sustainable cashmere industry, and significantly raising the profile of the initiatives internationally.

In 2016, SFA is implementing its pilot project with 8 herder cooperatives, reaching out to 2,700 herders in 346 herder households. Collectively these herders account for 142,849 livestock, 76,122 of which is goats. Collective areas of sustainable rangeland management is 2.7million ha in 7 regions of Mongolia. The aspiration by 2020, is to sustainably managing 22million ha of rangeland resources, working with 20,000 herders, which would account for 1.2 million heads of livestock implementing SFA Code of Practices in participating regions.

In addition to herder consultations the SFA organised an 'Expert Group Consultation' for the codes of practice. It also produced a Training and Development manual to support capacity building and train herders in the Codes of Practice and putting them to work. There are following pilot capacity building work programmes are in implementation.

1. South Gobi Collaborative Project
2. Herder Cooperatives- Training of Cooperative Trainers
3. Young herders Training and Development
4. Breeding Programme- Assessment of breeding programme

The SFA has organised a series of engagement activities throughout 2015-2016 and events with herding communities the supply chain and other wider stakeholders. Engaging in collaborative relationships with the wider stakeholders is fundamental in achieving economic, social and environmental viability.

Financial review

a. Reserves policy

The Trustees have adopted a policy of having minimum reserves of £15,000, in order to guarantee continuity of charitable activities. The Trustees will further review this policy as the activities of the charity continue to grow.

The charity's reserves at 31st January 2017 amounted to £39,103.

SUSTAINABLE FIBRE ALLIANCE
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2017

Structure, governance and management

a. Constitution

The company is registered as a charitable company limited by guarantee and was set up by Articles of Association dated 14th January 2015 and then amended on 4th February 2016.

The company was granted charitable status on 24th February 2016 and is now registered charity number 1165742.

b. Method of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected by ordinary resolution by the existing Trustees, in accordance with the company's articles of association.

c. Organisational structure and decision making

The charity is managed by its Board, which consists of its Chair (also a Trustee), its CEO (also a Trustee), and two other Trustees. Management of day to day operations is delegated to the CEO, supported by teams in the UK and in Mongolia.

d. Risk management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, both in the UK and in Mongolia. Most recently in March 2017, the Trustees have assessed both the impact and likelihood of each source of risk, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

a. Future developments

As we move into 2017 we will be focusing our activity on engaging our membership community to help us further develop our programmes and launch new partnership projects. Young Herder Training will recommence with a new batch of learners and we will develop our next two Codes of Practice (Fibre Processing and Supply Chain Management). The next step is to develop Codes of Practice applicable to scouring and dehairing processes. The aim is to have Codes of Practice through each step and eventually the entire supply chain from goat herders to retailers.

The SFA is looking to scale up its work in Mongolia (inner and outer) and become the global organisation championing sustainable cashmere.

We will also be building up our alliance with the ambition of working with new partners from the environmental, research, education and fashion industries. This will ensure a joined up and streamlined sustainable cashmere industry that improves the livelihoods of herders and their families while reducing environment impact and raising animal welfare.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2017

Trustees' responsibilities statement

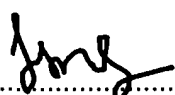
The Trustees (who are also directors of Sustainable Fibre Alliance for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 20/6/17 and signed on their behalf by:


.....
Una Jones
Trustee

SUSTAINABLE FIBRE ALLIANCE
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INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 JANUARY 2017

Independent Examiner's Report to the Trustees of Sustainable Fibre Alliance

I report on the financial statements of the company for the year ended 31 January 2017 which are set out on pages 8 to 15.

This report is made solely to the company's Trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken so that I might state to the company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's Trustees as a body, for my work or for this report.

Respective Responsibilities of Trustees and Examiner

The Trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed.

Having satisfied myself that the company is not subject to audit under charity or company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

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

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INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2017

Independent Examiner's Statement

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

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare financial statements which accord with the accounting records and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities
- have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed: 

Dated: 7 July 2017

Andrew Tweedie CA

SUSTAINABLE FIBRE ALLIANCE
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 2017**

	Note	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:				
Donations and legacies	2	139,994	139,994	25,194
TOTAL INCOME		<u>139,994</u>	<u>139,994</u>	<u>25,194</u>
EXPENDITURE ON:				
Charitable activities		97,860	97,860	28,225
TOTAL EXPENDITURE		<u>97,860</u>	<u>97,860</u>	<u>28,225</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		42,134	42,134	(3,031)
NET MOVEMENT IN FUNDS		42,134	42,134	(3,031)
RECONCILIATION OF FUNDS:				
Total funds brought forward		(3,031)	(3,031)	-
TOTAL FUNDS CARRIED FORWARD		<u>39,103</u>	<u>39,103</u>	<u>(3,031)</u>

All activities relate to continuing operations.

The notes on pages 10 to 15 form part of these financial statements.

SUSTAINABLE FIBRE ALLIANCE
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REGISTERED NUMBER: 09389265

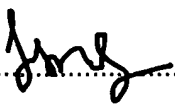
BALANCE SHEET
AS AT 31 JANUARY 2017

	Note	£	2017 £	£	2016 £
CURRENT ASSETS					
Debtors	6	261		-	
Cash at bank and in hand		47,774		114	
		<u>48,035</u>		<u>114</u>	
CREDITORS: amounts falling due within one year	7	(8,932)		(3,145)	
NET CURRENT ASSETS/(LIABILITIES)			<u>39,103</u>		<u>(3,031)</u>
NET ASSETS/(LIABILITIES)			<u>39,103</u>		<u>(3,031)</u>
CHARITY FUNDS					
Unrestricted funds	8		<u>39,103</u>		<u>(3,031)</u>
TOTAL FUNDS/(DEFICIT)			<u>39,103</u>		<u>(3,031)</u>

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees on 20/6/17 and signed on their behalf, by:

.....

Una Jones

The notes on pages 10 to 15 form part of these financial statements.

<p>SUSTAINABLE FIBRE ALLIANCE (A company limited by guarantee)</p>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

Sustainable Fibre Alliance meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

1.3 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

1.5 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

SUSTAINABLE FIBRE ALLIANCE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

1. ACCOUNTING POLICIES (continued)

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.7 Interest receivable

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

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

1.12 Pensions

The company makes contributions to a pension scheme for the employee, and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	139,994	139,994	25,194

3. CHARITABLE EXPENDITURE

	2017 £	2016 £
Charitable Project expenditure	50,700	7,700
Management and administration remuneration	30,535	12,999
Trustee Pension costs	6,461	-
National Insurance costs	1,255	-
Travel and Administration costs	7,079	6,776
Accountancy and Independent Examination costs	1,830	750
	<u>97,860</u>	<u>28,225</u>

4. INDEPENDENT EXAMINERS' REMUNERATION

The Independent Examiner's remuneration amounts to an Independent Examination fee of £ 750 (2016 - £ -), and accountancy services of £1,080(2016 - £ 750).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

5. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	47,200	12,999
Social security costs	1,255	-
Other pension costs	6,461	-
	<u>54,916</u>	<u>12,999</u>

The average number of persons employed by the company during the year was as follows:

	2017 No.	2016 No.
Chief Executive Officer and Trustee	1	1

No employee received remuneration amounting to more than £60,000 in either year.

All of the remuneration paid during the year is in respect of the charity's Chief Executive Officer, who is also a Trustee.

During the year expenses have been paid to the CEO and Trustee totalling £1,933. Expenses of £570 have been paid to another Trustee.

6. DEBTORS

	2017 £	2016 £
Other debtors	<u>261</u>	<u>-</u>

7. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	971	-
Other creditors	6,461	2,395
Accruals and deferred income	1,500	750
	<u>8,932</u>	<u>3,145</u>

SUSTAINABLE FIBRE ALLIANCE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017**

8. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Unrestricted funds				
General Funds - all funds	(3,031)	139,994	(97,860)	39,103

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
General funds	(3,031)	139,994	(97,860)	39,103

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Current assets	48,035	48,035	114
Creditors due within one year	(8,932)	(8,932)	(3,145)
	<u>39,103</u>	<u>39,103</u>	<u>(3,031)</u>

10. PENSION COMMITMENTS

The company pays contributions towards a pension scheme for the employee. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,461 (2016-£0). Contributions totalling £6,461 (2016 - £0) were payable to the fund at the balance sheet date and are included in creditors.

11. TRUSTEES' BENEFITS: ADVANCES, CREDIT AND GUARANTEES

During the year to 31st January 2017 the charity made a loan to Mrs Una Jones, a Trustee. The balance due to the charity at 31st January 2017 was £260, which was the maximum amount outstanding during the year. No interest is charged on the loan, which is repayable upon demand.

SUSTAINABLE FIBRE ALLIANCE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2017

12. FIRST TIME ADOPTION OF FRS 102

It is the first year that the company has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 January 2016 and the date of transition to FRS 102 and SORP 2015 was therefore 14 January 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.