

# ANNUAL ACCOUNTS 2015

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# Stichting Fair Trade Original

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# ANNUAL ACCOUNTS 2015

## BALANCE SHEET

### STICHTING FAIR TRADE ORIGINAL AS AT 31 DECEMBER 2015

(after distribution of profits/losses)

EUR	Note	2015	2014
<b>FIXED ASSETS</b>			
Intangible fixed assets	1	-	31,489
Tangible fixed assets	2	81,501	121,301
Financial fixed assets	3	5,603	5,518
.....		<b>87,104</b>	<b>158,308</b>
<b>CURRENT ASSETS</b>			
Stock	4	2,527,724	2,211,032
Trade accounts receivable	5	2,842,133	2,026,710
Advance financing of trading partners	6	104,354	-
Other receivables and prepayments	7	107,273	120,267
Liquid assets	8	1,002,121	142,679
.....		<b>6,583,605</b>	<b>4,500,688</b>
<b>TOTAL</b>		<b>6,670,709</b>	<b>4,658,996</b>
<b>EQUITY</b>			
Other reserves	9	<b>2,211,651</b>	<b>1,848,686</b>
<b>PROVISIONS</b>			
	10	<b>13,078</b>	<b>23,230</b>
<b>LONG-TERM DEBTS</b>			
Interest-free loan	11	<b>982,434</b>	<b>982,434</b>
<b>SHORT-TERM DEBTS</b>			
Trade accounts payable		657,180	610,948
Current account Stichting Fair Trade Assistance		2,124,850	295,906
Taxes and social security costs	12	185,580	162,323
Other payables and accrued liabilities	13	495,936	735,469
.....		<b>3,463,546</b>	<b>1,804,646</b>
<b>TOTAL</b>		<b>6,670,709</b>	<b>4,658,996</b>

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## PROFIT AND LOSS ACCOUNT STICHTING FAIR TRADE ORIGINAL FOR 2015

EUR	Note	2015	2014
<b>GROSS MARGIN</b>			
Net turnover		14,700,453	13,655,155
Cost of sales		10,937,436	9,531,125
.....		<b>3,763,017</b>	<b>4,124,030</b>
Other income	14	<b>32,669</b>	<b>55,070</b>
<b>COSTS</b>			
Personnel costs	15	1,623,294	1,874,436
Amortisation	16	77,697	79,990
Selling costs	17	1,308,760	1,568,886
Costs for premises	18	116,071	147,828
General costs	19	289,635	334,444
.....		<b>3,415,457</b>	<b>4,005,584</b>
<b>RESULT FROM ORDINARY OPERATIONS</b>		<b>380,229</b>	<b>173,516</b>
Financial income and expenditure	20	(17,264)	(6,079)
<b>OPERATING RESULT BEFORE TAXES</b>		<b>362,965</b>	<b>167,437</b>
Corporate income tax	21	-	-
<b>RESULT AFTER TAXES</b>		<b>362,965</b>	<b>167,437</b>

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## CASH FLOW STATEMENT STICHTING FAIR TRADE ORIGINAL

The cash flow statement includes the funds that became available during the year under review and their allocation. The cash flow statement was prepared using the indirect method.

EUR	2015	2014
<b>CASH FLOW FROM OPERATIONS</b>		
Result from ordinary operations	380,229	173,516
<b>Adjustments for:</b>		
Amortisation	77,697	79,811
Movement in provisions	(10,152)	(2,176)
Movement in working capital	(1,393,624)	(5,773)
<b>CASH FLOW FROM OPERATIONS</b>	<b>(1,326,079)</b>	<b>71,862</b>
Interest received	4,654	14,393
Dividends received	-	220
Interest paid	(21,898)	(18,851)
.....	<b>(17,244)</b>	<b>(4,238)</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>(963,094)</b>	<b>241,140</b>
<b>Investments in:</b>		
Intangible and tangible fixed assets	(6,408)	(18,135)
Divestments of tangible fixed assets	-	344
Movement in financial fixed assets	-	5,124
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>(6,408)</b>	<b>(12,667)</b>
Movement in current account St. Fair Trade Assistance	1,828,944	(132,149)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1,828,944</b>	<b>(132,149)</b>
<b>NET CASH FLOW</b>	<b>859,442</b>	<b>96,324</b>
Balance of liquid assets as at 1 January	142,679	46,355
Net cash flow	859,442	96,324
<b>LIQUID ASSETS AS AT 31 DECEMBER</b>	<b>1,002,121</b>	<b>142,679</b>

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## NOTES TO THE STICHTING FAIR TRADE ORIGINAL BALANCE SHEET

### FIXED ASSETS

#### 1. Intangible fixed assets

	WEBSITE
<b>BOOK VALUE AS AT 31 DECEMBER 2014</b>	<b>31,489</b>
Balance as at 1 January	59,800
Investments in assets	-
Divestments	-
<b>BALANCE OF ACQUISITION COSTS AS AT 31 DECEMBER 2015</b>	<b>59,800</b>
Balance as at 1 January	28,311
Amortisation	31,489
Divestments	-
<b>BALANCE OF DEPRECIATION AS AT 31 DECEMBER 2015</b>	<b>59,800</b>
<b>BOOK VALUE AS AT 31 DECEMBER 2015</b>	<b>-</b>

#### 2. Tangible fixed assets

	Computer equipment	Inventory	Total
<b>BOOK VALUE AS AT 31 DECEMBER 2014</b>	<b>111,921</b>	<b>9,380</b>	<b>121,301</b>
Balance as at 1 January	732,139	39,135	771,274
Investments	5,761	647	6,408
Divestments	(42,124)	(1,377)	(43,501)
<b>BALANCE OF ACQUISITION COSTS AS AT 31 DEC 2015</b>	<b>695,776</b>	<b>38,405</b>	<b>734,181</b>
Balance as at 1 January	620,218	29,755	649,973
Amortisation	42,407	3,801	46,208
Divestments	(42,124)	(1,377)	(43,501)
<b>BALANCE OF DEPRECIATION AS AT 31 DECEMBER 2015</b>	<b>620,501</b>	<b>32,179</b>	<b>652,680</b>
<b>BOOK VALUE AS AT 31 DECEMBER 2015</b>	<b>75,275</b>	<b>6,226</b>	<b>81,501</b>

#### 3. Financial fixed assets

The financial fixed assets consist of 28.02 Oikocredit Nederland share certificates. In 2015, stock dividends resulted in a 0.42 share certificate for Oikocredit Nederland shares. This increased the financial fixed assets, which amounted to € 5,603 on 31 December 2015.

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## CURRENT ASSETS

### 4. Stock

	2015	2014
Goods	2,458,591	2,100,984
Goods underway	198,667	163,109
Packaging materials	12,156	10,413
Provision for unmarketability	(141,690)	(63,474)
.....	<b>2,527,724</b>	<b>2,211,032</b>

The stock value based on the actual value is not materially different from the above valuation.

### 5. Trade accounts receivable

	2015	2014
Accounts receivable	2,858,313	2,040,443
Provision for doubtful receivables	(16,180)	(13,733)
.....	<b>2,842,133</b>	<b>2,026,710</b>

The Trade accounts receivable item does not include any amount with a remaining term of more than one year.

### 6. Advance financing of trading partners

This € 104,354 receivable is the advance financing of trading partners in developing countries for future deliveries of food products. There was no advance financing in 2014.

### 7. Other receivables and prepayments

	2015	2014
Prepaid ICT costs	28,348	35,810
Guarantee deposits	23,668	22,770
Contributions to be received from Max Havelaar	20,068	12,219
Prepaid lease	18,188	35,289
Prepaid selling costs	4,886	9,011
Insurance premiums	1,042	1,042
Interest	167	272
Other	10,906	3,854
.....	<b>107,273</b>	<b>120,267</b>

The Other receivables and prepayments item does not include any amount with a remaining term of more than one year.

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## 8. Liquid assets

The Liquid assets item relates to assets in bank accounts and cash on hand. A total amount of € 32,148 in a blocked Rabobank account serves as guarantee for the lease of premises.

## 9. Equity

	2015	2014
Balance of Other reserves as at 1 January	1,848,686	1,681,249
Result for the financial year	362,965	167,437
<b>Balance of Other reserves as at 31 December</b>	<b>2,211,651</b>	<b>1,848,686</b>

## 10. Provisions

	2015	2014
Anniversary bonuses	13,078	21,044
Social plan	-	2,186
.....	<b>13,078</b>	<b>23,230</b>

A Social Plan was agreed with the trade unions as part of the reorganisation implemented in July 2007. In 2015, all the obligations due to transferred staff members were effected.

Fair Trade Original's employment terms and conditions include a provision for a one-time lump sum granted to employees who have worked there for 12.5, 25 or 40 years. Based on current staffing, the future obligations amount to a nominal amount of € 13,078, taking into account the risks of staff passing away or leaving the organisation.

## LONG-TERM DEBTS

### 11. Interest-free loan

The interest-free loan of € 982,434 granted by Stichting Fair Trade Assistance is current until 31 December 2020. This loan is based on agreements reached with the tax authorities.

## SHORT-TERM DEBTS

### 12. Taxes and social security costs

	2015	2014
Value-added tax	98,733	72,754
Wage tax and social insurance premiums	86,847	89,569
.....	<b>185,580</b>	<b>162,323</b>

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## 13. Other payables and accrued liabilities

	2015	2014
Purchasing costs, premium prices, licences and bonuses	196,823	260,892
Personnel costs	179,517	317,295
Selling costs	57,703	67,785
Development costs	12,690	3,626
Accountancy and consultancy costs	14,353	12,468
Logistics costs	9,593	16,976
Issued gift vouchers	-	36,604
Other	25,257	19,823
.....	<b>495,936</b>	<b>735,469</b>

## ASSETS AND OBLIGATIONS NOT INCLUDED IN THE BALANCE SHEET

	2016	2017	2018	2019	2020>	Total
Lease of premises	50,000	69,000	17,000			136,000
Lease obligations for company cars	47,000	39,000	28,000	22,000	6,000	142,000
Out-tasking	14,000					14,000
Lease obligations for printing equipment	10,000	12,000	12,000	2,000		36,000
Other obligations	20,000	7,000				27,000
Ongoing orders for merchandise	2,670,000					2,670,000
.....	<b>2,811,000</b>	<b>127,000</b>	<b>57,000</b>	<b>24,000</b>	<b>6,000</b>	<b>3,025,000</b>

The ongoing obligation for the lease of premises relates to the business facilities currently being used in Culemborg.



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## NOTES TO THE STICHTING FAIR TRADE ORIGINAL PROFIT AND LOSS ACCOUNT

### 14. Other income

	2015	2014
Max Havelaar contribution	20,068	17,220
Jumbo contribution	12,581	10,000
Max Havelaar contribution to Nationale Postcode Loterij programme costs	19	27,847
Donations	1	3
<b>Total</b>	<b>32,669</b>	<b>55,070</b>

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## COSTS

### 15. Personnel costs

	2015	2014
Salaries and staff hiring	1,307,037	1,514,237
Social security costs	179,247	199,239
Retirement costs	114,167	137,370
Addition to or release from the anniversary bonuses provision	1,504	2,417
Other	32,080	28,644
	<b>1,634,035</b>	<b>1,881,907</b>
Doorbelaste salariskosten aan derden	(10,741)	(7,471)
<b>Total</b>	<b>1,623,294</b>	<b>1,874,436</b>

During the year under review, average staffing (excluding temporary employees) amounted to 20 FTEs (2014: 24).

### 16. Amortisation of tangible and intangible fixed assets

	2015	2014
Amortisation costs for tangible fixed assets	46,208	61,378
Amortisation costs for intangible fixed assets	31,489	18,433
Result of divestments in tangible fixed assets	-	179
<b>Total</b>	<b>77,697</b>	<b>79,990</b>

### 17. Selling costs

	2015	2014
Promotional costs and materials	511,423	514,186
Logistics costs	482,219	708,828
Marketing costs	171,442	171,557
Development of packaging and products	80,802	61,970
Payment discounts	36,180	71,392
Travel and accommodation expenses	14,795	28,291
Contributions to fellow fairtrade organisations	1,800	3,921
Amortisation costs for doubtful receivables	2,446	2,632
Other	7,653	6,109
<b>Total</b>	<b>1,308,760</b>	<b>1,568,886</b>

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## 18. Costs for premises

	2015	2014
Lease of premises	86,637	123,268
Insurance premiums	17,971	16,165
Maintenance and cleaning of premises and inventory	7,273	8,395
Real estate tax and other levies	4,190	-
<b>Total</b>	<b>116,071</b>	<b>147,828</b>

## 19. General costs

	2015	2014
Sourcing & Development	93,883	116,553
ICT	61,881	58,699
Company cars	54,705	58,536
Accountancy and consultancy costs	41,333	48,896
Mail handling and telecommunications	16,327	19,347
Purchase and maintenance of inventory and office supplies	14,376	14,638
Other	7,130	17,775
<b>Total</b>	<b>289,635</b>	<b>334,444</b>

## 20. Financial income and expenditure

	2015	2014
Interest expenses	(21,898)	(18,851)
Profits due to interests	4,549	12,552
Dividends and investment results received	85	220
<b>Total</b>	<b>(17,264)</b>	<b>(6,079)</b>

Fair Trade Original has a current account credit facility with Stichting Fair Trade Assistance for the financing of its working capital. The agreed interest rate is equal to the Euro Interbank Offered Rate (Euribor) of a three-month deposit, plus 2.75%. The interest rate is set each quarter, whereby the previous quarter's Euribor is adopted for the next quarter. The interest is due per quarter. No securities have been granted.

As at 31 December 2015, the amount borrowed from Stichting Fair Trade Assistance was € 2,124,850. At year-end, the credit limit had been exceeded by an amount of € 124,850. In 2015, the average balance of the current account credit facility with Stichting Fair Trade Assistance was € 797,324. The interest paid by Fair Trade Original amounted to € 21,804.

## 21. Corporate income tax

The corporate income tax return was settled definitely for the years up to, and including, 2013. No corporate income tax is due on the 2015 fiscal profit, which will be settled against the fiscal losses of 2012 and 2013.

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## **TRANSACTIES MET VERBONDEN PARTIJEN**

Transactions with affiliated parties occur when there is a relationship between the company, its subsidiaries and their managers or management board members. The party affiliated to Fair Trade Original is the Dutch Stichting Fair Trade Assistance. Fair Trade Original has a current account credit facility with Stichting Fair Trade Assistance for the financing of its working capital. The agreed interest rate is equal to the Euribor of a three-month deposit, plus 2.75%. The interest rate is set each quarter, whereby the previous quarter's Euribor is adopted for the next quarter. The interest is due per quarter. No securities have been granted.

## **REMUNERATION FOR SUPERVISORY AND MANAGEMENT BOARD MEMBERS**

Fair Trade Original exercises the exemption provided for in Article 2:383, Section 1, of the Dutch Civil Code for the remuneration of Management Board members, as any such statement could be traced back to one single natural person. None of the members of the Supervisory Board receive an emolument.

## **GENERAL NOTES**

### **ALLOCATION OF PROFITS/LOSSES**

The Charter does not include any provisions relating to the allocation of the profit. The profit of € 362,965 was, with approval of the Supervisory Board, credited to the Other reserves..

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## FIVE-YEAR FINANCIAL SUMMARY

In thousands of euros	2011	2012	2013	2014	2015
<b>Movement in turnover by product group</b>					
Food	10,958	10,651	9,973	9,620	9,903
Coffee	5,160	4,885	4,062	4,035	4,797
Gifts & Living	3,172	2,811	-	-	-
Complementary	45	11	3	-	-
Net turnover (including turnover bonuses)	19,335	18,358	14,038	13,655	14,700
<b>Result</b>					
Net turnover (including turnover bonuses)	19,335	18,358	14,038	13,655	14,700
Operating result before taxes and interest	25	1,382-	471-	174	380
Profit after taxes	39	1,368-	473-	167	363
Cash flow (net result + amortisation)	213	1,275-	404-	247	441
<b>Capital</b>					
Total equity	7,456	5,706	4,882	4,659	6,671
Equity	3,522	2,154	1,681	1,849	2,212
<b>Fixed assets</b>					
Balance sheet total	174	129	225	158	87
Investments	34	53	194	18	6
Amortisation	174	93	69	80	78
<b>Employees</b>					
Total - annual average based on full-time employment	41	40	27	24	20
Wage bill, including social security costs and excluding temporary employees	2,570	3,043	1,986	1,851	1,510
<b>Ratios</b>					
Gross margin to Net turnover %	29,1	25,5	30,5	30,2	25,6
Operating costs (excluding amortisation) to Net turnover %	29,6	33,9	33,8	28,7	22,7
Operating result before interest to Net turnover %	0,1	7,5-	3,4-	1,3	2,6
Profit after taxes to Net turnover %	0,2	7,5-	3,4-	1,2	2,5
Return to average Equity %	1,1	48,2-	24,7-	9,5	17,9
Stock to Net turnover %	21,1	12,9	15,7	16,2	17,2
Trade accounts receivable to Net turnover %	14,0	14,1	15,0	14,8	19,3
Solvency (Equity to Total equity %)	47,2	37,7	34,4	39,7	33,2