

COMPANY REGISTRATION NUMBER: 08064488
CHARITY REGISTRATION NUMBER: 1147400
SCOTTISH CHARITY REGISTRATION NUMBER: SC043414

The Costa Foundation
Company Limited by Guarantee
Financial Statements
31 December 2021

MORRIS CROCKER LIMITED

Chartered accountants & statutory auditor
Station House
North Street
Havant
Hampshire
PO9 1QU

The Costa Foundation
Company Limited by Guarantee
Financial Statements
Year ended 31 December 2021

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The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2021.

Reference and administrative details

Registered charity name	The Costa Foundation
Charity registration number	1147400
Company registration number	08064488
Principal office and registered office	Costa House Houghton Hall Business Park Porz Avenue Houghton Regis Dunstable LU5 5YG UK

The trustees

A Aggarwal
K Brunton
L Camfield
K Cooke
R Fairhurst
N Lake
G Mowat
P Cumming

Auditor	Morris Crocker Limited Chartered accountants & statutory auditor Station House North Street Havant Hampshire PO9 1QU
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Bankers	National Westminster Bank Plc PO Box 12258 1 Princes Street London EC2R 8PA
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CHAIRMAN'S STATEMENT

In 2021 the Foundation enjoyed a significant recovery in fundraising. Although Covid restrictions continued to have a detrimental impact on Costa, our corporate sponsor, Costa's team members and customers raised a record of over £805,000 via Costa's UK coffee shops.

2021 saw the launch of Costa Coffee's first ever global fundraising event, the Costa 50 campaign. Launched to celebrate Costa's 50th anniversary for the first time; Costa had team members from all around the globe working together to walk, run, swim or ride a combined 50,000 kilometres in order to raise £50,000 for the Foundation in 50 days. From China to America, Dubai to Poland Costa's team members smashed their target by raising in excess of £100,000 from this event alone. Take a bow Costa.

I would like to take this opportunity to thank Costa, Costa's team members, management and of course, Costa's customers for their continued support enabling the Foundation to provide more poor children with a safe, quality education. We recognise that without you we could not have changed the many thousands of children's life stories with the scale and focus that we have over the past 15 years. I'm delighted to report that during 2021 the Costa Foundation opened five new schools in Colombia, Ethiopia and Vietnam providing 1,850 new school places for children that could not otherwise have accessed a safe, quality education. We were fortunate that our delivery partners were able to continue with construction work in these countries during the pandemic. We also opened four school projects in pre-existing government schools in Nicaragua with Fundación Nicafrance and Seeds for Progress, our new delivery partner, improving facilities across four primary schools and benefitting 1,240 children. Finally, we funded nine expansion projects providing additional classrooms and improved sanitation in Ethiopia and Nicaragua to further improve previously funded Costa Foundation schools.

Given the circumstances with the pandemic changing construction working practices and driving up the cost of building materials, we are very proud that we were able to achieve so much during the year. Our financial prudence allowed us to continue to meet our funding commitments, so no project was delayed due to funding.

We continued to maintain regular contact throughout the pandemic with our partners in the countries where Foundation funded schools are located. Unfortunately many schools remained closed during 2021 with those in Uganda experiencing a full two years of closure before opening in January 2022. There's no denying the difficulties faced by children and parents when access to education ceases to exist over a period of time. Our partners such as Promoting Equality in African Schools (PEAS) in Uganda and Zambia and imagine1day in Ethiopia worked tirelessly to ensure that distance learning was as effective as possible, utilising phone networks, local radio and lesson notes in an effort to keep students engaged, informed and educated.

When the schools reopen in 2022, enrolment numbers are predicted to fall when compared to pre-COVID school rolls as some parents have put their children to work to help make ends meet or arranged early marriages for girls. It's a tragic state of affairs. Our hope is that having provided safe, quality environments within the schools we've funded and giving qualified teachers the tools they need and decent surroundings to help them teach effectively, will ultimately result in as many children as possible returning to school to continue their life changing education. The early signs from the schools run by PEAS are very encouraging.

One of PEAS schools is called "Onwards and upwards". Very appropriate and we will be doing all we are able to help our schools continue on this trajectory.

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Russell Fairhurst – Chair, The Costa Foundation

22 September 2022

The Trustees, who are Directors of the Costa Foundation ('the Foundation'), present their annual report and financial statements for the year ended 31 December 2021 (the prior years' annual report and financial statements were for the year ended 31 December 2020).

The Foundation was incorporated at Companies House on 10 May 2012, registered as a charity with the Charity Commission on 23 May 2012 and with the Office of the Scottish Charity Regulator on 17 September 2012.

Prior to the incorporation of the Foundation, donations were collected in an account maintained by Charities Trust, an independent registered charity, pursuant to an agreement with Costa Limited and with the intent that the monies in the account would be used for similar charitable purposes to those adopted by the Foundation. Following incorporation, Charities Trust transferred the funds then held by them to the Foundation.

Relationship with Costa Limited

Under the Articles of Association of the Foundation, Costa Limited ("Costa") has the power to appoint Trustees of the Foundation provided at least two Trustees are appointed by the Board of Trustees.

Costa is party to a Commercial Participation Agreement with the Foundation to enable Costa to raise funds through the sale of certain products from which it has agreed to donate certain proceeds to the Foundation and otherwise through fundraising from Costa's employees and members of the public. In addition to the other fundraising activities described below, Costa is also party to a Grant Funding Agreement pursuant to which Costa donated the sum of £20,000 in the year.

Fundraising Approach

The Foundation's approach to fundraising is to predominantly use the relationship with Costa, its employees and customers to raise funds through fundraising activities and the sale of products. We do not carry out street fundraising, nor do we undertake fundraising mail shots or telephone canvassing. We work with Costa to ensure any fundraising they do for the Foundation complies with recognised standards. The fundraising practice is monitored by the trustees of the charity through the Fundraising and Engagement Committee and we monitor any fundraising complaints (none were received during 2021) and always seek to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.

Structure, governance and management

Governing Document

The Foundation is incorporated as a private company limited by guarantee No.08064488.

The COSTA Foundation is a registered charity in England and Wales No. 1147400, a registered charity in Scotland No.SC043414.

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The Articles of Association of the Foundation established the objects and powers of the Foundation. In the event of the Foundation being wound up, members are required to contribute an amount not exceeding £1 each.

Recruitment and Appointment of the Board of Trustees

Trustees were appointed by Costa on incorporation of the Foundation and subsequently by the Board to ensure that the Board includes experience in fundraising, financial, legal and other relevant fields. Trustees are aware of their obligations in law as Trustees and Directors and are encouraged to acquaint themselves with publications and guidance available from the Charity Commission. Members of the Board have access to external Trustee training.

The Trustees serving during the period were as follows:

Name of Trustee	Appointment	Resigned
A Aggarwal		
K Brunton		
L Camfield		
K Cooke		
C Emerson	11 May 2021	21 April 2022
R Fairhurst		
N Lake		
V Moorhouse		21 April 2022
G Mowat	1 February 2021	
E Perry		2 July 2021
S Wade	1 February 2021	6 May 2022
P Cumming	16 June 2022	
Secretary		
R Gardiner		29 April 2022

Organisational Structure

The Board of Trustees meet at least four times a year and oversees finance, current project work and the future strategy of the Foundation.

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The Foundation also has two Trustee sub committees: The Projects Committee and the Fundraising and Engagement Committee. The purpose and duties of these committees are set out in their respective terms of reference and are broadly outlined below.

The purpose of the Projects Committee is:

- a) To recommend to the Board the Projects strategy in fulfilment of the Foundation's Theory of Change;
- b) To prepare annual budgets for projects and other matters within the remit of the Committee;
- c) To consider for approval all projects presented for funding by the Foundation;
- d) To develop and implement a system for the monitoring and evaluation of Foundation projects; and
- e) To monitor all external delivery partners for Foundation projects and to recommend new partners to the Board.

The Projects Committee uses a strategic matrix to assist in the evaluation of project proposals and collects detailed monitoring and evaluation information on Foundation schools to measure the impact and success of the projects across a number of key performance indicators. It reviews delivery partner performance and approves new delivery partners when appropriate.

The purpose of the Fundraising and Engagement Committee is as follows:

- a) To recommend the fundraising strategy for the Foundation to the Board;
- b) To oversee the planning, coordination and implementation of all fundraising activities in relation to the Foundation;
- c) To develop annual plans for engagement with Costa; and
- d) To act as the key link between the Foundation and Costa and any other fundraisers, to ensure joined up and co-ordinated working.

Trustees visit schools from time to time to improve their understanding of the educational needs in coffee growing communities in those countries and to satisfy themselves that the funds given to projects are being used appropriately and on a timely basis.

The Foundation held Trustee Indemnity Insurance during the period.

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Principal risks and uncertainties

The Trustees have examined the major strategic, financial, operational and reputational risks which the charity faces and regularly review what actions can be taken to mitigate these risks. The three risks that would have the highest impact are a decrease in income, a reduction in the quality of the delivery of projects with project partners and safeguarding issues in Foundation funded schools. While the Foundation does not build or operate any of the schools which it has funded, cases of misconduct by staff of our delivery partners on or off Foundation projects could result in reputational harm for the Foundation. The Foundation has a safeguarding policy to mitigate against this risk.

Covid-19 resulted in the closure or restricted operation of all Costa Foundation funded schools in 2021. We have maintained regular contact with our implementation partners regarding the impact of the pandemic on our schools. The extent and duration of closures or restrictions and any home learning provision has varied in accordance with local government requirements and resources.

In addition to impacting the education provision in our schools, some building works were delayed by Covid-19. This caused some delays in opening schools; especially in Central and South America but we are working with our partners to ensure schools are ready to open as quickly as is possible, within guidelines.

Grants are given based on the income generated and no project applications are fully approved unless the Foundation has sufficient reserves to fund the entire budget required for that project.

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Objectives and activities

The Foundation's aims are the advancement of education, the prevention and relief of poverty and the advancement of health and the environment of coffee-growing communities around the world.

In the consideration of projects, the Trustees have due regard to the Charity Commission's guidance on public benefit. The Trustees always ensure that the projects undertaken are in line with the aims and objectives of the Foundation and use its Theory of Change to guide their decisions. During the year the Trustees adopted a new strategic plan for 2021-2023 in line with our updated Theory of Change.

All projects continue to be implemented via delivery partners based in the countries where the projects are undertaken. The delivery partners range from charitable non-governmental organisations to the sustainability teams of coffee companies.

The Foundation aims to fund schools which provide individual wellbeing and a safe, quality education for children within coffee growing communities. All projects are required to have fresh water and separate sanitation facilities for boys and girls. Depending upon local needs the Foundation also funds child nutrition programmes, electricity installations, boarding accommodation, teacher's accommodation, libraries, science labs, computer labs and safety infrastructure such as perimeter fencing, safety lighting and flood barriers.

The Foundation also invests additional capital into expanding schools previously built with our funds. This can be through the provision of extra classrooms, sanitation, boarding accommodation, teacher's accommodation, science and computer labs. Expansion funds have been focused mainly in Uganda and Ethiopia where the success of the schools has warranted extra facilities. Examples of this on-going support are available on our website at <https://www.costafoundation.com/about/>.

The Foundation works with communities and local authorities where its school projects will be located but does not employ the teaching staff or influence the curriculum. The schools we have funded in Uganda and Zambia are operated by a charity called Promoting Equality in African Schools ("PEAS") where the teachers are employed and paid by PEAS. You can find out more information on the PEAS website at <https://www.peas.org.uk>. All other Costa Foundation funded schools are run by teachers trained and funded by the local education authorities or other NGOs. This system ensures the sustainability of the schools as teachers are not reliant upon continued funding from the Foundation to meet their operating costs.

We support many of our schools by funding leadership and train-the-trainer sessions and providing equipment and learning aids for extra curriculum "Citizenship" lessons held outside of school hours. These sessions are run by students and often attended by the parents within the community. Citizenship lessons are in subjects such as Health; particularly AIDS/HIV awareness, Gender Equality, Environment and Sport and Student Leadership through the provision of Girl's and Boy's Clubs.

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During 2021, the Board agreed a new strategic plan for the period 2021-23 which included an intention to invest in more programme led initiatives with our NGO partners. While our primary focus will remain on funding school infrastructure we recognise the opportunity to enhance the quality of education provided in our schools by seeking programmes from our delivery partners which will support leadership and teacher training, accessibility (especially for girls) and safety. We will report on these programmes in next year's annual report.

Projects Funded from 1 January 2021 to 31 December 2021

Despite the continuing global challenges of the COVID-19 pandemic; during the year ended 31 December 2021, the Foundation opened five new schools in Colombia, Vietnam and Ethiopia, in total adding a further 1,850 school places. In addition to these new schools we also invested in multi-school projects in Nicaragua with Fundacion Nicafrance improving facilities across three primary schools and benefitting 974 children. Finally, a new partnership was formed this year with Seeds for Progress - <https://www.seedsforprogress.org/?lang=en> and our first school project was completed with them in Georgino Andrade School in Nicaragua, adding new classrooms and upgrading all existing facilities for 266 children.

We also funded three expansion projects in Ethiopia and Nicaragua to further improve previously funded Costa Foundation schools, ensure that we continue to "change a child's life story" and give the best possible education experience to students long after the schools we have funded first opened their doors. These expansions resulted in sanitation upgrades across seven Costa Foundation funded schools in Ethiopia benefitting over 8,500 children, a new classroom block in Gew Gew, Ethiopia benefitting 480 students and a new classroom at Cerro Grande School in Nicaragua benefitting a further 30 children.

Construction continued within three projects in Colombia, Peru and Vietnam which had been signed off in 2020; albeit at a slower pace than normal due to Covid-19 restrictions. A further sixteen school projects were signed off by the Board in 2021, in Ethiopia, Honduras, Uganda and Zambia as those countries were able to continue with construction work during the pandemic albeit with COVID working restrictions in place. Finally, there were two projects signed off by the Board in 2021 in which construction had not commenced during the year. These were in Guatemala and Peru.

This year; as with last year we were fortunate enough to have received a number of match-funding donations for our projects from other non-governmental organisations, being made either direct to the Foundation or to our in-country partners:

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- Educate a Child - \$214,000 towards two Costa Foundation funded primary schools in Ethiopia
- Project Waterfall - £40,000 received for water and sanitation in Costa Foundation funded schools in Nicaragua and Vietnam.
- Cherrytree Bakery - £10,000 towards new science labs in Ethiopia
- Blueprint Partners - £10,000 towards Girl's Clubs in Ethiopia

We would like to take this opportunity to thank these generous donors for their partnership and support. We would also like to give special thanks to our delivery partners who yet again worked through all of the difficulties the pandemic threw at them; including the rising cost of building materials and difficult working conditions. We are delighted that we've been able to report continued activity at the levels shown above and truly appreciate their hard work, resilience, commitment and absolute focus on providing the facilities to positively change the life story of so many children. It's also a credit to our donors at Costa without whose efforts to fundraise we would have had so much less to report.

Opened and Now Educating Children - 2021

New schools - Defined as the construction of a school that didn't previously exist

1. El Remolino Middle School, Narino, Colombia – opened August 2021 for 200 children.
An eight classroom fully-furnished school with provision of fresh water and sanitation throughout. This school enables the children to graduate with a “dual certificate” – one as a high school graduate and the other as an agriculture technician, a nationally recognised qualification.
 2. Adame Yirgachefe High School, Ethiopia – opened October 2021 for 480 children.
An eight-classroom fully-furnished school with library block, two science labs and teacher's admin block which sits in the grounds of the primary school funded by the Foundation in 2011 and again in 2019.
 3. Kumbi Primary School, Ethiopia – opened December 2021 for 960 children.
An eight-classroom fully-furnished school including one kindergarten” room, a fully stocked library, new sanitation including showers, electricity and water. This is a double-shift lessons school.
 4. Hawo Primary School, Ethiopia – opened December 2021 for 960 children.
An eight-classroom fully-furnished school including one kindergarten” room, a fully stocked library, new sanitation including showers, electricity and water. This is a double-shift lessons school.
 5. Ea H' Ding Nursery School, Vietnam – opened December 2021 for 210 children.
An eight classroom fully furnished school with one multi-function room, two teacher's rooms,
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meeting room, sick bay, security guard room, kitchen, playground, fresh water, sanitation and electricity.

School projects – Defined as pre-existing government school structures that have been improved with additional facilities or programmes funded by the Costa Foundation.

1. La Estrellita Primary School, Nicaragua – completed in March 2021 for 64 children.
This project provided a new kindergarten classroom, kitchen canteen, storage, sanitation, perimeter fence, new furniture throughout and included refurbishment of all pre-existing infrastructure.
2. Santa Emilia Nursery, Primary and Secondary School, Nicaragua - completed in March 2021 for 816 children.
This project provided six new fully-furnished classrooms, library, kitchen, canteen, storage, sanitation, perimeter fence, electricity, internal walkways and included refurbishment of all pre-existing infrastructure.
3. Georgino Andrade Nursery and Primary School, Nicaragua – completed in December 2021 for 266 children.
This project provided one large double sized classroom, teacher's accommodation, water supply and included refurbishment of all pre-existing infrastructure.
4. La Esperanza Nursery and Primary School, Nicaragua – completed in December 2021 for 94 children.
This project provided two new fully-furnished classrooms, kitchen, canteen store rooms, sanitation, new walkways, water, perimeter fence, electricity upgrade plus refurbishment of all pre-existing infrastructure.

Expansions completed in schools previously funded by the Costa Foundation

1. Sanitation upgrades in seven CF funded schools in Ethiopia – all completed during 2021.
Over the years, the sanitation originally provided by the Foundation in a number of schools in Ethiopia had degraded and needed to be replaced. Sufficient new sanitation blocks were constructed at:
 - Wote Yirgachefe Primary School
 - Biloya Primary School
 - Gew Gew Primary School
 - Shifo Primary School
 - Derba High School
 - Kelle Amaro High School
 - Churso High School

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2. Gew Gew Primary School, Ethiopia – new classroom block opened October 2021
Due to a severe landslide, the foundations of the original classroom block funded by the Foundation in 2011 were undermined. This old block was demolished and a four classroom block constructed on a safer piece of land within the school compound.
3. Cerro Grande Primary School, Nicaragua – new facilities opened December 2021
This school was originally funded by the Foundation opening in February 2021 and attracted a much higher enrolment of children than originally expected. As a result the Foundation invested in one new fully-furnished classroom, a teacher's admin room, internal walkways and additional furniture for the canteen.

Under construction; not yet completed

Signed off by the Board in 2021 and construction commenced during 2021.

There were sixteen school projects under construction which commenced during 2021 but had not been completed by the end of 2021 including a multi-school project across three schools in Honduras. These are:

1. Malka Arba Primary School, Ethiopia – New school
 2. Santa Barbara 3 school projects, Honduras – Three school projects (expanding/improving existing government schools)
 3. Kampinda High School, Zambia – Expansion of school previously funded by the Foundation – new girl's dorm and classroom block.
 4. Kabuta High School, Zambia – Expansion of school previously funded by the Foundation – new girl's dorm and teacher's accommodation.
 5. Angetu Primary School, Ethiopia – New school
 6. Wote Yirgachefe 2nd Grade Primary School, Ethiopia – new school
 7. Basura High School, Ethiopia - Expansion of school previously funded by the Foundation – new fully-furnished and equipped science labs.
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8. Haru High School, Ethiopia - Expansion of school previously funded by the Foundation – new fully-furnished and equipped science labs.
9. Dimtu High School, Ethiopia - Expansion of school previously funded by the Foundation – new fully-furnished and equipped science labs.
10. Bridge High School, Uganda - Expansion of school previously funded by the Foundation – new A Level classroom block.
11. Aspire High School, Uganda - Expansion of school previously funded by the Foundation – new two room science labs.
12. Noble High School, Uganda - Expansion of school previously funded by the Foundation – new four classroom block.
13. Bridge High School, Uganda - Expansion of school previously funded by the Foundation – new girl's sanitation block.

Signed off by the Board in 2021; but construction did not start until 2022.

There are two projects that were signed off by the Board during 2021 where construction did not start until 2022, they are:

1. San Pedro Carcha, Guatemala – Two school projects (expanding/improving existing government schools).
2. La Jalquilla Primary and Secondary School, Peru – New school

Maintenance Programmes

Whilst we endeavour to set up all of the schools we've funded to be self-sustaining and not dependent on funding from the UK, inevitably there are some communities / local authorities that are too impoverished to maintain the schools to the Costa Foundation standard. As a result and following our annual quality audits, this year we identified two schools for maintenance investment namely:

1. Haru High School, Ethiopia
2. Kelle Amaro High School, Ethiopia

These schools all had the required maintenance completed during 2021

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For more details about school projects opened in 2021 visit:-

<https://www.costafoundation.com/>

For case studies and examples of the impacts of our work visit:-

<https://www.costafoundation.com/lives-we-have-changed/>

Infrastructure Quality Audits

Our delivery partners audited the quality of infrastructure and learning resources in Costa Foundation funded schools enabling us to identify what extra facilities were needed and any schools where urgent maintenance or infrastructure was required. As a result of these audits we were able to prioritise those needs and invest in additional facilities for some of our previously funded schools in Ethiopia, and Nicaragua as well as invest in maintenance in two schools in Ethiopia.

Monitoring, Evaluation & Impact

2021 continued to be a year of disruption driven by the Covid-19 pandemic with more than a billion children missing out on their education globally. Throughout the year, only the Costa Foundation funded schools in Nicaragua were open for a full year of education. In the other eight countries in which we operate, children were either not in school, attending one or two days a week or attending for exams only. As a result, the Costa Foundation Board took the decision not to gather our usual monitoring & evaluation data as the information would not have been useful when comparing it with previous “uninterrupted” school years.

However, despite the pandemic, our delivery partners have been able to identify some highlights and provide quotes from some of the schools, as outlined below:

NICARAGUA

Our successful partnership with Seeds for Progress, led to some encouraging results from the Georgino Andrade School project, with 148 boys and 149 girls enrolled. Other results included:

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- 2021 closed with 50.8% girls enrolled vs 2020 with 46%.
- General average of student assistance of 2020 to 2021 increased from 69% to 72%.
- In 2021 a total of 115 hours of training were given to teachers vs 30.5 hours in 2020.
- In 2021 due to the improvements and remodelling made to the teachers' residence in the school, five teachers were able to be accommodated vs three, in 2020.

"Teaching is a long journey when it is based on theories, but it is short and efficient when based on example and practice. To invest in education is to enhance human development, making generations enjoy a cultured and respectful society. Beyond the vocation of being a teacher that gives and does the best with love in the classrooms, there are hearts that choose to invest to make a better world for the benefit of all. Thank you, Costa Foundation, Seeds for Progress Foundation and its collaborators for making our school a space students can enjoy, thanks for making the children smile, for unleashing curiosity in them. Thank you, for the construction of classrooms with beautiful designs, the maintenance of two classrooms, the sanitary equipment, the lavatories, and wash basins, thank you for the construction of the water tank, so we won't run out of water. Thank you for all the didactic materials, hygiene kits, internet, and everything else! Thank you! Thank you!"

David Hernández Castro, School Principal

"I like my school, I assist daily, I'm thankful to Seeds for Progress and Costa foundation for building pretty schools with windows and beautiful floor, lighting, and pretty ceiling. I feel comfortable and happy in my classroom, my classmates are happy too because school is very pretty, we take care of it, it is nice to sit on the floor and read a book."

Amer Cecilio Olivas Arauz, 6th grade Student.

UGANDA AND ZAMBIA

Due to school closures throughout the whole of 2021 most students pivoted to our partner PEAS's innovative remote learning, partly funded by the Costa Foundation, so that the most marginalized still had access to quality education and were supported throughout the crisis. However; despite the pandemic the Foundation continued to invest in new facilities with PEAS which has resulted in measurable success at the start of the 2022 school year.

PEAS Uganda

- In Aspire Secondary School in the Ibanda District, Western Uganda the addition of a new science lab has seen enrolment increase to 455 in Term 1 of 2022.
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- In Pioneer Secondary School in the Mityana District, Central Uganda a new Sanitary Block has bought up the student to toilet ratio to 1.17.
- In Noble Secondary School in Ibanda District, Western Uganda an additional classroom block has increased school places by 240 and means that 22,891 students will benefit over the lifetime of the building. The school is currently providing 583 students with a quality education.
- In Bridge Secondary School in Mitooma District, Western Uganda an additional classroom block has increased school places by 240 and means that 22,891 students can benefit over the lifetime. The school is currently providing 708 students with a quality education.

“The community here is very happy because the cost of educating their children has come down. The numbers of students are increasing because of this, and it is giving the chance for more people like me to receive a quality education. I want to thank Costa for the space that we have in the classrooms and a big thank you for all the learning material provided. I am also grateful because the Costa Foundation has given me a quality education and I am sure I will make it to the end of this term.”

Student at PEAS Noble Secondary School

PEAS Zambia:

- In Kampinda Secondary School in the Northern Province of Zambia an additional new dormitory and classroom has added 120 new boarding places and 150 new classroom spaces. The school is currently providing 651 students with quality education.
- In Kabuta Secondary School in Northern Province the addition of a new dormitory and teachers housing has added 120 new boarding places and 8 accommodation spaces for teachers. The school is currently providing 460 students with quality education.

“Here; not every child has the privilege to go to school, but Peas have acknowledged us as children and our rights have not been neglected. So, I want to say thank you to the Costa Foundation.”

Student at Peas Kampinda Secondary School

ETHIOPIA

Despite the challenges of the pandemic, there were some encouraging results within the 28 Costa Foundation funded schools in rural Ethiopia.

- Enrolment increased by 37.23% from 22,633 in 2020 to 31,059 in 2021.
- Students within the schools who sat for Grade national Exams scored an average composite score of 80% compared to the national average of 70%.
- The average gender parity index (i.e. ratio of girls to boys) increased from a baseline average of 0.66 to 0.78 indicating that these 28 schools are attracting and enrolling more of the girls that used to be out of school.

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“Reading well goes hand in hand with performing better in school; it has boosted my confidence, improved my communication skills and enhanced my understanding of my environment. Above all, it has given me the energy to not settle for anything less; regardless of the situation I am in. I read anytime and anywhere I can find the space but I like reading in the library best. I use the library 3 days a week and borrow books every time I go there. I thank the Costa Foundation for building and furnishing the library and providing adequate books and learning aids in our school”.

Dawit Salih – Aged 15 – Adame Yirgachefe High School.

“The opening of our new school means the world to me as it has given me the opportunity to serve my community and the school I have learned in. As an alumni civic and ethical education teacher I feel that I have dual responsibilities to firstly teach as best I can and secondly create an ethical, responsible, fair and patriotic generation. The fact that the school is such high quality with such wonderful facilities has enabled me to see the fruit of my labours – outstanding students. I couldn't be more grateful to the Costa Foundation and imagine 1 day for creating the opportunity that has enabled me to live my dream”.

Wogene Bogale, Teacher, Adame Yirgachefe High School.

“It has always been my dream to fight the bleak situation for girls and women in my community. As a Gender Club member I have been working hard to raise community awareness about girl's education, early marriage, menstrual hygiene management and harmful traditional practices. A lack of sanitary pads was one of the major challenges deterring girls from accessing education. Thanks to Costa Foundation; I am happy to have received training on reusable sanitary pad production that will end this problem soon. The fact that the pads we have been trained to produce are reusable will maximise the impact”.

Ayantou Adola, grade 11 student, Dimtu Hambela High School.

VIETNAM

Due to the pandemic; 2021 saw schools in Vietnam operating two different teacher methods with half of the students attending classes and the other half learning from home with relatives using papers provided by the teachers and on-line teaching. The focus on teaching these ethnic minority children the national Vietnamese language of Kinh has continued at pace despite the challenges and as a result 100% of the 6 year old children at all Costa Foundation funded nursery schools in Daklak, Vietnam have learned speaking graduated (earlier than normal by one week due to the fourth Covid - 19 outbreak), to enter grade 1 of their local primary school.

“I am five years old and during this school year I stayed at home and with my grandparents and studies lessons assigned by my teacher – sometimes over the phone. I also helped my mother to take

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

care of the house. I like going to schools because I have many friends, many toys, many books a beautiful school which makes me so happy to be there. I would like to thank the Costa Foundation for building such a nice school for us. I would like to meet the grandparents, parents, aunts and uncles of the Costa people so that I can say I am grateful and I love you”.

H Vim Bya, aged 5, Son Ca Nursery School

“I have lived in this commune since birth. The pandemic situation in recent years has greatly affected the education of all pupils with many having to attend on-line learning rather than face to face teaching. Since the Costa Foundation constructed this school; the local children have been able to study in a clean, beautiful, fully equipped school. I am so pleased to invite our children to study in such a good environment. I would like to thank Costa Foundation for building such a spacious, clean and well equipped school for the community so that our children have such a good learning environment. H Cuen Hwing, Teacher, Son Ca Nursery School

“My family is very poor with many children so we face a lot of difficulties. Our main income comes from farming but our crop has failed again this year. The pandemic also affects our income because nobody was able to hire us to work part time. Now we have a new nursery school in our commune and I am so happy that my child can study there. In my dreams; I never imagined that my child could study in such a wonderful school. I don't know what to say other than thank you”.

Mother, M' Nong ethnic people, Hoa Mai Nursery School

“I have just had my fifth birthday. I stayed at home with my parents to avoid the pandemic, I was so sad at home and looked forward to going to school to see my teachers and my friends. My new school is very beautiful with many toys, swings and slides but my favourite is the big elephant. I love going to school and like the school very much. I am grateful to the Costa Foundation for giving me and my friends a beautiful school. I promise to always obey and study well, not letting down my teacher and all my relatives”.

Thi Chanh, aged 5, Hoa Mai Nursery School.

HONDURAS:

One middle school and one secondary school were completed in 2021 with our partner Plan Honduras. Some of the highlights for the year were:

- 42 students were supported with scholarships
 - Strengthening of school facilities, the skills of the schools staff and the awareness of parents and students on education led to a significant increase in enrolment at the 2 schools.
 - In San Pedro de Tutule, the new classrooms meant that they could add classes for students in grades 8-9, which they were not able to do before the project.
-

The Costa Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

- Both schools from this project now have school governments, which have an equal gender balance.
- Investments here have attracted other institutions to invest resource into the schools. For example, in Santiago Purlinga, the school received a donation of school furniture and backpacks for its students from a private company. The school also benefitted from the construction of a greenhouse that was donated to them from another institution.

“The environment in our school is one of peace, respect and security, where there is no gender inequality, where all boys and girls can play peacefully regardless of age, sex, colour and race ”.
David, 12th grade student

“I am very happy because we have a separate toilet for boys and girls, before the project we were afraid because we had to go to only one toilet where the children also went, today we feel safer because we have better personal hygiene, because we have inside our module with a sink where we can wash our hands every time we do an activity, also because when we come from agricultural work we have a sink where we can clean our uniform and shoes and then attend classes. I motivate my friends to continue studying because now we can follow our dream more easily“

Sharon, 11th Grade student

“Costa Foundation, thank you very much for giving us this opportunity to study, because before we didn't see that opportunity or dream of it, because without this project, we wouldn't have been able to study and we would have continued in the macho roles and culture where women are not allowed to grow, to do those jobs, because they say that a woman has to stay in the kitchen, and that is not what we have learned in the training, a woman can perform in every way possible, we thank you very much for helping us to fight that ignorance that exists in it and it doesn't matter if we are women or men, we can do it in the same way”.

Bianca, 11th Grade student

“In our area before there was no library so advanced and with such a variety of books with very important topics, we now have a place where we can read, I am very happy because it helps us to strengthen our reading and spelling”.

Ronald, 12th grade student

The Costa Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

Communication

Our website continues to be regularly updated and now contains current videos, case studies and news items including some of the latest school openings and stories from around the world. For more information visit www.costafoundation.com

In addition, our Instagram page (@costafoundation) and Twitter feed (@foundationcosta) are regularly updated with images from coffee-growing communities around the world that have benefited from a Costa Foundation funded school plus many stories and images from our inspirational fundraisers in Costa stores and beyond.

Financial review

Total income for the year ended 31 December 2021 was £1.97m

£1.72m was paid out or formally committed to in the year 1 January 2021 to 31 December 2021 and a further £68,723 was committed to projects subject to conditions being met. Other expenditure of £85,170 was made in respect of management of the projects and costs relating to the running of the Foundation. Reserves at 31 December 2021 amounted to £1,052,794 (31 December 2020: £887,482).

Reserves and Investment Policy

The Reserves at the year-end of £1,052,794 are held mainly by the Foundation and partly by Charities Trust. Since the year end the Trustees have agreed further project expenditure of £974,000. The Trustees monitor reserve levels regularly to ensure that all commitments are met and that future project requests are reviewed on a timely basis. Funds are only committed to new projects once the income has been received. As a result, there is a delay of some months between the receipt of funds, the approval of projects and the subsequent expenditure of funds to complete those projects. Those funds identified for future projects are held in cash balances for safekeeping pending their expenditure.

The current reserves policy is held at £75,000. This is calculated based on keeping £50,000 reserved as seed money for an emergency or unexpected need for money. A further £25,000 is reserved for unforeseen day-to-day operational costs. As projects are not signed off until funds are received, we do not require reserved funds for uncertainty of future income, or "troughs" in the cash budget.

Plans for Future Periods

The Trustees intend to continue to increase investment into existing schools to give the best possible learning environment for the students.

The Costa Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

The Trustees have adopted a new strategic plan for 2020-2023, which includes the Foundation's strategic goal to have helped fund at least a further 15 schools and a further 7,000 school places for children in coffee growing communities, providing a safe quality education, by 2023. The second strategic goal is that by 2023, the Foundation will have helped fund programmes to ensure that at least 45% of secondary school leavers are girls. The Foundation will also trial funding to improve teacher and school leader training in Foundation funded schools and to work with our implementation partners to agree shared good practice and minimum standards for child protection and safeguarding systems.

Further details on the Costa Foundation activity can be found on our website at <http://www.costafoundation.com>

Trustees' responsibilities statement

The trustees, who are also directors 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Costa Foundation

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2021

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Appointment of Statutory Auditor

Following Mazars LLP resignation as auditor, Morris Crocker Limited were appointed by the board as the Foundation's auditor.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 22 September 2022 and signed on behalf of the board of trustees by:

DocuSigned by:

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A. Aggarwal
Trustee

The Costa Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Costa Foundation

Year ended 31 December 2021

Opinion

We have audited the financial statements of The Costa Foundation (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

The Costa Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Costa Foundation *(continued)*

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

The Costa Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Costa Foundation *(continued)*

Year ended 31 December 2021

Responsibilities of trustees

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

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

The Costa Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Costa Foundation *(continued)*

Year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

From discussion with management and those charged with governance information about the entity is documented to assess the activity within the organisation. We discuss managements assessment of risk in respect of irregularities, fraud and going concern.

Based on these discussions and our own assessments we determined that the key risk areas were income recognition in respect of cut off issues concerning income recognition and management override concerning the size of the organisation.

We set financial statement materiality level based on the level of income. As a not for profit organisation raising income is its primary focus which is why income was used to determine the level of materiality. Our overall assessment of risk was used to determine performance materiality at an appropriate level.

Substantive audit tests were designed after assessing and testing systems and controls. The systems and controls which have been designed to act as a preventative measure against fraud and error were operating as documented. Substantive testing tested a sample of the population, representative of the population, to identify errors. The testing did not identify any material misstatements in areas tested.

Audit substantive tests concluded no material errors over the key risk areas of income recognition and management override.

The audit considers the organisation is not exposed to material risk of error as a result of assessing laws and regulations that are appropriate to the organisation.

Management assessed there is no going concern risk.

The Costa Foundation

Company Limited by Guarantee

Independent Auditor's Report to the Members of The Costa Foundation *(continued)*

Year ended 31 December 2021

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Costa Foundation

Company Limited by Guarantee


Independent Auditor's Report to the Members of The Costa Foundation *(continued)*

Year ended 31 December 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Paul Underwood (Senior Statutory Auditor)

For and on behalf of
Morris Crocker Limited
Chartered accountants & statutory auditor
Station House
North Street
Havant
Hampshire
PO9 1QU

The Costa Foundation

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2021

		Unrestricted funds	2021 Restricted funds	Total funds	2020 Total funds
	Note	£	£	£	£
Income and endowments					
Donations and legacies	5	1,956,437	11,485	1,967,922	1,415,862
Total income		<u>1,956,437</u>	<u>11,485</u>	<u>1,967,922</u>	<u>1,415,862</u>
Expenditure					
Expenditure on charitable activities	6,8	1,792,610	10,000	1,802,610	1,714,221
Total expenditure		<u>1,792,610</u>	<u>10,000</u>	<u>1,802,610</u>	<u>1,714,221</u>
Net income/(expenditure) and net movement in funds					
		<u>163,827</u>	<u>1,485</u>	<u>165,312</u>	<u>(298,359)</u>
Reconciliation of funds					
Total funds brought forward		887,482	–	887,482	1,185,841
Total funds carried forward		<u>1,051,309</u>	<u>1,485</u>	<u>1,052,794</u>	<u>887,482</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.


The notes on pages 31 to 38 form part of these financial statements.

The Costa Foundation
Company Limited by Guarantee
Statement of Financial Position
31 December 2021

	Note	2021 £	2020 £
Current assets			
Debtors	14	440,774	361,943
Cash at bank and in hand		1,153,793	1,070,584
		<u>1,594,567</u>	<u>1,432,527</u>
Creditors: amounts falling due within one year	15	541,773	545,045
Net current assets		<u>1,052,794</u>	<u>887,482</u>
Total assets less current liabilities		<u>1,052,794</u>	<u>887,482</u>
Funds of the charity			
Restricted funds		1,485	–
Unrestricted funds		1,051,309	887,482
Total charity funds	16	<u>1,052,794</u>	<u>887,482</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 22 September 2022, and are signed on behalf of the board by:

DocuSigned by:

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K Brunton
 Trustee

The Costa Foundation is a Company limited by guarantee registered in England and Wales. Company number 08064488. Charity number 1147400. Scottish charity number SC043414.

The notes on pages 31 to 38 form part of these financial statements.

The Costa Foundation

Company Limited by Guarantee Statement of Cash Flows

Year ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net income/(expenditure)	165,312	(298,359)
<i>Changes in:</i>		
Trade and other debtors	(78,831)	79,062
Trade and other creditors	(2,902)	(257,410)
Cash generated from operations	<u>83,579</u>	<u>(476,707)</u>
Net cash from/(used in) operating activities	<u>83,579</u>	<u>(476,707)</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	(370)	(10,881)
Net cash used in financing activities	<u>(370)</u>	<u>(10,881)</u>
Net increase/(decrease) in cash and cash equivalents	83,209	(487,588)
Cash and cash equivalents at beginning of year	<u>1,070,584</u>	<u>1,558,172</u>
Cash and cash equivalents at end of year	<u>1,153,793</u>	<u>1,070,584</u>

The notes on pages 31 to 38 form part of these financial statements.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The Costa Foundation is a company limited by guarantee, incorporated in England and Wales. The address of its registered office, its registered numbers and principal place of business is disclosed on page 1. The principal activity of the charity is the advancement of education, the relief of poverty and the advancement of health and environment of coffee-growing communities around the world. The financial statements are prepared in sterling and this is the functional currency of the Charity.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

These financial statements have been prepared on the going concern basis. This is based on the charity reserves policy, plus the fact the charity only commits to projects once income has been raised, committed project expenditure is already secure. The charity has the security of a contractual annual donation from Costa Limited of £20k, which is not linked to fundraising. Therefore, we do not view any going concern risk for the charity.

Judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in the making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The trustees do not consider there to be any significant judgements, estimates or assumptions in these financial statements.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling on the exchange rate ruling on the date of transaction.

The notes on pages 31 to 38 form part of these financial statements.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

3. Accounting policies *(continued)*

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured.

Resources expended

All support costs incurred have been allocated between charitable expenditure and governance as appropriate. There are no costs relating to more than one functional cost category. All expenditure and liabilities are included on an accruals basis and recognised when there is a legal or constructive obligation to pay out resources.

Financial instruments

The Costa Foundation has only financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction values and subsequently measured at their settlement value.

4. Limited by guarantee

The Foundation is incorporated as a private company limited by guarantee. The Articles of Association of the Foundation established the objects and powers of the Foundation. In the event of the Foundation being wound up members are required to contribute an amount not exceeding £1 each.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Donations from sales of merchandise in Costa stores	868,308	–	868,308
Store Fundraising	805,701	–	805,701
Matched Giving	200,000	–	200,000
Donations from Costa	20,000	–	20,000
Donations from fundraising	2,258	–	2,258
General and gift aid donations	20,322	–	20,322
Payroll Giving	39,848	–	39,848
Corporate Donations	–	11,485	11,485
Recharges to Costa	–	–	–
	<u>1,956,437</u>	<u>11,485</u>	<u>1,967,922</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations from sales of merchandise in Costa stores	659,552	–	659,552
Store Fundraising	445,995	–	445,995
Matched Giving	200,000	–	200,000
Donations from Costa	20,000	–	20,000
Donations from fundraising	17,561	–	17,561
General and gift aid donations	5,478	–	5,478
Payroll Giving	319	–	319
Corporate Donations	1,346	57,086	58,432
Recharges to Costa	8,525	–	8,525
	<u>1,358,776</u>	<u>57,086</u>	<u>1,415,862</u>

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

6. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Project Expenditure (note 9)	1,707,440	10,000	1,717,440
Project management costs	63,691	–	63,691
Costs of raising funds	4,149	–	4,149
Support costs	17,330	–	17,330
	<u>1,792,610</u>	<u>10,000</u>	<u>1,802,610</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Project Expenditure (note 9)	1,555,824	57,086	1,612,910
Project management costs	65,977	–	65,977
Costs of raising funds	15,888	–	15,888
Support costs	19,446	–	19,446
	<u>1,657,135</u>	<u>57,086</u>	<u>1,714,221</u>

7. Governance costs

	Unrestricted funds £	Restricted funds £	Year ended 31/12/2021 £	Year ended 31/12/2020 £
Audit fees	6,642	–	6,642	9,540
Trustee review of expenses	–	–	–	1,200
Trustee insurance	1,983	–	1,983	1,069
Training	–	–	–	–
Trustee expenses	105	–	105	197
Other	8,600	–	8,600	7,440
	<u>17,330</u>	<u>–</u>	<u>17,330</u>	<u>19,446</u>

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2021 £	Total fund 2020 £
Project Expenditure (note 9)	1,717,440	–	–	1,717,440	1,612,910
Project management costs	63,691	–	–	63,691	65,977
Costs of raising funds	–	4,149	–	4,149	15,888
Governance costs	–	–	17,330	17,330	19,446
	<u>1,781,131</u>	<u>4,149</u>	<u>17,330</u>	<u>1,802,610</u>	<u>1,714,221</u>

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

9.

Included in project expenditure is:

	2021	2020
	£	£
FX adjustment on US projects	(21,680)	(41,515)
E1 Adame Yirgachefe upgrade	16,635	124,221
Bekayye Primary, Ethiopia	–	8,871
Buluk Primary, Ethiopia	–	8,798
Dung K'Noh Nursery, Vietnam	–	13,601
Ea Nam Nursery, Vietnam	–	3,053
Cerro Grande, Nicaragua	31,150	15,337
Santa Teresa Primary, Colombia	22,219	15
Kumbi Primary, Ethiopia	514	44,247
Hawo Primary, Ethiopia	(355)	36,117
Ethiopia Water Installations	–	56,012
Choche Prep, Ethiopia	–	119,337
Hoa Mai Nursery, Vietnam	–	110,377
El Remonlino School, Colombia	–	92,524
PEAS Teachers salary	–	80,000
La Estrellita Primary School	135	50,960
Santa Emilia Primary School	16,152	78,242
Ea H'Ding Nursery School	11,204	100,201
Hoa Trung Nursery School	12,839	96,125
Sanitation upgrades imagine 1 day	2,805	92,433
Water Install Biloya Second	–	9,111
Water Install Haru High, Ethiopia	–	10,638
Water Install Biloya, Ethiopia	–	12,442
Juan Velasco Alvarado School	–	15
Ethiopia Maint GewGew Kilenso	–	16,034
Bule and Dimtu High School Girls Club	–	10,435
El Huabo, Peru	8,780	–
Gew Primary	52,271	–
Georgino Andrade	72,303	–
Malka Arba	72,582	–
Santa Barbara 3	93,099	–
Angeto Primary	50,692	–
La Esperanza	70,593	–
La Jalquilla Primary	64,965	–
Wote Primary	108,197	–
San Pedro Carcha 2	78,634	–
Pioneer High School girls	13,946	–

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

Bridge High School	29,399	–
Noble High New Block	30,699	–
Aspire Science Block	18,657	–
Basura High School	44,505	–
Haru High School	44,479	–
Kampinda Girls	99,238	–
E1 Kabuta Girls	100,535	–
Dimtu High Science Lab	44,479	–
Committed, not paid:		
Kumbi Primary, Ethiopia	–	9,943
Hawo Primary, Ethiopia	–	8,116
Adame Yirgachefe upgrade, Ethiopia	–	96,513
PEAS teachers salaries	–	20,000
Sanitation upgrades imagine 1 day	–	71,918
La Estrellita Primary School	–	5,526
Santa Emilia Primary School	–	60,710
Ea H'Ding Nursery School	–	77,833
Hoa Trung Nursery School	–	74,720
Santa Teresa Primary School, Columbia	–	40,000
Malka Arba Primary	8,055	–
Santa Barbara 3	74,440	–
Angetu Primary	22,077	–
La Esperanza	7,697	–
La Jaiquilla Primary	51,000	–
Wote Primary	87,000	–
San Pedro Carcha	65,000	–
Bridge High School	29,000	–
Noble High New Block	30,000	–
Aspire ScienCE Block	18,500	–
Basura High School	45,000	–
Haru High School	45,000	–
Dimtu High School lab	45,000	–
	<u>1,717,440</u>	<u>1,612,910</u>

10. Taxation

The charity's activities fall within the exemptions afforded by the provisions of the Income and Corporation Taxes Act 2010. Accordingly, there is no taxation charge in these accounts.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

11. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2021	2020
	£	£
Fees payable for the audit of the financial statements	6,642	9,540

12. Staff costs

There are no staff costs included in the disclosures as The Costa Foundation has no employees.

13. Trustee remuneration and expenses

No trustee received remuneration in the period to 31 December 2021 (31 December 2020: £NIL). Included in the above is £105 of reimbursed expenses to one trustee (31 December 2020: £197 to one trustee). Trustee Indemnity Insurance was also in place during the period.

14. Debtors

	2021	2020
	£	£
Amounts due from Costa Limited	436,331	360,160
Other debtors	4,443	1,783
	<u>440,774</u>	<u>361,943</u>

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Project expenditure committed, not paid	527,769	528,495
Accruals	7,970	8,340
Other creditors	6,034	8,210
	<u>541,773</u>	<u>545,045</u>

16. Analysis of charitable funds

Unrestricted funds

	At 1 Jan 2021	Income	Expenditure	At 31 Dec 2021
	£	£	£	£
General funds	887,482	1,956,437	(1,792,610)	1,051,309

	At 1 Jan 2020	Income	Expenditure	At 31 Dec 2020
	£	£	£	£
General funds	1,185,841	1,358,776	(1,657,135)	887,482

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

Restricted funds

	At 1 Jan 2021	Income	Expenditure	At 31 Dec 2021
	£	£	£	£
Restricted Fund	—	11,485	(10,000)	1,485
	<u>—</u>	<u>11,485</u>	<u>(10,000)</u>	<u>1,485</u>

	At 1 Jan 2020	Income	Expenditure	At 31 Dec 2020
	£	£	£	£
Restricted Fund	—	57,086	(57,086)	—
	<u>—</u>	<u>57,086</u>	<u>(57,086)</u>	<u>—</u>

During the year the Foundation received two donations which had restrictions imposed. £10,000 was received from the Cherrytree Bakery and was to be spent on new science labs in Ethiopia. This was spent in full in the year. \$2,000 was also received as restricted donation from Jim's Organic Coffee. This was unspent as at the year end.

17. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	1,070,584	83,209	1,153,793
Debt due within one year	(8,340)	370	(7,970)
	<u>1,062,244</u>	<u>83,579</u>	<u>1,145,823</u>

18. Commitments

The Costa Foundation had commitments of £68,723 (31 December 2020 £115,675) at the year end. These have not been provided for in the financial statements as they are subject to conditions being met before payment.

19. Related parties

All unrestricted income received originated from Costa Limited and their employees, apart from donations received via the Costa and Costa Foundation websites and third parties.

During the year Neil Lake and Gordan Mowat were directors of Costa Limited. Russell Fairhurst was Secretary of Costa Limited up to 14 May 2021.

One of the third parties where donations are received is Charities Trust. During the year Elizabeth Perry was a director of Charities Trust up to 25 October 2021.