

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

The Costa Foundation
Company Limited by Guarantee
Financial Statements
31 December 2022

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 2022

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The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

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 2022.

Chair's report

Following two years of global COVID19 turmoil, we hoped that 2022 would be a less stressful year in terms of raising funds and changing a child's life story as we continue to construct safe, quality school environments for marginalised children in coffee-growing communities.

Whilst I'm delighted to announce that we opened six new schools and two school projects in five countries as well as expanding nine existing Foundation schools, on reflection 2022 was a challenging year for the Foundation on many levels, as it was for Costa, our corporate sponsor, our other funders and the organisations with whom we partner to help implement our projects.

2022 was a difficult year for the Foundation with our income dropping by 37% year on year as consumers struggled with less disposable income to donate to charities, the cost of building materials increasing globally by over 30% and the poor performance of sterling against the dollar (most of our projects are funded in \$USD).

Given all of the above, it's good to stop and reflect and to look back at exactly what the Foundation achieved in 2022. We are happy to celebrate with you

" Six brand new schools in Colombia, Ethiopia, Peru and Vietnam providing safe, quality education spaces for over 3,400 children " Two new school projects in Guatemala (enhancing existing government schools) providing new facilities and educational programmes for 498 children " Nine expansions of Foundation schools in Ethiopia, Uganda and Zambia saw additional classrooms, dormitory & sanitation blocks and science labs added which benefitted over 6,000 students

I am sure that if we asked any one of the 10,000 or so children benefitting from our work for the first time in 2022, they would be quick to join me in thanking our donors at Costa Coffee; from the Costa Foundation Champions in-store to every barista and team member across the UK and beyond, who raised over £700,000 for our charity; despite all the challenges the year threw at them. Thank you so much; you have helped us change a child's life story yet again! Our highlight of the year was the opening of the Costa Foundation's 100th new school which was inaugurated in November 2022 in Ethiopia. Adame Yirgachefe High School is an eight classroom school built in the grounds of Adame Yirgachefe Primary School, funded by the Foundation initially in 2011 (with 6 classrooms and a library) with an additional 12 classrooms and extra sanitation and water added in 2019. We are immensely proud of this landmark. One hundred new schools in coffee-growing communities all "Changing a Child's Life Story" one classroom at a time. Finally, I should like to thank Connie Emerson, Stephan Wade, Victoria Moorhouse, Kay Brunton, Phil Cumming and Neil Lake, all of whom have stepped down from the board since our last annual report. Phil Cumming also served on the board during the year. On behalf of the board I thank them all for their service and commitment to the Foundation. I am delighted that Hayley Finn has joined the board from Costa.

Russell Fairhurst - Chair, The Costa Foundation

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The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

Reference and administrative details

Registered charity name	The Costa Foundation
Charity registration number	1147400
Company registration number	08064488
Principal office and registered office	3 Knaves Beech Business Park Davies Way Loudwater High Wycombe Bedfordshire HP10 9QR UK

The trustees

A Aggarwal	
K Brunton	(Resigned 10 March 2023)
L Camfield	
K Cooke	(Resigned 29 March 2023)
R Fairhurst	
N Lake	(Resigned 31 January 2023)
G Mowat	
H Finn	(Appointed 16 March 2023)
C Emerson	(Resigned 21 April 2022)
	(Served from 16 June 2022 to 16 June 2023)
P Cumming	
S Wade	(Resigned 6 May 2022)
V Moorhouse	(Resigned 21 April 2022)
C Clusker	(Appointed 16 March 2023)

The trustee resignations (with the exception of Kay Brunton and Kieran Cooke) reflect turnover within Costa Coffee, where trustees have stepped down from their position at the Foundation as a result of leaving their corporate roles at Costa Coffee.

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.

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.

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Year ended 31 December 2022

Company secretary	C Bushay
Auditor	Morris Crocker Limited Chartered accountants & statutory auditor Station House North Street Havant Hampshire PO9 1QU
Bankers	National Westminster Bank Plc PO Box 12263 1 Princes Street London EC2R 8PH

Structure, governance and management

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. Funds were also raised via 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 2022) and always seek to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate.

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.

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.

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

Year ended 31 December 2022

Structure, governance and management *(continued)*

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.

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.

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 four 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, safeguarding issues in Foundation funded schools, and the devaluation of the Great British Pound (GBP) against the United States Dollar (USD) which would reduce the Foundation's ability to fund USD denominated projects. 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. 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. The Foundation purchases any required currency once a project has been approved to mitigate any risk to affordability as a result of currency movements.

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Year ended 31 December 2022

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.

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 in Ethiopia, Uganda and Zambia during the year where the success of the schools has warranted extra facilities. 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 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.

During 2022, the Board continued to adhere to the strategic plan for the period 2021-23 which saw the charity investing more in expansions to existing Foundation-funded schools as well as more programme led initiatives with our NGO partners. While our primary focus remains on funding school infrastructure; we recognise the opportunity to enhance the quality of education provided by seeking programmes from our delivery partners which will support leadership and teacher training, accessibility (especially for girls) and safety. As a result, during 2022 the Foundation invested in two new programmes, one in Ethiopia and the other in Zambia.

Firstly, the "Educate a Girl" programme in Ethiopia which we funded in collaboration with The Coca-Cola Foundation will see 200 "high achieving" girl students from particularly impoverished families attend high school through an innovative micro-finance programme with the girl's mothers, mentoring them in setting up and running a new business. The girls are guaranteed their full education at high school until graduation as a result of this programme. Our thanks to The Coca-Cola

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Year ended 31 December 2022

Foundation for their support with this exciting programme and I look forward to reporting the impacts to you in the future. Secondly, the "Cycling for Success" programme in our two high schools in Zambia is collaboration with PEAS Zambia and World Bicycle Relief which will see 200 girls being provided with robust "Buffalo Bicycles" enabling them to travel safely to school from much further distances than walking alone will allow. This is an exciting community based programme and again, I look forward to telling you more about this programme once the impact reporting has been completed.

In last year's report we stated that the Foundation hoped that the quality of schools we have provided over the years would result in enrolment numbers in the schools we've funded getting back to pre-COVID levels quite quickly compared with other schools. I'm delighted to say that this has proved to be the case in Uganda and Zambia as more than 70% of students in the schools there where we funded teacher salaries while the schools were closed over the pandemic re-enrolled when the schools reopened. As a result the schools in Uganda re-opened at 95% of their capacity while the schools in Zambia were so full we have funded the construction of additional classrooms.

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

Year ended 31 December 2022

Achievements and performance

Projects Funded from 1 January 2022 to 31 December 2022

Despite global cost of living and inflation challenges; during the year ended 31 December 2022, the Foundation opened six new schools in Colombia, Ethiopia, Peru and Vietnam providing a total of 40 new classrooms, five libraries and all required supporting facilities for over 3,400 children. In addition, two school projects were completed with Plan Guatemala whereby existing government schools were enhanced with new classrooms, sanitation and programmes to support the children (and parents) education.

We also opened nine new expansion projects in Ethiopia, Uganda and Zambia adding classrooms, dormitory & sanitation blocks and science labs in schools previously funded by the Foundation where student enrolment had increased inexorably and new facilities became vital to ensure a safe, quality education. These new facilities have benefited over 6,200 children.

Signed off during 2021 and 2022; construction continued within five new schools and two new school projects in 2022; all of which are due to open during 2023. These are in Colombia, Ethiopia, Honduras, Nicaragua and Peru. We also had a further six expansion projects signed off and under construction during the year adding new classrooms, dormitory and sanitation blocks, teacher's housing, solar panels and water tanks. Again these are all due to open in 2023 and are in Ethiopia, Uganda and Zambia.

Finally, there were two support programmes signed off by the Board in 2022 (Educate a Girl, Ethiopia and Cycling for Success, Zambia). The Educate a Girl programme commenced during 2022 but the Cycling for Success programme is due to start in the spring of 2023.

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, with the donations being made either direct to the Foundation or to our in-country partners:

" The Coca-Cola Foundation - \$150,000 towards the Educate a Girl programme in Ethiopia" Educate a Child - \$300,000 towards three Costa Foundation funded primary schools in Ethiopia" Run 4 Water - \$74,229 towards water and sanitation in three Costa Foundation funded primary schools in Ethiopia. " Costa Malta and SIGMA Foundation - \$9,461 towards water tanks in two schools 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 tirelessly through all of the difficulties the pandemic and cost of living / inflation threw at them. 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 to positively change the life story of so many children.

Opened and Now Educating Children - 2022

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

1. Hoa Trung Nursery School, Vietnam - opened May 2022 for 240 children. A six classroom fully-furnished school with multi-function room, sick bay, admin block, kitchen, canteen, guard room, perimeter fence, playground and provision of fresh water and sanitation throughout.

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Year ended 31 December 2022

2. El Huabo Primary and Secondary School, Peru - opened in April 2022 for 137 children. A five classroom fully-furnished school with multi-function room, admin block, kitchen, canteen storage rooms, perimeter fence, playground and provision of fresh water and sanitation throughout.

3. Wote Primary School, Ethiopia - opened November 2022 for 850 children. A twelve classroom fully-furnished primary school including one kindergarten" room. This is a double-shift lessons school providing 2nd Cycle primary school education within the compound of the 1st Cycle school funded and built by the Costa Foundation in 2013 and including adequate water and sanitation for all students currently using these facilities.

4. Melka Arba Primary School, Ethiopia - opened in November 2022 for 960 children. An eight-classroom fully-furnished school with one kindergarten" room, a fully stocked library, new sanitation including showers, electricity and water. This is a double-shift lessons school.

5. Angetu Primary School, Ethiopia - opened in December 2022 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.

6. Santa Teresa Middle School, Colombia - opened October 2022 for 255 children. A five classroom school with three science labs, kitchen, canteen, library, Principal's office, storage room, sanitation, water 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. San Vicente Ulpan School, Guatemala - completed in December 2022 1146 children. This project provided three new classrooms, kitchen, canteen, perimeter fencing, water supply and storage as well as refurbishment to the existing school infrastructure to bring them in line with the new facilities. The Foundation also invested in WASH, Gender Equality, Girl's Empowerment, Food Security and the Importance of Girl's Education programmes within the school and wider community.

2. San Vicente Campur School, Guatemala - completed in December 2022 for 550 children. As with the above school; this project provided three new classrooms, kitchen, canteen, perimeter fencing, water supply and storage as well as refurbishment to the existing school infrastructure to bring them in line with the new facilities. The Foundation also invested in WASH, Gender Equality, Girl's Empowerment, Food Security and the Importance of Girl's Education programmes within the school and wider community.

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Year ended 31 December 2022

Achievements and performance *(continued)*

Expansions completed in schools previously funded by the Costa Foundation

1. PEAS Pioneer High School, Uganda - new sanitation block opened February 2022.
2. PEAS Kampinda High School, Zambia - new girl's dormitory and classroom - opened February 2022.
3. PEAS Kabuta High School, Zambia - new girl's dormitory and teacher's housing - opened February 2022.
4. PEAS Bridge High School, Uganda - new A Level classroom - opened April 2022.
5. PEAS Aspire High School, Uganda - two new science labs - opened April 2022.
6. PEAS Noble High School, Uganda - new four classroom block - opened April 2022.
7. Basura High School, Ethiopia - three new science labs - opened July 2022.
8. Haru High School, Ethiopia - three new science labs - opened July 2022.
9. Dimtu High School, Ethiopia - three new science labs - opened July 2022.

Under construction; not yet completed

Signed off by the Board in 2021 and construction commenced during 2022. There were two school projects under construction which were signed off in 2021, commenced during 2022 but had not been completed by the end of the year. These include a multi-school project across three schools in Honduras. The projects are:

1. Santa Barbara 3 school projects, Honduras - Three school projects (expanding/improving existing government schools)
2. La Jalquilla Primary and Secondary School, Peru - New school

Signed off by the Board in 2022 and construction started in 2022.

There are eleven projects that were signed off by the Board during 2022 where construction commenced during the year but the projects were not completed by year-end. These projects were:

- 4 new schools
- 1 new school project
- 6 new school expansions

The details are as follows:

1. Adeyi Primary School, Ethiopia - new school signed off in May 2022
 2. Gerbi Gallo Primary School, Ethiopia - new school signed off in May 2022
 3. Harawa Kale Primary School, Ethiopia - new school signed off in May 2022
-

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Year ended 31 December 2022

Achievements and performance *(continued)*

4. San Carlos IEA School, Colombia - new school signed off in June 2022
5. 14 de Julio School, Nicaragua - new school signed off in October 2022
6. PEAS Kampinda High School, Zambia - expansion - new dormitory, classroom and fence signed off in May 2022
7. PEAS Kabuta High School, Zambia - expansion - new dormitory and classroom signed off in May 2022
8. PEAS Bwesumbu High School, Uganda - expansion - new teacher's housing & sanitary block plus solar panels - signed off in May 2022
9. PEAS Bridge High School, Uganda - expansion - two new dormitory & sanitation blocks plus science lab upgrade - signed off in May 2022
10. Wote Primary School, Ethiopia - expansion - new water reservoir
11. Adeyi Primary School, Ethiopia - expansion - two new water reservoirs

Investments in Education Support Programmes

As identified within our Strategic Plan for 2021-23, the Foundation has been seeking programmes to invest in with our delivery partners that will support the students using existing Costa Foundation funded schools and ensure a safe, quality education within the facilities we have already provided. Now that we have funded 103 new schools in ten countries around the world and given that we have provided in excess of 43,000 school places within those schools, it seems wise to find ways to improve the quality of the experiences the students are having whilst at school and to find ways to improve accessibility and safety for girls and boys.

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Year ended 31 December 2022

Achievements and performance *(continued)*

As a result, the Board signed off two new programmes during 2022,

1. Educate a Girl programme in Ethiopia with imagine1day - signed off in October 2022
2. Cycling for Success programme in Zambia with PEAS Zambia

As these programmes differ from our normal infrastructure investments, we have taken the opportunity to outline the programme details below. The "Educate a Girl" programme which we funded in collaboration with The Coca-Cola Foundation will see 200 "high achieving" girl students from particularly impoverished families attend Costa Foundation funded high schools through an innovative micro-finance programme with the girl's mothers, mentoring them in setting up and running a new business. The girls are guaranteed their full education at high school until graduation as a result of this programme.

The "Cycling for Success" programme in our two high schools in Zambia is collaboration with PEAS Zambia and World Bicycle Relief which will see 200 girls being provided with robust "Buffalo Bicycles" enabling them to travel safely to school from much further distances than walking alone will allow.

Maintenance Programmes

We endeavour to set up all of the schools we've funded to be self-sustaining and therefore not dependent on funding from the UK. This year and following our annual quality audits, none of the schools were identified for maintenance investment.

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, Uganda and Zambia as outlined above.

Monitoring, Evaluation & Impact

Given that the year continued to be disrupted by the Covid-19 pandemic with more than a billion children missing out on their education globally and all schools in Uganda shut for the entire year, the Foundation Board took the decision not to gather our usual monitoring & evaluation data for 2021 as the information would not have been useful when comparing it with previous "uninterrupted" school years. We will be applying our monitoring & evaluation processes to all of the schools in 2023 for the 2022 school year as this will enable us to evaluate a full year of education for the first time since the beginning of the pandemic. However, thanks to our delivery partners around the world, we have been able to identify some impact highlights and quotes from some of the schools, as outlined below:

HONDURAS

" Two out of three Costa Foundation funded schools were completed in San Nicolas and Las Vegas and the final school in San José is 80% completed. " We have completed training across all three schools on a number of different issues: around 1,100 participants (children, parents and teachers) have been trained on cyberbullying, prevention of teen pregnancy and prevention of violence. " For one of the trainings in the school we recorded a 100% commitment rate from participants to be replicated and scaled beyond the project through youth promoters. " This project has seen the success of radio campaigning, which has been a great way to engage large numbers of young people in the community particularly due to periods of covid restrictions still being in place. The 'Don't Spread

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Year ended 31 December 2022

Achievements and performance *(continued)*

Cyberbullying' radio campaign in the department of Santa Barbara led to the registering of between 1,000 and 1,500 daily WhatsApp messages or telephone communications.

"Thanks for the commitment with the school and especially with our young people, since we really have many of the problems that we have identified today (in the workshop with parents and teachers) which will help us to develop actions and counteract this problem (of violence)..."

Juan Blandin, Head of school

GUATEMALA

" In 2022 we have seen the completion of safe and secure learning spaces for two schools including 6 classrooms, 2 sanitary modules with full water supply and 2 dining halls. " Children and parents have told us that the new school facilities have enabled the impacted children to attend school every day - a jump from 2 days a week previously due to inadequate learning facilities. " 126 parents and 14 teachers have participated in training on the prevention of forced union and teen pregnancies. This includes increased engagement particularly with fathers (which had previously been very low) in the importance of education for girls and the role they play. " A highly successful inauguration event, organised by community members has ensured engagement from the wider community and municipal authorities.

"My parents received training in responsible parenthood and how to give me a better future. Beforehand, my father did not buy food for the house and after the training he brings it and no longer asks my mother."

(Alicia, 12) - As a result of training for fathers on safe food handling and nutrition.

"Now our young women and men have the opportunity to continue their studies and be able to excel. A couple of years ago, the reality of the community of San Vicente Campur was totally different. There were no opportunities for young people to continue the studies."

(Mother, 50)

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Year ended 31 December 2022

Achievements and performance *(continued)*

PERU

The Ministry of Education has promoted the internet connection in rural communities. The schools of Los Angeles de Eden (Kindergarten), Chuquibambilla (Secondary), S. Elena (Secondary), have applied to this service thanks to a coordinated management with the local Ministry of Education (UGEL PANGO). In addition, the Ministry of Education donated tablets to primary (4th, 5th & 6th grade) and secondary school students (one for each family). In the case of the secondary school in Santa Elena, there was a strong increase in the number of students enrolled, with more than 150 students and teachers. Due to the high demand, the school has received support from the Italian cooperation through Semillas, building a student residence and since 2021 the school has been part of the programme "Secondary school with student residence" receiving support from 13 educational supervisors who guaranteed continuous accompaniment to all students throughout 2022, strengthening values in hygiene, gender, care and nutrition. A large school garden was implemented, and all students have been fed with produce from this garden. In the Los Angeles de Eden nursery school, parents continue to improve the school infrastructure. In 2022 they have expanded by self-building a psychomotor classroom for the children and implementing playgrounds. In the secondary school of Chuquibambilla, the institution has accessed the programme of "education for work", strengthening the skills of young students in carpentry by receiving the donation of machinery from the municipality. The parents have set up a small roof for the development of these activities. In the school of Jerusalem de Miñaro, trees have grown and environmental education and knowledge of the ancestral forest and the planting of fruit trees has been promoted. "We are very pleased with this school, every day we are extremely grateful to the Costa Foundation for this opportunity, for the school garden, its spaces, its playground built in bamboo. Children feel happy. This school used to represent an issue for the community; every day there was a problem and something to be fixed. Now we have no more worries. Our children tell us they feel comfortable, happy and safe. Children are aware of the different construction technologies used and they are fascinated by them. Thanks to Semillas' work, now we understand how it is possible to build efficiently using innovative materials.

Jhonny Camasca - Vice President APAFA - Jerusalem de Minaro

"I am very grateful to the Costa Foundation and the entire Semillas team for their support and work to achieve together the construction of this school, as it is today. All the parents remember your commitment and work, and they have always supported this project with great strength and determination from day one. Now we are here, with a lot of children, with many projects and many ideas to improve the educational quality of this school, and to help them in their professional development."

Antonio Mauro Torres Salinas - Director - Santa Elena School

ETHIOPIA

The fact that Costa Foundation has been creating access to safe, quality education for children in coffee-growing communities during 2022 has resulted in:-

" Enrolment increasing by 54% (from 22,633 in 2020 to 34,873 in 2022). This increment is a remarkable achievement given the significant increase in the number of out of school children nationally over the same period of time due to the pandemic, internal conflict and drought. " Dropout rate decreased from the baseline of 6.6% to 3% " The gender parity index increased from 0.75 to 0.80

Girls' enrolment in Costa Foundation funded schools has increased substantially as in conjunction with imagine1day; the schools are now girl-friendly environments with WASH facilities, sanitary pad provision and the strengthening of gender clubs involving reusable sanitary pad production and training. The innovative investment in the "Educate a Girl" programme co-funded by the Coca-Cola

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Achievements and performance *(continued)*

Foundation has also supported by giving 200 high achieving girl students access to a high school education that would otherwise have been impossible for them to achieve.

"Our children are happily learning in comfortable classrooms constructed and furnished by Costa Foundation and imagine1day. Previous classrooms were made of sticks and mud exposing our children to various diseases and to rain and mud in the wet season. I could not be more grateful to Costa Foundation for liberating all of us parents from this worry"

Parent of student at Wote Primary School

"To tell you the truth; I have always had a strong interest in science. Since our high school had no science labs I was planning to sign up to social science when I moved on to preparatory school. Thanks to Costa Foundation who have constructed and furnished three new science labs for us, I am able to live my dream here in my home town".

Grade 10 student at Basura High School

The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

Achievements and performance *(continued)*

VIETNAM

Vietnamese legislation states that children cannot attend primary schools unless they can speak, Vietnam's national language - "Kinh". There are 54 ethnic tribes in the Central Highlands (where the coffee's grown) that do not speak Kinh. The Costa Foundation funds nursery schools here that provide teachers that speak both the local language and Kinh, the aim being to ensure all children attending the schools learn the national language and are therefore able to attend primary school in the future. In Vietnam in 2022, education for children returned to normal term times following the pandemic disruption of the previous two years. In the 24 Foundation nursery schools educating over 4,700 three to six year old children each year, 100% of the six year old's graduated successfully to primary school thanks to the early learning education the children received. "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

NICARAGUA

Eight years of work in Nicaragua shows a strengthened partnership between coffee industry actors (ECOM, Cafetalera Nicafrance and Peerless Coffee Co). Together we have created and expanded physical capacities so that children and young people have access to more and better quality education services.

- 1762 children attend the nine schools built by Costa Foundation.
- Two schools after expansion started secondary education provision.
- In 2022, 1,327 children continued to receive protein in school snacks.

- 72% of teachers in the schools were trained and coached in the development of teaching skills for mathematics.

"My generation had to pay to study secondary school in the neighbouring community, and now Fundación Nicafrance, together with the Costa Foundation, has contributed so that adolescents and young people in the area can study secondary school for free in their communities; and with the Satellite School, they have helped them to study technical careers and access the globalised world through the internet". With this investment, the professionals of the area have access to the network to search for information and to study online courses. Norvin Fabricio Hernández - ex pupil of Las Escaleras School "In our schools you can see happy children who see mathematics as a bridge, not a wall. They are taught with improved methodologies using appropriate materials and audiovisual and didactic resources made with materials from the environment. Teachers perform their work with improved quality as a result of the continuous training process through workshops and diploma courses."

The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

Achievements and performance *(continued)*

Mr Alvaro Mejia Cardenas - Facilitator - Project Chispa

UGANDA AND ZAMBIA

Costa/PEAS schools in Uganda and Zambia fully opened for the first time in two years in January 2022 and remained open for the whole school year. This was very much welcome for our students after the long closures and meant PEAS could focus on making up for the loss of learning on Costa/PEAS students. Investment from the Costa Foundation for expansions in two Costa/PEAS schools in Uganda and two in Zambia has helped to ensure our students have the best start in making up for this learning loss.

PEAS UGANDA

In Bridge Secondary School in Mitooma District, Western Uganda Costa Foundation invested in much needed boarding accommodation and PEAS were able to complete two additional dormitory extensions. Boarding students benefit from increased support around teaching and learning as they can do their homework on site with teacher support. These expansions have increased boarding capacity by 120 and will provide places for 6000 students over the lifetime of the school. Currently enrolment at Bridge Secondary school is 708. In Bridge Secondary school the additional provision of a shallow well and science lab upgrade has given the 708 students access to safe water and the opportunity to increase their knowledge in STEM subjects. In Bwesumbu secondary school in the Kasese district of South Western Uganda, the Costa Foundation provided a new Teachers House with a Teachers Sanitary Block. This has added 8 additional spaces for teachers to live on site.

PEAS ZAMBIA

In Kampinda Secondary School in the Northern Province of Zambia, enrolment at the end of Term 3 2022 was 660 which was just over-capacity for the school. The completion of a classroom block, thanks to the Costa Foundation, has added an additional 240 spaces for students. A new dormitory sanitary block and wall fence has increased safety at the school. In Kabuta Secondary School in Northern Province enrolment at the end of Term 3 was at 473 which was also at capacity, the provision of a new classroom block, thanks to the Costa Foundation, means that there will be an additional 240 places in 2023. A new dormitory sanitary block means that students no longer have to walk far in the night to the sanitary facilities.

"My name is Fridah and I am eighteen years old. I am in grade eleven at Peas Kabuta Secondary school and I am a boarding student at the school. In this community, there were no secondary schools. Now we have one and the kids don't need to walk so far anymore to go to school. PEAS have even helped the boarding students in paying school fees. I love living in the dorm as we have a lot of time to study, and there are no disturbances there."

Fridah - Student, PEAS Kabuta High, Zambia

COLOMBIA - CUNDINAMARCA

"I begin with a phrase from Nelson Mandela "Education is the most powerful weapon that can be used to transform the world."

As an educational institution we are aware of the importance of education and knowledge, which is why, from our classrooms, we encourage men and women to make their dreams come true.

Before the implementation of the project, our institution had been deteriorating due to high rainfalls and

The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

Achievements and performance *(continued)*

water filtrations in the facilities, causing permanent suspensions in the day-to-day academic activities, which delayed the development of learning, causing students, teachers, and parents insecurity, and discomfort. It was a place of high risk and unattractive for a good performance in the educational process.

It is gratifying to know that there are still institutions like Costa Coffee that contributes to making the environment for educators and students pleasant, comfortable, entertaining, and safe Today, thanks to this project, we have a built area of 551m2 which includes a space for a library, school restaurant, kitchen, archive, teachers' room with bathroom, teaching materials room, principal's office with bathroom, biology and physics laboratories. and chemistry and likewise circulation areas, where approximately 200 students are currently trained.

"This educational institution is located in the rural part of the San Juan de Rioseco municipality, Santa Teresa village, near the main road, its modern educational spaces being visible and attractive."

Carlos Fernando Vargas Garzon - Rector at Santa Teresa School, Cundinamarca

COLOMBIA NARIÑO

2022 was the year when Fundacion Carcafe signed the fourth agreement with Costa Foundation to build our fourth school in Nariño, the Southern West corner of Colombia.

We have completed three school blocks in Nariño in the coffee growing municipalities of San Lorenzo, La Union and Taminango and now we started building our fourth in Colon-Genova. So far, we have built 30 new classrooms with their corresponding restrooms for boys and girls. For one of the schools, we also built a kitchen, dining area, pantry and sports area. In the four occasions we have worked with existing schools run by Nariño state to make sure the new premises kept running. Sometimes we had to demolish existing classrooms that were obsolete and presented a risk for children's lives and built new ones instead. The total number of students of the 4 schools is 2,094; the ratio boys and girls is usually 51% vs. 49%. (Note that students not only use the 30 new classrooms, but also the old classrooms that were still in working order).

We are very proud to mention that all new premises have been built under the strictest technical requirements of Colombian earthquake-resistant regulations, the NSR10. This is especially important when building structures in regions located on the Pacific Rim, like Nariño. Due to our geographic location in the tropics, we took in consideration for the school design, some basic principles of bioclimatic architecture, so our classrooms we well ventilated, enjoy of plenty of sunlight, had high ceilings with ventilation shafts for crossed ventilation. These criteria turned to be ideal when our children return to school after the pandemic, as our new premises complied perfectly with all government requirements for COVID prevention. "For the Puerto Remolino Eco-Tourist Educational Institution to have been the beneficiary of the project for construction of 8 classrooms has been the first opportunity for the students there to enjoy beautiful well-built and carefully designed facilities with adequate protection for the extreme weather conditions of the area. These new learning spaces; adapted to modern learning technologies will allow the students to improve their academic and behavioural performance, promoting wider access for them to both public and private universities. All of this will contribute greatly to the development of the region and the municipality of Taminango. We are truly grateful to Costa Foundation and Fundacion Carcafe for giving this fantastic gift to the school and the wider community. We; as well as future generations will bear witness to the huge boost that this great project will give in the longer term"

Carlos Dario Pasaje - Principal - El Remolino School

The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

Achievements and performance *(continued)*

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 2022 was £1,287,715 (2021: 1,967,922) The reduction in income is due to lower Donations from sales of merchandise in Costa stores.

£1,053,018 was paid out or formally committed to in the year 1 January 2022 to 31 December 2022 and a further £154,781 was committed to projects subject to conditions being met. Other expenditure of £113,905 was made in respect of management of the projects and costs relating to the running of the Foundation. Reserves at 31 December 2022 amounted to £1,173,586 (31 December 2021: £1,052,794).

Reserves and Investment Policy

The Reserves at the year-end of £1,173,586 are held mainly by the Foundation and partly by Charities Trust. Since the year end the Trustees have agreed further project expenditure of £585,000. 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.

The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

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 Trustees strategic plan for 2020-2023 includes the Foundation's strategic goal to help 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. After two years of that plan, we have funded 11 new schools providing 5,250 school places and 6 school projects as well as 19 school expansions. We are well on our way to meeting our goal. The second strategic goal was that by 2023, the Foundation will have helped fund programmes to ensure that at least 45% of secondary school leavers are girls. Two programmes have now been funded, the "Educate a Girl" programme in Ethiopia and the "Cycling for Success" programme in Zambia. It's early days yet and data will not be available until 2024, however both programmes focus on providing better access to education for girls (as well as boys) and we are excited at the prospect of funding more programmes in the future.

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

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 2022

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.

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 20 June 2023 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 2022

Opinion

We have audited the financial statements of The Costa Foundation (the 'charity') for the year ended 31 December 2022 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 2022 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 2022

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 2022

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.

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:

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 2022

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.

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


The Costa Foundation

Company Limited by Guarantee

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

Year ended 31 December 2022

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 2022

		2022		2021	
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	1,233,566	54,149	1,287,715	1,967,922
Total income		<u>1,233,566</u>	<u>54,149</u>	<u>1,287,715</u>	<u>1,967,922</u>
Expenditure					
Expenditure on charitable activities	6,8	1,145,458	21,465	1,166,923	1,802,610
Total expenditure		<u>1,145,458</u>	<u>21,465</u>	<u>1,166,923</u>	<u>1,802,610</u>
Net income and net movement in funds		<u>88,108</u>	<u>32,684</u>	<u>120,792</u>	<u>165,312</u>
Reconciliation of funds					
Total funds brought forward		1,051,309	1,485	1,052,794	887,482
Total funds carried forward		<u>1,139,417</u>	<u>34,169</u>	<u>1,173,586</u>	<u>1,052,794</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 29 to 36 form part of these financial statements.

The Costa Foundation
Company Limited by Guarantee
Statement of Financial Position
31 December 2022

	Note	2022 £	2021 £
Current assets			
Debtors	14	20,577	440,774
Cash at bank and in hand		1,491,549	1,153,793
		<u>1,512,126</u>	<u>1,594,567</u>
Creditors: amounts falling due within one year	15	338,540	541,773
Net current assets		<u>1,173,586</u>	<u>1,052,794</u>
Total assets less current liabilities		<u>1,173,586</u>	<u>1,052,794</u>
Funds of the charity			
Restricted funds		34,169	1,485
Unrestricted funds		1,139,417	1,051,309
Total charity funds	17	<u>1,173,586</u>	<u>1,052,794</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 20 June 2023, and are signed on behalf of the board by:

DocuSigned by:

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G Mowat
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 29 to 36 form part of these financial statements.

The Costa Foundation
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 December 2022

	2022	2021
	£	£
Cash flows from operating activities		
Net income	120,792	165,312
<i>Adjustments for:</i>		
Interest payable and similar charges	221	–
<i>Changes in:</i>		
Trade and other debtors	420,197	(78,831)
Trade and other creditors	(203,233)	(2,902)
Cash generated from operations	337,977	83,579
Interest paid	(221)	–
Net cash from operating activities	<u>337,756</u>	<u>83,579</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	–	(370)
Net cash used in financing activities	<u>–</u>	<u>(370)</u>
Net increase in cash and cash equivalents	337,756	83,209
Cash and cash equivalents at beginning of year	1,153,793	1,070,584
Cash and cash equivalents at end of year	<u>1,491,549</u>	<u>1,153,793</u>

The notes on pages 29 to 36 form part of these financial statements.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements

Year ended 31 December 2022

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 in the Trustee's Annual Report.

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.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Foreign exchange

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

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 2022

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Donations			
Donations from sales of merchandise in Costa stores	363,683	–	363,683
Store Fundraising	697,344	6,630	703,974
Matched Giving	–	–	–
Donations from Costa	80,000	–	80,000
Donations from fundraising	20,413	–	20,413
General and gift aid donations	47,440	40,000	87,440
Payroll Giving	24,686	7,519	32,205
Corporate Donations	–	–	–
	<u>1,233,566</u>	<u>54,149</u>	<u>1,287,715</u>
	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
	<u>1,956,437</u>	<u>11,485</u>	<u>1,967,922</u>

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

6. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Project Expenditure (note 9)	1,031,553	21,465	1,053,018
Project management costs	75,736	–	75,736
Costs of raising funds	3,761	–	3,761
Support costs	34,408	–	34,408
	<u>1,145,458</u>	<u>21,465</u>	<u>1,166,923</u>

	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>

7. Governance costs

	Unrestricted funds £	Restricted funds £	Year ended 31/12/2022 £	Year ended 31/12/2021 £
Audit fees	5,725	–	5,725	6,642
Trustee insurance	1,677	–	1,677	1,983
Training	–	–	–	–
Trustee expenses	476	–	476	105
Other	26,530	–	26,530	8,600
	<u>34,408</u>	<u>–</u>	<u>34,408</u>	<u>17,330</u>

8. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2022 £	Total fund 2021 £
Project Expenditure (note 9)	1,053,018	–	–	1,053,018	1,717,440
Project management costs	75,736	–	–	75,736	63,691
Costs of raising funds	–	3,761	–	3,761	4,149
Governance costs	–	–	34,408	34,408	17,330
	<u>1,128,754</u>	<u>3,761</u>	<u>34,408</u>	<u>1,166,923</u>	<u>1,802,610</u>

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

9.

Included in project expenditure is:

	2022	2021
	£	£
FX adjustment on US projects	16,531	(21,680)
E1 Adame Yirgachefe upgrade	–	16,635
Cerro Grande, Nicaragua	–	31,150
Santa Teresa Primary, Colombia	–	22,219
Kumbi Primary, Ethiopia	–	514
Hawo Primary, Ethiopia	–	355
Santa Emilia Primary School	–	16,152
Ea H'Ding Nursery School	–	11,204
Hoa Trung Nursery School	–	12,839
Sanitation upgrades imagine 1 day	–	2,805
El Huabo	–	8,780
La Estrellita Primary School	–	135
Jinotega	(8,081)	–
Gew Primary	–	52,271
Georgino Andrade	–	72,303
Malka Arba	720	72,582
Santa Barbara 3	18,560	93,099
Angeto Primary	10,644	50,692
La Esperanza	144	70,593
La Jalquilla Primary	(50,985)	64,965
Wote Primary	21,210	108,197
San Pedro Carcha 2	(2,093)	78,634
Pioneer High School girls	–	13,946
Bridge High School	72,991	29,399
Noble High New Block	–	30,699
Aspire Science Block	–	18,657
Basura High School	(522)	44,505
Haru High School	(521)	44,479
Kampinda Girls	87,609	99,238
E1 Kabuta Girls	80,551	100,535
Dimtu High Science Lab	(521)	44,479
San Carlos IEA	98,550	–
Adeyi Primary School	89,166	–
Garbi Galo Primary School	89,154	–
Harawa Kale Primary School	47,600	–
Bwesumbu High School		
Expansion	43,796	–
Adeyi Primary School Water Reservoir	5,569	–
Educate a Girl	47,733	–
Cycling for Success	50,381	–
Wote Primary School Water Reservoir	1,958	–

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

Other project related	1,984	10
Committed, not paid:		
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	15,727	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
14 de Julio School	108,241	–
La Jaquilla	51,011	–
Adeyi Primary School	10,383	–
Garbi Galo	10,383	–
Harawa Kale	41,527	–
San Carlos IEA	93,618	–
	<u>1,053,018</u>	<u>1,717,440</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.

11. Net income

Net income is stated after charging/(crediting):

	2022	2021
	£	£
Fees payable for the audit of the financial statements	<u>5,725</u>	<u>6,642</u>

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 2022 (31 December 2021: £NIL). Included in the above is £476 of reimbursed expenses to two trustees (31 December 2021: £105 to one trustee). Trustee Indemnity Insurance was also in place during the period.

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

14. Debtors

	2022	2021
	£	£
Amounts due from Costa Limited	17,175	436,331
Prepayments and accrued income	330	–
Other debtors	3,072	4,443
	<u>20,577</u>	<u>440,774</u>

15. Creditors: amounts falling due within one year

	2022	2021
	£	£
Project expenditure committed, not paid	330,860	527,768
Other creditors	7,680	14,005
	<u>338,540</u>	<u>541,773</u>

16. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2022 Total Funds £	2021 Total Funds £
Current assets	1,477,957	34,169	1,512,126	1,594,567
Current liabilities	(338,540)	–	(338,540)	(541,773)
	<u>1,139,417</u>	<u>34,169</u>	<u>1,173,586</u>	<u>1,052,794</u>

17. Analysis of charitable funds

Unrestricted funds

	At 1 Jan 2022 £	Income £	Expenditure £	At 31 Dec 2022 £
General funds	<u>1,051,309</u>	<u>1,233,566</u>	<u>(1,145,458)</u>	<u>1,139,417</u>

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

The Costa Foundation

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

17. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 Jan 2022	Income	Expenditure	At 31 Dec 2022
	£	£	£	£
Restricted Fund	1,485	54,149	(21,465)	34,169

	At 1 Jan 2021	Income	Expenditure	At 31 Dec 2021
	£	£	£	£
Restricted Fund	–	11,485	(10,000)	1,485

During the year the Foundation received four donations which had restrictions imposed. £1,951 and £5,568 were received from COSTA Malta/SIGMA Foundation and was to be spent on new water reservoirs in Ethiopia. This was spent in full in the year. \$8,000 was also received as a restricted donation from Jim's Organic Coffee. This was unspent as at the year end. £40,000 was received from Allegra/Project Waterfall. This was to be spent on two projects. A sanitation block at PEAS school in Uganda. This was completed in year. A water and sanitation project was also requested at La Jacquilla School, Peru. This was not yet started at year end.

18. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	1,153,793	337,756	1,491,549

19. Commitments

The Costa Foundation had commitments of £154,781 (31 December 2021 £68,723) at the year end. These have not been provided for in the financial statements as they are subject to conditions being met before payment.

20. 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 Gordon Mowat were directors of Costa Limited.