



INTERNATIONAL
COFFEE
ORGANIZATION



FA 343/23

3 March 2023
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Finance and Administration Committee
57th Meeting
16 March 2023
London, United Kingdom

**Administrative Accounts of the
Organization for financial year
2021/22 and Report of the Auditors**

RESTRICTED

Background

In accordance with Rule 14 of the Financial Rules and Financial Regulations of the International Coffee Organization, the Executive Director presents the Annual Accounts of the Organization for the period referred to above and the Report of the Auditors thereon.

Action

In accordance with Rule 14 of the Financial Rules and Financial Regulations of the Organization, the Finance and Administration Committee shall submit for approval the Annual Accounts and the Auditor's Report together with its observations thereon to the Council at its next Session.

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

STATEMENT OF ASSETS AND LIABILITIES

Note	As at 30 September 2022 £	As at 30 September 2021 £
CURRENT ASSETS		
1	393,998	298,876
	(Annex A)	
2	635,489	600,665
	(Annex B)	
3	(578,225)	(509,993)
	(Annex C)	
	Debtors (Annex D)	197,222
	302,744	
	Balance with bankers and cash in hand	1,449,680
	<u>1,235,820</u>	<u>1,449,680</u>
	1,989,826	2,036,450
LESS: CURRENT LIABILITIES AND PROVISIONS		
	Creditors and Provisions (Annex E)	435,087
	336,732	
4	25,776	15,045
	Amounts held on behalf of Members (Annex F)	
5	112,348	120,500
	LESS: AMOUNTS SET ASIDE (Annex G)	
	<u>1,514,970</u>	<u>1,465,818</u>
	<u>1,514,970</u>	<u>1,465,818</u>
	RESERVE FUND	RESERVE FUND

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

INCOME AND EXPENDITURE

Note	As at 30 September	
	2022	2021
	£	£
	<u>1,912,972</u>	<u>1,949,434</u>
Contributions (Annex H)	1,912,972	1,949,434
Interest earned	1,796	0
Other income	<u>17,939</u>	<u>20,411</u>
	1,932,707	1,969,845
7	<u>1,814,058</u>	<u>1,859,793</u>
Less: Administrative expenditure (Annex I)	118,649	110,052
Less: Provisions for outstanding contributions	68,351	58,073
8	<u>50,298</u>	<u>51,979</u>
(Deficit)/Surplus carried to Reserve Fund		

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

OUTSTANDING CONTRIBUTIONS FROM PREVIOUS YEARS AS AT 30/09/2022

	1991 - 95 prior years £	2001 - 12 prior years	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Total £	
	1991 - 95 prior years £	2001 - 12 prior years	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Sub-total	Total £
Bolivia								991	6,520	6,520	-	14,031	14,031
Burundi									160	7,824	5,652	13,636	13,636
Central African Republic			8,826	8,826	8,826	8,826	7,355	7,355	6,520	6,520	5,652	63,054	63,054
Congo D.R. of										6,960	5,652	12,612	12,612
Congo Republic of		39,505								-		39,505	39,505
Cuba										6,395		6,395	6,395
Dominican Republic		30,729								-		30,729	30,729
Ecuador										1,914	9,420	11,334	11,334
Gabon											569	569	569
Ghana											4,710	4,710	4,710
Guinea		108,759								-		108,759	108,759
Liberia	9,862	11,808	7,355	7,355	7,355	7,355	7,355	7,355	6,520	6,520		78,840	78,840
Malawi		1,486	7,355	7,355	7,355	7,355	7,355	7,355	6,520	6,520		58,656	58,656
Sierra Leone										6,520	4,710	11,230	11,230
Tanzania											10,362	10,362	10,362
Timor Leste										83	5,652	5,735	5,735
Tunisia										-	10,478	10,478	10,478
Venezuela								7,133	6,520	6,520		20,173	20,173
Yemen			2,445	7,355	7,355	7,355	7,355	7,355	6,520	6,520		52,260	52,260
Zambia					4,839	7,355	7,355	7,355	6,520	6,520		39,944	39,944
Zimbabwe				16	7,355	7,355	7,355	7,355	6,520	6,520		42,476	42,476
Total	9,862	192,287	25,981	30,907	43,085	45,601	44,130	52,254	52,320	81,856	57,205	456,495	635,489

Total provision for uncollectible accounts as of 30 September 2022

635,489

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

OUTSTANDING CONTRIBUTIONS FROM PREVIOUS YEARS AS AT 30/09/2021

	1991 - 95 prior years £	2001 - 12 prior years £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	Total £
	1991 - 95 prior years £	2001 - 12 prior years £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £	Sub-total
Bolivia								991	6,520	6,520	14,031
Burundi									160	7,824	7,984
Central African Republic			8,826	8,826	8,826	8,826	7,355	7,355	6,520	6,520	63,054
Congo D.R. of										6,960	6,960
Congo Republic of		39,505								-	39,505
Cuba										6,395	6,395
Dominican Republic		30,729								-	30,729
Ecuador										1,914	1,914
Guinea		108,759								-	108,759
Liberia	9,862	11,808	7,355	7,355	7,355	7,355	7,355	7,355	6,520	6,520	78,840
Malawi		1,486	7,355	7,355	7,355	7,355	7,355	7,355	6,520	6,520	58,656
Sierra Leone										6,520	6,520
Timor Leste										83	83
Venezuela								7,133	6,520	6,520	20,173
Yemen			2,445	7,355	7,355	7,355	7,355	7,355	6,520	6,520	52,260
Zambia					4,839	7,355	7,355	7,355	6,520	6,520	39,944
Zimbabwe				16	7,355	7,355	7,355	7,355	6,520	6,520	42,476
Total	9,862	192,287	25,981	30,907	43,085	45,601	44,130	52,254	52,320	81,856	578,225

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

DEBTORS

AS AT 30 SEPTEMBER 2022

		£
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Government of the United Kingdom:		
Value Added Tax	79,715	
Foreign Office	<u>82,523</u>	
		162,239
Prepayments		92,162
Interfund account due from Special Fund		3,392
WCC - India		5,549
Private Medical Insurance - Staffs		1,100
Provident Fund		4,347
Miscellaneous		33,956
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Total		302,744
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INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

CREDITORS AND PROVISIONS

AS AT 30 SEPTEMBER 2022

	£
Old Premises - Berners Street	34,284
Positively Coffee Millennial	103,079
Media	100,751
IACO	2,986
All Japan Coffee Association	2,263
Suppliers	35,262
Accruals	22,001
Trust Fund	2,796
Miscellaneous	33,312
Total	336,732

ANNEX F

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

**AMOUNTS HELD ON BEHALF OF MEMBERS AND FORMER MEMBERS
AS AT 30 SEPTEMBER 2022**

Member	£
Benin	1,344
El Salvador	837
Honduras	20,493
Madagascar	2
Nigeria	2,828
Panama	261
Uganda	11
Total	25,776

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

AMOUNTS SET ASIDE
AS AT 30 SEPTEMBER 2022

	Balance as at 30 Sep 2021 £	Transfer to Reserves Fund for the year £	Transfer from Reserves Fund for the year £	Transfer from Inc. & Expend. for the year £	Balance as at 30 Sep 2022 £
Interpretation/Translation	8,000	(8,000)			
Audit Fee	3,000	(3,000)		10,000	10,000
Programme of Activities	18,000	(18,000)		20,000	20,000
Personnel Costs	85,000	(85,000)	45,000	12,744	57,744
Premises	3,000	(3,000)	8,000	-	8,000
Replacement of Computers	3,500	(3,500)	3,500	13,104	16,604
					-
Total	120,500	(120,500)	56,500	55,848	112,348

INTERNATIONAL COFFEE ORGANIZATION

CONTRIBUTIONS TO THE ADMINISTRATIVE BUDGET
FOR THE FINANCIAL YEAR 2021/22

Member	Contribution at £953 per vote assessed 30-Sep-22
	£
Angola	4,765
Brazil	275,417
Cameroon	6,671
Colombia	97,206
Costa Rica	12,389
Côte d'Ivoire	15,248
El Salvador	8,577
Ethiopia	31,449
European Union	
Austria	
Belgium/Luxembourg	
Bulgaria	
Croatia	
Cyprus	
Czech Republic	
Denmark	
Estonia	
Finland	
France	
Germany	
Greece	
Hungary	
Ireland	
Italy	
Latvia	
Lithuania	
Malta	
Netherlands	
Poland	
Portugal	
Romania	
Slovakia	
Slovenia	
Spain	
Sweden	
United Kingdom	
	634,698

Member	Contribution at £953 per vote assessed 30-Sep-22
£	
Gabon*	2,990
Ghana	4,765
Honduras	52,415
India	46,697
Indonesia	51,462
Japan	100,065
Kenya	10,483
Madagascar	4,765
Mexico	24,778
Nepal	4,765
Nicaragua	22,872
Nigeria**	3,982
Norway	14,295
Panama	4,765
Papua New Guinea	10,483
Peru	32,402
Philippines	4,765
Russian Federation	76,240
Rwanda	6,671
Switzerland	44,791
Tanzania	10,483
Thailand	5,718
Timor-Leste	5,718
Togo	5,718
Tunisia	11,436
Uganda***	38,120
United Kingdom	71,475
Vietnam	153,433
Total	1,912,972

* On 14 February 2022, Gabon paid its outstanding arrears to the ICO. According to the terms of Resolution 470 the membership of Gabon has been restored.

** Nigeria became a Member of the ICO under the ICA 2007 on 1 November 2021.

*** The withdrawal of Uganda became effective on 2 February 2022.

ANNEX I

INTERNATIONAL COFFEE ORGANIZATION

ADMINISTRATIVE ACCOUNT

ADMINISTRATIVE EXPENITURE

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Administrative Budget adopted by the Council £	Expenditure incurred or set aside as shown in Income and Expenditure Account £	Regular Fund £
1 Personnel	1,293,000	1,247,467	45,533
2 Language services under contract	93,650	83,692	9,958
3 Special contracts	12,000	5,688	6,313
4 Travel	11,000	8,196	2,804
5 Communications	8,600	7,551	1,049
6 Premises	309,750	312,452	-2,702
7 Other operating costs	36,000	32,473	3,527
8 Computer related costs	40,000	38,304	1,696
9 Council meeting costs	10,000	9,475	525
10 Programme of Activities	67,000	68,760	-1,760
Total	1,881,000	1,814,058	66,942

INTERNATIONAL COFFEE ORGANIZATION
ADMINISTRATIVE ACCOUNT
NOTES FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. Contributions outstanding from 2021/22: £393,998

The amounts under this item are shown in Annex A.

2. Contributions outstanding from previous years: £635,489

The amounts under this item are shown in Annex B.

3. Provisions for outstanding contributions: £578,225

The amounts under this item are shown in Annex C.

4. Amounts held on behalf of Members and former Members: £25,776

The amounts under this item are shown in Annex F.

5. Amounts set aside: £112,348

This item represents expenditure for which provision was made in the Administrative Budget for 2021/22 and earlier years but not incurred before 30 September 2022 and which has been carried forward to be used in the financial year 2022/23 for the purposes for which it had been provided.

6. Reserve Fund: £1,514,970

	£
Balance as at 1 October 2021	1,465,818
Add:	
Carried from Income and Expenditure Account	118,649
Transfer from 'Set Aside' Account	64,000
Recovery on Provision for the outstanding Contributions	13,505
Less:	
Amounts transferred re Termination of Contracts	(65,205)
Provision for the outstanding contributions	(81,856)
Balance as at 30 September 2022	1,514,970

7. Administrative Expenditure: £1,814,058

The expenditure in 2021/22 was £1,814,058 compared to the authorized expenditure of £1,864,000. The amounts under this item are shown in Annex I.

8. Surplus carried to Reserve Fund: £50,298

Revenue received in excess/(deficit)
of the amount provided:

	<u>£</u>
Interest	1,796
Other income	17,939
Authorized expenditure	98,914
Provisions for outstanding contributions	(68,351)
Surplus carried to Reserve Fund	<u>50,298</u>

Contributions assessed for the financial year 2021/22 amounted to £1,912,972 (Annex G).

9. Positively Coffee: £103,079

The Board of the Institute for Scientific Information on Coffee (ISIC) agreed to fund the Positively Coffee Programme from 2002 to 2009, contributing £50,000 per annum. The Promotion Fund agreed to contribute US\$50,000 per annum, also up to 2008/09. The Organization administered this income on behalf of the Positively Coffee Programme but the amounts did not pass through the Income and Expenditure Account. A summary of income and expenditure to 30 September 2022 is as follows:

	<u>£</u>
Balance brought forward at 1 October 2021	103,079
Expenditure	<u>0</u>
Available balance at 30 September 2022	<u>103,079</u>

The balance is included in Creditors and Provisions.

10. Obligation under leases

The Organization leases offices at 222 Gray's Inn Road, London, under an agreement which expires on 16 June 2025.

11. US dollar balances

US dollar balances have been converted to sterling at a rate of US\$1.09297 = £1, being the closing exchange rate on 30 September 2022.

12. Accounting Policies

a. Basis of accounting

The accounts have been prepared on a historical cost and going concern basis and in accordance with the International Coffee Organization's Accounting Policies as detailed below.

The Executive Director acknowledges that the continuing ability of the organization to meet its financial obligation and continue as a going concern is dependent on the members continuing to be in a position to make contributions.

The Executive Director expects contributions to continue to be made as budgeted.

In light of this, the Executive Director has considered the appropriateness of the going concern basis of accounting in the preparation of these financial statements.

b. Tangible fixed assets

Tangible fixed assets are written off through the Income and Expenditure Account in the financial year in which they are acquired.

c. Unbudgeted expenditure

Unbudgeted expenditure approved by the Members is taken directly from reserves.

d. Deferral of expenditure

Expenditure which is authorized but not incurred may be carried forward to subsequent financial years subject to the approval of the Members.

e. Provision for outstanding contributions

A provision is included for all outstanding contributions greater than 2 years for the year ending 30 September 2022.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INTERNATIONAL COFFEE ORGANIZATION (ICO) IN RESPECT OF THE ADMINISTRATIVE FUND.

Opinion

We have audited the administrative accounts of the International Coffee Organization (the 'Organization') for the year ended 30 September 2022 which comprise the Statement of Assets and Liabilities, an Income and Expenditure account, Annexes A to I and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with Article 23 of the International Coffee Agreement 2007 and the relevant accounting policies in note 12.

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 Organization 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.

Emphasis of Matter – Basis of Accounting

We draw attention to note 12 to the financial statements, which describes the basis of accounting. The financial statements are provided for the information of the organisation's members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Executive Director

The Executive Director is responsible for the preparation of the financial statements in accordance with Article 23 of the International Coffee Agreement 2007 and for such internal control as the directors 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 Executive Director is responsible for assessing the Organization'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 directors either intend to liquidate the Organization 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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Organization'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 Organization to cease to continue as a going concern.

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 Organization's members, as a body, in accordance with our engagement letter dated 6 November 2020. Our audit work has been undertaken so that we might state to the Organization's members those matters we are required to state to them in 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 Organization and the Organization's members as a body, for our audit work, for this report, or for the opinions we have formed.



Barnes Roffe LLP

Barnes Roffe LLP
Registered Auditors
Leytonstone House
Leytonstone
London
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Date: 01 March 2023