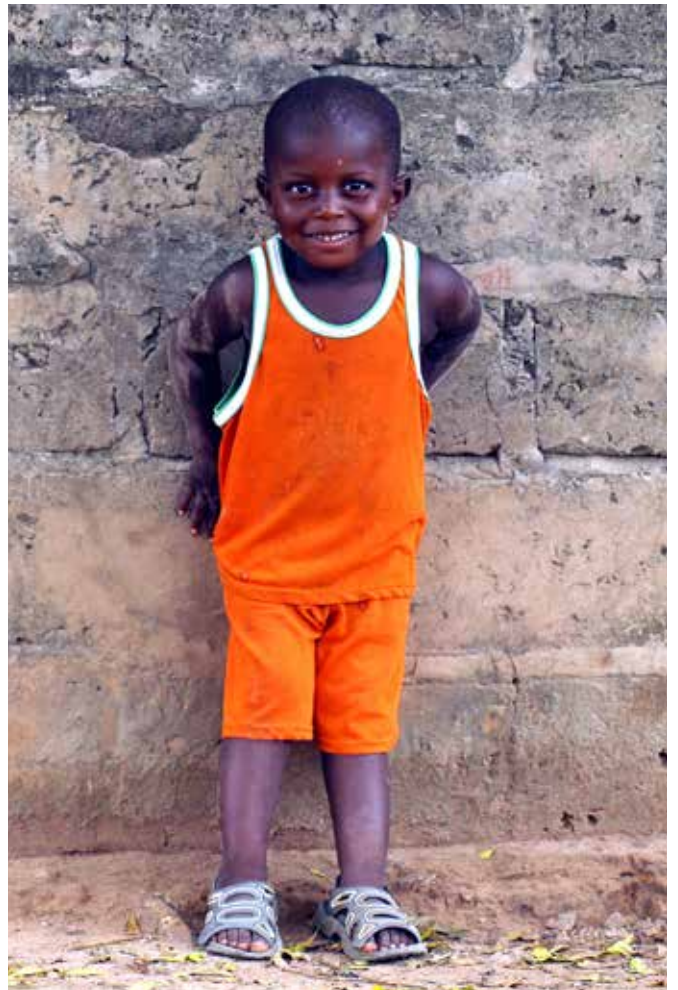


Annual Report 2013



gorta

make hunger history



Grace Bii, participant in Gorta's Keringet Programme, Kenya

Annual Report 2013

Front Cover photos from top, clockwise: **1)** Husina Bakari (13yrs) sorting beans, Kwakao Village, Tanzania. **2)** Lamin (3yrs), The Gambia. **3)** Abigael Chelgat, mother Winny Chepkurui Koskei and grandmother Esther Bore, Keringet, Kenya. **4)** Virginie (50yrs), Rwanda. **5)** Mark Luswata (7yrs), Kibeke Village, Central Uganda.



Beatrice Chemutai Chepkwony in Keringet, Kenya

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24.8%
of the population in
Sub-Saharan Africa
are undernourished
(FAO, 2013)

**842
million**
people do not eat
enough to lead a
healthy life (FAO, 2013)

**\$450
Billion**
The amount hunger costs
developing countries annually in
lost GDP (USAID, 2011)

60%
of the world's
ecosystems are
used unsustainably
(FAO, 2010)

CHAIRMAN'S REPORT: AMBITION – A DRIVING FORCE

Development agencies have a strong desire to achieve change and transformation. Transformative ambition is at the core of all world-class organisations and indeed is the driving force in all our work and critical decision making at Gorta.

Approaching its 50th anniversary, Gorta has worked alongside communities right across the world, increasing their sense of empowerment and capacity, which in turn allows them to achieve increased wellbeing and ultimately economic prosperity. In recent years we have focused on East Africa, where we are engaging in programmes that enhance food production and improve rural livelihoods.

However, it is vital to always strive for more. In doing so, we have a vision of becoming Ireland's leading NGO in support of smallholder farmers in Africa.

Self Help Africa is a like-minded organisation that has been working in sub-Saharan Africa for 30 years. It follows a very similar approach to Gorta, helping smallholder farmers access markets and work their way out of poverty. Both organisations work in similar technical areas focusing on agricultural development; with specific expertise in nutrition, food security and enterprise development. These parallels present a unique and exciting opportunity to work together, to deliver more effective and efficient programmes for our beneficiaries, donors and supporters.

Gorta has always striven to be a leader and to help create a dynamic, efficient and creative international development sector in Ireland. A merger with Self Help Africa presents an excellent chance for us to achieve more, and indeed drive change and innovation throughout the sector.

Our plan for the future is strong, focused and ambitious. Working together, Gorta and Self Help Africa will realise concrete results, such as enhanced agriculture production, improved nutrition and profitable local enterprises.

The potential that exists in Africa is remarkable. We will continue to ensure that communities are given the skills and knowledge to produce their own food and achieve prosperity, but we will also encourage communities to dream bigger and look further to profitable business ventures.

Central to this will be a clear focus on training, so that smallholder farmers will have a greater understanding of costs and markets. Gorta will promote 'farming as a business' – much like how the agri-business sector in Ireland once began. It is vital that entrepreneurial instincts are nurtured to ensure strong local economies, which will ultimately play a key role in Africa's imminent and enduring success.

To do this, a strong sense of ambition is crucial. Both organisations - through our staff, supporters, and beneficiaries have just that, and more. I look forward to playing a part in continuing Gorta's work, with a renewed sense of passion and an enthusiasm for positive change.

With your continued support, the future of this new entity is bright.

Le mise le meas,

Sean Gaule, Chairman

“Gorta will promote ‘farming as a business’ – much like how the agri-business sector in Ireland once began.”
Sean Gaule, Chairman



Sean Gaule, Chairman

CEO REPORT: A YEAR OF CHANGE

2013 was a year of significant change for Gorta. In 2012 we completed an organisational review and decided Gorta was at a stage in its life where it needed to either scale up and look at new opportunities, or be permanently affected by the economic downturn

At Gorta, our main priority is the transformative work that we carry out overseas – which is about changing lives and having an impact. It was vital that we looked at prospects that were going to increase our capabilities in that area.

Discussions about a possible merger with Self Help Africa began in late 2013. As both organisations got to know each other better, the possibility for synergies and increased impact became very evident. Technical and legal due diligence processes were conducted in the first quarter of 2014 and were positive on both sides. With the finalisation of legal documentation, we expect that our new merged organisation will help us deliver more services to poor people.

As a result of 2013 being a transitional year for the organisation, our programme spend was significantly lower than what we would expect normally. This decision not to spend was a strategic one as we concentrated our efforts fully on the merger. However, once our financial accounts are consolidated with Self Help Africa, we will see a number of cost efficiencies and a significant increase in our overall programme spend in 2014.

On the programmes side, a major highlight from 2013 was the opening of a €3.4 million health and rehabilitation centre in Tamil Nadu, India, and the culmination of an ambitious project which began in 2007. The health centre is the first of its kind in southern India, and will cater for hundreds of children with mild disabilities in the region. It is an excellent example of how collaboration between NGOs and the private sector can have a wide-ranging and substantial impact. The construction was funded by Gorta, overseen by Cork based project management company PM Group and will be run by local NGO, SCAD (Social Change and Development).

However, most of our programme focus continued to be in Africa, primarily in Kenya, Uganda, Tanzania and Zambia.

Food security and nutrition initiatives were scaled up with a number of partners, most notably ARDAP (Appropriate Rural Development Agriculture Programme) in Kenya, where greater links were established between agriculture and nutrition initiatives with emphasis on organic farming, agro-forestry and soil and water conservation.

Water and sanitation work continued successfully with our partners most notably THAD (Twegatte for Health and Development) and LADA (Literacy Action and Development Agency) in Uganda. These initiatives covered the provision of clean and safe water as well as training on hygiene and sanitation, which resulted in significant decrease of water related illnesses and reduction of the water collection burden for women and children. Such time saving allows for other activities, including income generation and schooling for children.

Gorta supported business and enterprise development initiatives continue to show progress, most notably with our Zambian partners - EDZ (Environment and Development) in the area of honey production and fish farming and ANR (Alliance for Nutrition and Reconstruction) in the area of dried vegetable processing.

Strategic collaboration continued with partners in Rwanda and The Gambia as well, where new opportunities for South-South learning arose.

Overall I am happy to report continued positive impact of Gorta's programmes across all of our countries of operation. Indeed sometimes our programmes impact other countries as well. During my first days at Gorta, I came across a very interesting story – a vibrant market in eastern Congo, called NyaGorta market – meaning “the daughter of Gorta” in the local language. The market sells sweet cassava varieties. The point

1 in 8
people do
not get
enough food
to be healthy
and lead an
active life
(FAO, 2013)



Pete Power, CEO



Kumba Kinteh, President of Women's group in Njabba Junda, The Gambia

of confusion for me as the new CEO was that Gorta does not have any active operations in the Congo, the security situation being too risky at present. After some investigation, I discovered that the NyaGorta market grew organically from a Gorta funded project which introduced a new strain of sweet cassava across the border in northwest Uganda. The Ugandan project had been so successful that the new cassava was also adopted across the border in the Congo and a new market established to facilitate its trade. This is typical of the Gorta approach, the provision of funding and technical support for a well thought-out idea. In this case, the idea was so good that it was quickly adopted by neighbouring communities and actually led to an upsurge in economic activity and the creation of bustling new market – the NyaGorta market, in Djegu, Democratic Republic of the Congo (DRC).

As a relatively small INGO, this is the type of impact that Gorta always seeks to make - practical interventions on the ground which have tangible benefits to local communities and which can then be quickly expanded/scaled up either organically or with limited funding support. Throughout our almost 50 year history, countless examples of similar successes exist on all continents.

Gorta's work throughout 2013 was carried out thanks to the hard work and dedication of the Gorta Board, Council and Committee Members, staff, supporters and volunteers around the country and to all of them; I say a very heartfelt and sincere thank you.

I joined Gorta at the beginning of 2014 and it was clear that there was a real need for transformation but also a strong sense of renewed optimism and energy. I hope to play a part in harnessing that energy and in driving this organisation forward with vigour and determination.

Pete Power, CEO



Charity Mbewe (3yrs) with siblings Esther (8yrs) and Aaron (4yrs), outside a Gorta funded hydraform building in Mphindira Village, Zambia



Esther Biikara (14yrs), Uganda

“At Gorta, our main priority is the transformative work that we carry out overseas – which is about changing lives and having an impact.”

Pete Power, CEO



Alice Banda (28yrs), beneficiary of Gorta's Watershed Programme with CODEP in Zambia



Maize

8,454

the number of patients treated by the Gorta funded Mobile ENT clinic in Zambia



Anita Sitatanga (49 yrs) from Namuswa Village, Zambia

OUR VISION AND MISSION

Our Vision

Gorta's vision is a world where there is no hunger or poverty and where rural communities have the means to create more prosperous futures for themselves and their children.

Our Mission

Through its work, Gorta aims at empowering communities to eradicate hunger and poverty, with particular emphasis on food security and nutrition, water security and unrestricted access to secure and environmentally sustainable livelihoods.

It is our mission to:

- promote best practices in the field of community area-based development, especially in sub-Saharan Africa, with a focus on scaling up agriculture, promoting watershed management, facilitating access to markets, and investing in enterprise development.
- promote community, social, economic and environmental development with an emphasis on the 'development of people'.
- generate, share and apply knowledge by promoting research-based solution to local problems.

Achieving Our Mission

Gorta's intention is to contribute meaningfully to the eradication of the causes of hunger and poverty in the world. Gorta is not an emergency relief organisation.

Gorta's approach to long term development is holistic, multi-disciplinary and creative. It encourages integrated solutions recognising the inter-dependent relationship that exists between food security and nutrition, water and sanitation, and enterprise development.

1 in 3

people work in agriculture worldwide (FAO, 2013)

PATRON, BOARD, COUNCIL AND COMMITTEES

Michael D. Higgins, Gorta Patron and President of Ireland

Board

Mr Sean Gaule, Chairperson

Mr Brian Kehoe, Vice-Chairperson

Ms Carmel Fox

Ms Deirdre Fox

Mr Tom Kirley, Chairperson, Programmes Committee

Professor Denis I.F. Lucey

Mr Pat Murphy

Mr Jeremy Woolwich

Programmes Committee

Mr Tom Kirley, Chairperson

Ms Anne Fitzgerald

Mr Martin Flatley

Dr Joe Phelan

Mr Bob Sheriff

Audit and Finance Committee

Ms. Noreen Fahy, Chairperson to April 2014

Mr. Pat Murphy, Chairperson from April 2014

Mr Michael J. Butler

Mr Chris McDonald

Mr James Wyse

Council Members

Mr David Andrews

Ms Mary Buchalter

Mr Tom Burke

Mr Michael J. Butler

Ms Marian Byrne

Mr Sean Campbell

Mr Thomas P. Cannon

Sr Hilary Claffey

Mr Andy Cole

Mr Jarlath Coleman

Ms Phil Conyngham

Mr Martin Crowe

Mr Mike Cunningham

Mr Martin Donnellan

Mr Brendan Donohue

Mr Paul Doran

Ms Noreen Fahy

Mr Liam Fitzgerald

Ms Anne Fitzgerald

Mr Martin Flatley

Ms Carmel Fox

Ms Deirdre Fox

Ms Agnes Gannon

Mr Sean Gaule

Mr Joe Haughton

Mr Kevin Higgins

Mr Billy Holmes

Mr Simon Holmes

Mr Liam Hyland

Mr Brian Kehoe

Ms Aileen Kennelly

Mr Tom Kirley

Mr Eugene Leddy

Mr Denis I.F. Lucey

Mr Chris McDonald

Ms Monica McGettrick

Mr Tom McGuinness

Mr Pat Murphy

Mr Bernard O'Farrell

Mr Michael O'Dowd

Dr Joe Phelan

Mr Jim Phelan

Mr Matt Porter

Mr Martin Ryan

Mr Bob Sherriff

Ms Maura Walsh

Mr Jeremy Woolwich

Mr James Wyse

- I. Mr Andy Cole (May) and Mr Kevin Higgins (June) retired as Board members in 2013
- II. Ms Carmel Fox, Mr Pat Murphy and Mr Jeremy Woolwich were appointed to the Gorta Board in June 2013
- III. Ms Mary Buchalter and Ms Agnes Gannon resigned from the Programmes Committee in June 2013
- IV. Mr Martin Flatley was appointed to the Programmes Committee in July 2013
- V. Ms. Noreen Fahy (April 2014), Mr. Simon Holmes (October 2013), Mr. Conor Woods (June 2013), Mr. Frank Keane (Feb 2013) and Mr. Billy Holmes (February 2013) resigned from the Audit & Finance Committee
- VI. Mr Chris McDonald (June), Mr Pat Murphy (July) and Mr James Wyse (Dec) were appointed to the Audit and Finance Committee in 2013
- VII. Ms. Paula Slattery (June) and Mr Billy Homes (Nov) left the Gorta Council in 2013
- VIII. Dr David O'Connor, Gorta Council Member passed away in January 2014

DR DAVID O'CONNOR 1938-2014

Leader in Agricultural Education, Friend of Gorta

It is with deep regret that Gorta noted the passing of its long term supporter and friend, Dr David O'Connor at the beginning of 2014.

David was born in 1938 on a farm in Knocknagoshel, Co Kerry. Having graduated from University College Dublin with an Agricultural Science degree, he began his involvement in agricultural education as a Housemaster in Clonakilty Agriculture College in 1960. In 1964, he travelled to Africa to teach in a Secondary school in eastern Nigeria. It was there he met and married his wife Mary, before returning to Ireland to resume his teaching role in Clonakilty in 1966.

In 1968 he was chosen by his then employer, the Department of Agriculture, to pursue post graduate studies in Cornell University and was awarded a PhD in 1971. On returning to Ireland, he was drafted into the Department of Agriculture to apply his new knowledge to develop the Irish system of agricultural training.

Here, David began his long and successful journey in modernising and reforming the Irish system of agricultural training. On the establishment of ACOT (the farming advisory group) in 1980 the new director Dr Tom Walsh set up an Expert

Group to devise a new model for agricultural education and appointed David as the secretary to the group. Its report led to the setting up of the 3 year Certificate in Farming programme by ACOT in 1982. This was a landmark development as the new programme comprised of formal course work and practical training - all students were required to spend six months in training with Master/Host farmers. This approach brought comprehensive vocational training within the reach of every aspiring young farmer and rapidly became recognised as the standard educational qualification for entry to farming. David played a key leadership role in the implementation and ongoing development of the programme.

While Gorta was still in its infancy and under the influence of the Department of Agriculture, David was nominated to serve on Gorta's Projects committee. He guided the organisation on the selection of projects for funding and visited many on behalf of Gorta. His expertise and good sense was invaluable to the organisation. He subsequently served as a member of the Programme Committee and on the Board until he retired.

Despite serious health problems David continued in his support for Gorta's activities and attended the AGM and World Food Day in 2013. His wisdom and support will be sadly missed.



Council member Professor Joe Houghton, Gorta Programmes Manager Richard Flockhart and Dr David O'Connor at Gorta's World Food Day conference in 2013

WHERE WE WORK

Kenya

Pop - 43.18 million
Life Expectancy - 61 years
Human Development Index
Ranking - 145
Gorta Focus - Enterprise
Development, Food
Security & Nutrition, Water
& Sanitation

Uganda

Pop - 36.35 million
Life Expectancy - 59 years
HDI* - 161
Gorta Focus - Enterprise
Development, Food
Security & Nutrition, Water
& Sanitation

Tanzania

Pop - 47.78 million
Life Expectancy - 61 years
HDI* - 152
Gorta Focus - Food
Security & Nutrition, Water
& Sanitation

Malawi

Pop - 15.91 million
Life Expectancy - 55 years
HDI* - 170
Gorta Focus - Water &
Sanitation

Zambia

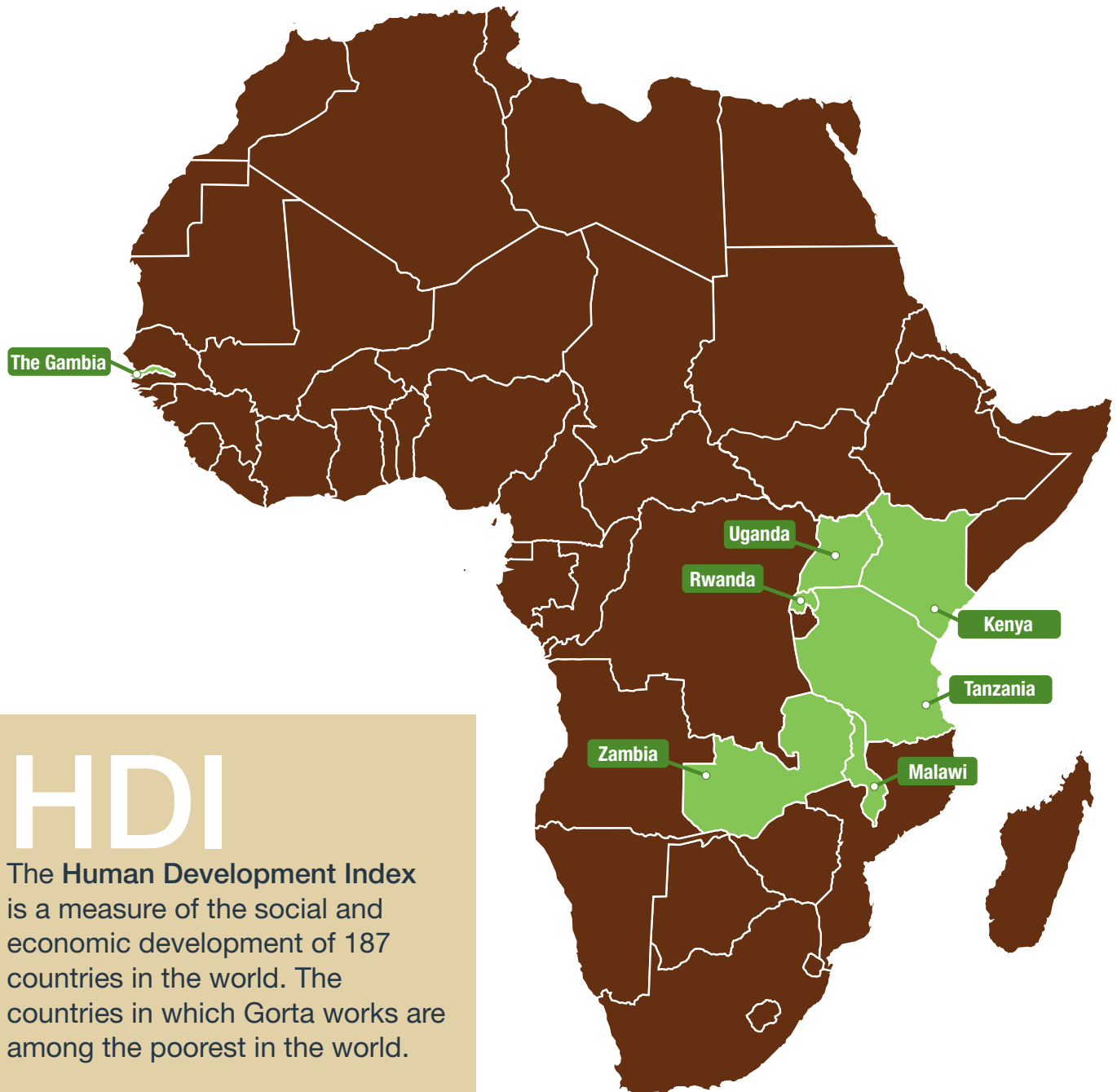
Pop - 14.08 million
Life Expectancy - 57 years
HDI* - 163
Gorta Focus - Enterprise
Development, Water &
Sanitation

The Gambia

Pop - 1.791 million
Life Expectancy - 59 years
HDI* - 165
Gorta Focus - Water &
Sanitation

Rwanda

Pop - 11.46 million
Life Expectancy - 63 years
HDI* - 167
Gorta Focus - Food
Security & Nutrition



REPORT FROM THE FIELD

Throughout 2013 Gorta's work has focused on building the resilience of smallholder farmers.

This was done by empowering them with appropriate agriculture techniques to improve crop production, basic technology and tools such as improved seed and irrigation methods to adapt to the effects of climate change, and by focusing on their access to markets to sell produce. To reduce food insecurity and build prosperous futures, the solution lies in increasing household crop productivity and moving families from not having enough food to producing surplus stock over a number of harvests.

I have heard many testimonies from farmers on the impact of climate change – the unpredictable rainfall, its erratic distribution and declining water resources. For smallholder farmers who depend heavily on rain, the depletion of water resources and the uncertainty of rain can have a devastating effect. Gorta is working to mitigate these effects and build resilient farming communities that are able to adapt to changing weather patterns and benefit from opportunities to diversify their income and reduce their overreliance on one crop. During 2013, we worked with the SARI (Selian Agricultural Research Institute) introducing drought resistance seeds to 740 farmers in northern Tanzania. This project has enabled farmers to trial a variety of improved seeds in order to identify first-hand which technology works for their area. Farmer field days have also been held to actively promote and draw awareness to the availability and benefits of the drought tolerant crops.

An international workshop on the New Generation of Watershed Management was held in Chipata, Zambia in 2013. This workshop brought together international and national technical experts in watershed management and our local partners, providing them with space for direct dialogue and the sharing of experiences. Throughout 2013 Gorta's watershed programme was active in The Gambia, Tanzania and Zambia where we worked with 45,276 farmers on a combination of activities including conservation agriculture to improve soil fertility, re-forestation, the protection of open water sources, increasing access to safe drinking water and training opportunities.

A number of our programmes focus on soil and water conservation as an important component in improving yields. In western Kenya, our work with ARDAP (Appropriate Rural Development Agricultural Programme) is supporting 1,200 households who each farm between one and two acres of land. Many of the farmers in the area have experienced cycles of low yields and increased rates of food insecurity. As a result of our project on sustainable agriculture production, 92% of the farmers have had a high increase in crop yield which led to their families having more food as well as the ability to sell any excess harvest in local markets.

Gorta's approach is based on a partnership model which involves local people working with local organisations such as community-based associations, local NGOs, research and academic institutes in an effort to develop local solutions to their vulnerabilities. These local organisations are best placed to understand the culture and identify community needs, so we work with them in building and strengthening their capacity to deliver better results for the beneficiaries we serve.

The generosity and support from our donors make this work possible. In 2013 our projects supported over 180,000 individuals directly across our programme countries to improve their harvests, secure better quality food for their households and diversify their income into other activities.

Gorta is committed to assisting in building sustainable communities, increasing the capacity of the most vulnerable and marginalised populations and helping them on their pathway to development and growth.

REBECCA AMUKHOYE

Regional Director for East Africa



Rebecca Amukhoye, addresses the Gorta World Food Day Conference 2013

“In 2013 our projects supported over 180,000 individuals directly across our programme countries”
Rebecca Amukhoye,
Regional Director, East Africa

FOOD SECURITY AND NUTRITION

Gorta addresses food security and nutrition by providing support to smallholder farmers, helping them to diversify and increase their crop yields. This is vital to improving nutrition at the household level and reducing both the over-reliance on a single stable crop and the adverse effects of climate change. During 2013, Gorta enhanced its focus on sustainable agriculture.

Sustainable Agriculture

Gorta supports smallholder farmers to increase agriculture production and productivity, through the adoption of sustainable farming practices and agro-ecological approaches. Sustainable agriculture intensification methods are introduced with the aim of increasing productivity, while at the same time protecting natural resources and preserving ecosystems thereby ensuring environmental sustainability for present and future generations.

Our agricultural training and capacity building work focuses on:

- Conservation farming
- Agro-forestry
- Improvement of post-harvest handling of crops, addressing loss of nutrients and food safety concerns, and enhancing value addition
- Climate change mitigation and adaptation
- Research and extension and farmer-to-farmer knowledge transfer
- Land and water conservation
- Sustainable management of natural resources

Gorta works on three key dimensions of food security: availability, adequacy and access – facilitating efforts towards the achievement of a quality diet that is affordable, diversified and sustainable. In particular, availability refers to the supply of food through production, distribution and exchange; access

refers to the affordability and allocation of food and adequacy to the nutritional content of the diet.

In Uganda, through Gorta support, partner EMESCO Development Foundation supported small-scale farmers with sustainable farming knowledge, extension and advisory services, and improved inputs (rice, piglets, goats, banana suckers, and pineapple suckers). It subsequently trained them in value addition and market linkages. This not only helped farmers achieve food security but also introduced them to profitable market opportunities for themselves and their families. The diversification of livelihoods opportunities is a key factor in the promotion and advancement of sustainable development.

Building communities' resilience to shocks is an important aspect of Gorta's work in food security and nutrition. We assist farmers in efforts to *anticipate, prepare for, cope with* and *recover* from external shocks, such as droughts and floods. What in the past was considered "erratic shocks" has more recently become "protracted crisis" given the cyclical nature of some events such a shift calls on farmers to be prepared and able to adjust to new dynamics caused by a number of factors including changing climate patterns and food price volatility.

Collaboration with research institutions such as the Selian Agricultural Research Institute (SARI) in Tanzania has assisted Gorta and its partners in devising new ways to adapt crops to changing climate conditions and sustaining production, through the development of improved varieties of crops and vegetables. Similarly, through Gorta long-standing partner,

**Women
were 69%**
of people trained in
nutrition awareness by
Gorta partners



Rose, Marigaritha & Angelina, beneficiaries of the Gorta funded KCHDP programme, Rwanda



80% of food

consumed in developing countries
is produced by smallholder farmers
(FAO, 2013)



Resty (7yrs) is a beneficiary of a Gorta - EMESCO programme in the Kibaale District in Uganda

Baraka Agricultural College in Kenya, vocational training in sustainable agriculture and rural development is provided to a number of students in order for them to gain relevant knowledge and build on it once back in their communities.

Nutrition

In order to make a significant difference to the overall wellbeing of the families with whom Gorta works, increased food production and income must translate into improved nutrition through better diet.

Gorta promotes the use of nutrient-rich foods with particular emphasis on horticulture, legumes, small-scale livestock and fish.

In particular our nutrition initiatives focus on:

- Promotion of bio-fortification (orange-fleshed potato)
- Nutrition education

- Training in post-harvest handling of crops, addressing loss of nutrients, food safety concerns, and enhancing value addition
- Training in food storage, processing, and preparation

Gorta recognises the key role of women and believes that gender empowerment and equality for women are key to create truly sustainable food systems. Closing the gender gap in agriculture is key to enhancing economic growth and social justice. A number of our partners have introduced nutrition more effectively into their agriculture programmes in a gender sensitive way. Among them is partner ARDAP in Kenya. Through them, Gorta supported an initiative focusing on soil and water conservation for improved nutrition in widow and orphan-led families.

1/3

of food produced
for human
consumption is
lost or wasted
annually
(FAO, 2014)



Modoulamin Saho cycles by the ADWAC - Gorta programme site in Marong Kunda, The Gambia

WATER AND SANITATION

Providing clean water for the families with whom we work is one of our major aims. By working closely with local organisations in our partner countries, we work to ensure communities have access to water for their daily domestic needs, and that farmers and local businesses have access to water for agriculture production needs.

Well managed water resources are both sustainable and productive. Access to water helps fulfil basic needs at household level and allows agriculture and local business to contribute to food security. Gorta recognises the importance of water security and is working with partners to develop integrated water management schemes, where communities can harness rainwater, improve irrigation practices and recharge groundwater to conserve the environment and prevent wells from drying up.

Gorta's projects which address water security aim to provide communities with the tools and the knowledge to manage their water sources in a sustainable and efficient manner. We recognise that cooperation in freshwater management is needed at all levels, among communities, sectors, countries and regions. Key to all our approaches at the grassroots level is community participation and cooperation in their own development.

Gorta water related work focuses on two areas: domestic water and water for agriculture.

Domestic Water

This work aims to provide clean and safe drinking water at household level with improved access to sanitation, which is critical in the achievement of food security and nutrition.

In Uganda, Gorta works with partners THAD (Twegatte for Health and Development) and LADA (Literacy Action and Development Agency) on the provision of clean and safe water as well as training on hygiene and sanitation, which results in

significant decrease of water related illnesses and reduction of the water collection burden for women and children.

Water for Agriculture

This work focuses on the development of integrated watershed management initiatives aimed at preserving water as a natural resource and utilising it effectively in line with conservation of natural ecosystems.

Water is Gorta's entry point to effective natural resource management - the foundation of agricultural growth and the sustainability of local food systems. This entails investment in: soil and water conservation, protection of biodiversity and natural ecosystems, soil erosion control, participatory forest management, and watershed and rangeland management.

Through work in the area of watershed management in Tanzania, Zambia and The Gambia, Gorta was able to support a number of initiatives aimed at increasing agricultural productivity (for both food security and income generation) while protecting the environment. Through the development of community-based sustainable land management models, climate change mitigation and adaptation strategies were implemented. Activities included: soil erosion control, water harvesting and ground water recharging, rehabilitation of water reservoirs, provision of irrigation infrastructure, livestock management, and conflict resolution in relation to land allocation and access to water points. All of these initiatives were accompanied by on-going efforts in community mobilisation and capacity building.

86,535
people gained
access to clean water
thanks to Gorta funded
projects in 2013



Florence Namuli (25yrs) with baby Winnie (1yrs), using a water facility in Zigoti Parish central Uganda, constructed as part of the Gorta-THAD project.

ENTERPRISE DEVELOPMENT

Gorta's enterprise work is focused exclusively on supporting social agribusiness enterprises, where enterprises have both social and commercial objectives. Social enterprise development is defined as creating and nurturing micro, small and medium-sized businesses that aim for positive social or environmental outcomes while also generating financial returns. Our approach aims to greatly reduce people's vulnerability to food shortages, poor health and poverty.

Gorta's development philosophy has centred on helping communities develop through the eradication of poverty and hunger to the creation of prosperity. On this development journey entrepreneurship is key.

Gorta supports several types of enterprise development approaches:

Cluster Groups

Individually, smallholder farmers have very little voice and negotiation power when buying agricultural supplies and selling their produce. Our approach centres on working with farmers assisting them to mobilise into self-help groups/associations, thus strengthening their collective voice and empowering them with information and access to improved technology.

Since partnering with EDZ (Environment and Development in Zambia) in 2001, Gorta is supporting an initiative that empowers women to set up their own beekeeping enterprises to produce honey that is then marketed locally and exported. The produce is processed into liquid honey, wax and other by-products which is then packaged in containers and sold in bulk to Zimbabwe.

Formal Company/Enterprise

As with the cluster groups our focus remains on achieving a better return for the smallholder farmer and under this guise we also promote the formation of microenterprises by moving producers into the formal sector through the establishment of cooperatives and/or registered companies. Hundreds of smallholder farmers are involved in supplying these enterprises while also typically having an ownership stake in the enterprise.

With KCSEED in Keringet, Kenya and CIDE (Centre for Indigenous Dairy Enterprise) in Uganda, Gorta is supporting smallholder farmers to establish companies to pick-up and bulk milk from the local dairy farmers and sell to larger suppliers. The emphasis for the sustainability of these companies is to ensure that they achieve the right quality and quantity at the appropriate time and at the right cost to meet demand. Gorta's approach also focuses on creating opportunities for employment that improves well-being and prosperity at both the household and community level.

Provision of Capital for Youth Start-Up Projects

Youth unemployment is a significant problem in the countries in which Gorta is working, particularly in rural areas, and in response to this we are supporting young men and women to undertake training in sustainable agricultural and rural development. As part of the course provided at Baraka Agricultural College Kenya, students are trained in business planning and project management to support them in setting up individual and community income generating activities.

Supporting Skills Training for Income-Generating Activity

In 2013, Gorta supported the training of 47 animal health workers by the AFRISA (Africa Institute for Strategic Resource Services and Development) which promotes basic animal health services and livestock as a business. Once they graduated, they were provided with a start-up kit to commence their own business, including a drug kit and other materials. These dedicated para-vets now provide accessible first line veterinary extension/treatment targeting chickens and goats in the region.

Within two months of the training, 60% of graduates had started their own business.



Wilson Keoch, Jorodan Village, Keringet, Kenya



Mercy Chepkemai and her family, Kenya

11 times

agricultural growth is 11 times more effective at reducing poverty in sub-Saharan Africa than growth in other sectors (FAO, 2012)

POLICY WORK

Gorta programmes are a key driver of our policy-influencing agenda which in 2013 focussed primarily on areas of smallholder farmers' agriculture, nutrition-sensitive agriculture and the right to food.

Through its Hunger Secretariat, Gorta contributed to a number of policy initiatives at national level in Ireland and Africa, as well as internationally mainly through the channel of its associate UN Agency, the Food and Agriculture Organization (FAO).

By bringing learning from the field to national and international policy setting fora, we aim to positively influence development priorities and contribute to the shaping of the post 2015 agenda.



Christine Kiplagat (52), Tenges Water Pan Project, Kenya

70%

of people in Africa depend on agriculture for their food and income (FAO 2013)



Gayoye Garsen (2yrs), Wenje Parish, Kenya



Fatumata Keita, Kinthe Kunda, The Gambia

300 million

people across Africa rely on cassava as source of food and income (IFAD, 2013)



NyaGorta Market in Djegu, Democratic Republic of Congo

‘DAUGHTER OF GORTA’ – THE SERENDIPITY OF GOOD DEVELOPMENT

Agricultural development is slow. There are no shortcuts. Projects sometimes take months but more often many years to show their full potential. Over time projects often evolve in unexpected ways but in very few cases are the positive impacts felt in a different country than originally planned. This was the case for one Gorta project in the West Nile Region of Uganda.

In 2009, through our partner AFARD Gorta introduced a new type of cassava to a number of communities in the remote Nebbi District. Unlike the traditional slow growing bitter varieties which had been devastated by Cassava Mosaic and Brown Streak disease, the new cassava was resistant, less labour intensive, quick maturing and sweet.

The new variety was an instant hit and had a rapid impact on food security in the region. In some communities, families who in the previous year had struggled to feed themselves at all, now had access to two, sometimes three meals a day.

The new variety of cassava became known affectionately by communities in their local Alur language as NyaGorta, ‘Daughter of Gorta’.

As word of this new variety spread, demand for it grew. This demand was felt most strongly across the border in the neighbouring Democratic Republic of Congo (DRC), a region plagued by persistent civil unrest, where the curse of Mosaic and Brown Streak continued to devastate already vulnerable communities who relied upon cassava as their staple diet.

Capitalising on the demand, community members established a small cassava market at Djegu, just inside the DRC. Initially modest in size and based solely on the new cassava, the market blossomed and also adopted the name NyaGorta.

By early 2013, the NyaGorta market had expanded from its modest beginnings, to a weekly event attracting up to 2,000 traders and selling all manner of merchandise. So popular is the occasion that merchants not only travel from surrounding districts in Uganda and the DRC, but many are reported to journey from as far as South Sudan.

Good development can often have surprising results. Gorta has been in the business of good development across Africa for almost 50 years. It is impossible to predict how many other projects have had similar unintended positive consequences. Unintentionally, from the introduction of a humble cassava to combat food insecurity, Gorta and our partner in Uganda have helped to give birth to a multinational marketplace in a completely different country.

FUNDRAISING AND COMMUNICATIONS

Gorta operates only because of the support of our donors. Even during difficult economic times, our donors continue to give and to transform the lives of poor people in Africa.

Gorta ran three main fundraising events – Soup for Life, Lifetime Gifts and the Gorta Raffle - in 2013. All campaigns were supported by donor communication, combined with strong, cost effective public relations and digital marketing strategies.

Soup for Life enjoyed the support of many hotels, bars restaurants and cafés across Ireland. The campaign was sponsored by Erin Soups and Gorta again partnered with a number of high profile organisations such as Insomnia Coffee Company, Love Irish Food, the Restaurants Associations of Ireland and the Vintners Federation of Ireland. Lifetime Gifts is one of our most important fundraising campaigns, and income grew in 2013. The first Gorta raffle was also held in 2013 and raised much needed funds for the organisation.

Gorta carried out two major direct marketing campaigns in 2013 – ‘Missing You’ and ‘Just a little Extra’. Both generated income and one even won an award for effective fundraising campaigns.

2013 was another challenging year for donations to Gorta's shops and this shortage had a knock on effect on sales. However, with the help of Rotary Ireland, Gorta was able to begin to reverse this trend and open a new shop in Athy, Co Kildare. This new shop was stocked entirely with clothing collected at the Rotary National Convention, held during the summer of 2013. The Gorta shops at Liffey Street and Capel Street in Dublin, have both been extensively renovated and

brought up to modern retail standards and there has been a considerable investment in staff and volunteer training.

Churchgate collections were affected in 2013 due to increased competition from other charities for permits. However, in Dublin Gorta managed to increase the number of churches at which collections were run. Merchandise appeals are becoming increasingly popular in areas where a permit has not been granted and the response to these in 2013 was excellent.



Enda Kenny launching Gorta's Soup for Life campaign outside Government Buildings.

2,671
hand-washing
facilities installed thanks to
Gorta supporters



Pippa O'Connor and William O'Connor (5 yrs) launch the Christmas Lifetime Gift campaign.

GORTA EVENTS

The Gorta World Water Day Seminar, which was held in March, was entitled 'Water Cooperation: Key to Social Justice'. The seminar addressed themes around water cooperation including gender equality, drought planning, conservation, and poverty eradication.

World Water Day draws attention to the serious challenges in addressing water scarcity - around 780 million people in the world today do not have access to clean water. The event was an opportunity to reflect on the issue and promote the significance of increasing water cooperation among farmers, communities and local authorities. Speakers included Diarmuid Gavin, Horticulturalist and Garden Designer; Sally Bunning, Senior Land/Soils Officer, Land and Water Division, FAO; Per-Eric Mellander from Teagasc and Charles Meshack, Executive Director of Tanzania Forest Conservation Group.

The annual World Food Day conference in October saw a host of notable speakers discuss the theme of 'Sustainable Food Systems for Food Security and Nutrition'. The keynote speaker on the day was Olivier De Schutter, the UN Special Rapporteur on the Right to Food who emphasised how defeating hunger must remain our top priority. Professor De Schutter said that simply providing food is not enough. Food and nutrition security must be developed in a sustainable way, and the status quo is no longer viable. He argued that long-term sustainable development strategies must be supported by an enabling international environment and that includes strong policy and aid commitments from governments around the world. Other speakers on the day included Dr. Anna Lartey, Director, Nutrition Division, UN FAO ; Conall O'Caoimh, Director, Value Added in Africa and Tom Hayes TD, Minister of State for Horticulture, Forestry, Food Safety and the Greyhound Industry. The conference was facilitated by Liz O'Donnell, former Minister of State, T.D. and broadcaster.



Umutohi, (6yrs), KCHDP, Rwanda

DONOR PROFILE: PETER ADDO

"I really hope that future generations will continue to help end poverty in developing countries because it is simply the right thing to do."

Name: Peter Addo

Address: Dublin.
Originally from Ghana.

Age: 50

How long have you been giving to Gorta? I have been supporting Gorta through a monthly direct debit for 10 years.



Peter Addo

Why do you donate

to Gorta? To make a little difference in the lives of others through the work that Gorta does. It fights against poverty and gives better future for those who are less privileged. I believe that my donation will help empower those who are living in poverty to live independent lives.

What made you start giving to Gorta? My wife and I signed up to a door to door fundraising representative. They explained the work of Gorta in a professional way and I thought it was my social responsibility as an individual to give something back.

Would you recommend donating to charity? Yes!

Does the work that Gorta does overseas matter to you? Yes, because of the communities they reach out to in these countries. They target those in need and support them to make good use of the local resources to sustain themselves in these communities.

What message would you pass on to future generations? I really hope that future generations will continue to help end poverty in developing countries because it is simply the right thing to do.

ROTARY AND GORTA: AN IDEAL PARTNERSHIP

Rotary Ireland is part of the global organisation Rotary International and although it is twice as long established in Ireland as Gorta, it would be fair to say that Gorta may have more than double the expertise on the ground in Africa. An ideal partnership you might say.

Rotary has had some very interesting members over the years, for example, US presidents, famous composers, Nobel Laureates, explorers and astronauts, but these days we describe ourselves as 'ordinary men and women that want to make a difference in our local and international communities'.

If there is anything special about Rotary, it is the fact that we have 1.2 million so-called 'ordinary' members, making us the biggest service club in the world.

We have formidable firepower when we get behind projects, having already given circa US\$3 billion to various projects, US\$1 billion USD of which we have given to eradicate polio from the world. To quote Bono, "Wherever I go doing my work, the Rotarians have been there before me. It is very humbling when you see what putting 'Service Above Self' (the Rotary motto) adds up to, when you see it in practice in the field".

Following the strategic partnership model, like those formed to eradicate polio, Rotary Ireland decided to investigate partnerships with NGO's that could offer us greater effectiveness and a deeper understanding of how to affect long term sustainable change through our projects. An essential ingredient in such partnerships is a shared desire to make a difference in the world.

Rotary shares with Gorta a strong passion for solving water and sanitation challenges around the world. It was obvious to Rotary that Gorta was a perfect match for our first partnership venture in Ireland.

Our diverse membership funds our own administration costs, so that we can use all of the funds we raise in our communities

in sustainable projects and like Gorta, use them in affecting change. Furthermore, The Rotary Foundation will match our efforts, so that our funds can go further and solve more problems.

Our members started the partnership with Gorta by the simple act of bringing second-hand clothes to our Annual National Conferences. More recently, several Rotary members visited Keringet in Kenya to see the fantastic work that Gorta have already started there. Rotary Ireland believes we can assist Gorta with the provision of water tanks and rain water harvesting for Kiptulwa School and for families in the surrounding area.

The Rotary and Gorta partnership is now firmly established and we expect it to continue into the future.

Matt Porter

Rotary Ireland – International Chairperson.



"Rotary shares with Gorta a strong passion for solving water and sanitation challenges around the world"

**Matt Porter,
Rotary Ireland**



Matt Porter and Grace Bli, a participant in Gorta's Keringet Programme, Kenya

GORTA'S COMMITMENT TO TRANSPARENCY

Gorta is committed to complete transparency. Without it, the public simply would not keep supporting us and we could not continue the work we do transforming lives in communities in Africa. It is vital that people understand how we work as an organisation and how money is spent.

To allow complete transparency, Gorta keeps all of its annual reports and financial statements on our website.

What is the CEO paid?

Recent events in the charity sector have highlighted the need for complete transparency. This includes how much senior staff are paid. For most of 2013, board member Tom Kirley served as the Acting CEO on a pro-bono basis. The current Gorta CEO, Pete Power, is paid €96,000 per annum. This is decided by the Gorta Board and based on the skills and responsibility required for the role. The CEO does not receive an expense account, top-up payments, bonuses or a company car.

The total spend on salaries in Gorta in 2013 was €1.2 million – this includes social welfare costs and pension payments.

How does Gorta spend the money it receives?

In 2013, Gorta spent almost 66% of our expenditure on programme costs. Programme spend was lower than normal due to the impending merger with Self Help Africa and the decision by Gorta to postpone long-term spending commitments until after the merger was complete.

How do ensure that we achieve high standards?

Charities have to be run like a business and this is the approach Gorta is committed to taking. All of our accounts have been

certified as compliant with SORP guidelines (Statement of Recommended Practice), which are the highest standards of transparency available in our sector. Gorta has signed up to The Code of Corporate Governance, which has been developed by Dóchas– the umbrella group for Irish development NGOs. Gorta is currently working through a board approved process to ensure compliance with the code.

Gorta is also fully committed to achieving the standards contained within the Statement of Guiding Principles for Fundraising. These principles have been developed by the Irish Charities Tax Reform Group (ICTR).

Gorta has also signed up to the Dóchas Code of Conduct on Images and Messages.

Gorta is responsible with all of the donations it receives, and on our website – www.gorta.org - it is possible to see some of the huge changes which donations are bringing to generations of people in Africa.

48

the number of students from across East Africa who attended courses at Agricultural College thanks to Gorta support



Students who attend Baraka Agricultural College studying hard. Gorta is supporting Baraka College by funding courses such as Sustainable Agriculture and Rural Development (SARD)

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REFERENCE AND ADMINISTRATION

BOARD OF DIRECTORS

Mr. Seán Gaule (Chairman)
 Mr. Brian Kehoe (Vice Chairman)
 Ms. Deirdre Fox
 Ms. Carmel Fox
 Prof. Denis I. F. Lucey
 Mr. Tom Kirley
 Mr. Pat Murphy
 Mr. Jeremy Woolwich

SECRETARY

Mr. Malachy Cardiff

CHIEF EXECUTIVE OFFICER

Mr. Pete Power

REGISTERED OFFICE

12 Herbert Street
 Dublin 2

SOLICITORS

Gallagher Shatter & Co.
 4 Upper Ely Place
 Dublin 2

PRINCIPAL BANKERS

Bank of Ireland

Head Office Branch
 Lower Baggot Street
 Dublin 2

Bank of Ireland

65 St Vincent Street
 Glasgow
 G25HT
 Scotland

Permanent TSB

2-4 Upper Baggot Street
 Dublin 4

AIB

1-4 Lower Baggot Street
 Dublin 2

AUDITORS

Deloitte & Touche

Chartered Accountants and
 Statutory Audit Firm
 Deloitte & Touche House
 Earlsfort Terrace
 Dublin 2

COMPANY NUMBER

28228

CHARITY NUMBER

CHY 5678

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their annual report and consolidated financial statements of the charity for the year ended 31 December 2013.

Group companies

Gorta's consolidated financial statements combine the activities of Gorta in Ireland and Gorta UK, a company limited by guarantee operating in the United Kingdom.

Each of the Group companies is a registered charity in its own jurisdiction. GORTA UK is a registered charity with the Office of the Scottish Charity Regulatory under registration number SC 272970. Gorta's charitable activities in the developing world are carried out in association with each of the Group companies.

Structure

Gorta is an independent, international development NGO that originated from the Food and Agriculture Organization of the United Nations (FAO). We are a not for profit organisation working to the highest professional, business and ethical standards.

Vision

The vision of Gorta is a world where there is no hunger or poverty and where the poorest communities have the means to create more prosperous futures for themselves and their children.

Mission

Through its work, Gorta aims at empowering communities to eradicate hunger and poverty, with particular emphasis on food security and nutrition, water security and unrestricted access to secure and environmentally sustainable livelihoods.

Our mission is to:

- promote best practices in the field of community area-based development, especially in sub-Saharan Africa, with a focus on scaling up agriculture, promoting watershed management, facilitating access to markets, and investing in enterprise development.
- promote community, social, economic and environmental development with an emphasis on the 'development of people'.
- generate, share and apply knowledge by promoting research-based solutions to such problems.

Values

Gorta will ensure that all our decisions, actions and stakeholder interactions conform to the organisation's moral and professional principles. These principles are the foundation for the organisation's culture and values:

Ethical	Businesslike
Donor Focussed	Caring
Partnership Focussed	Innovative
Inspiring	Advocate of food and water security

How we achieve our Mission

Our intention is to contribute meaningfully to the eradication of the causes of hunger and poverty in the world. We are not an emergency relief organisation.

Our approach to long term development is holistic, multi-disciplinary and creative. We encourage integrated solutions recognising the inter-dependent relationship that exists between food security and nutrition, water security, and enterprise development.

Objects and Policies

Gorta is an international non-governmental, non-political, non-religious organisation created as a charitable legal entity in the Republic of Ireland in 1965. It is an independent charitable organisation constituted as a company limited by guarantee. The Memorandum of Association defines the organisation's 'Objects' as being:

- a) The assistance and advancement of people in need in the less developed areas of the world with particular emphasis on the poorest of the poor, those suffering from hunger and those least capable of helping themselves.
- b) Advancing the objectives of the Food and Agriculture Organization of the United Nations (FAO) in matters of food security and long-term sustainable development.
- c) The empowerment of the local people in developing areas to own their own projects with a view to achieving self-sufficiency.
- d) The doing of all such other lawful things as are incidental to and conducive to the attainment of the foregoing objects.

In striving to achieve its objectives, Gorta works on empowering communities to eradicate hunger and poverty with particular emphasis on Food Security & Nutrition, Water & Sanitation, and Enterprise Development.

Sustainable Development

We support both small projects and large programmes. We seek to leverage small projects into larger programmes to maximize the extent of their positive impacts. We are respectful of the culture, needs and wishes of the communities we work with and proactively seek out their views on and participation in programme development and implementation.

We are committed to the principle of empowering communities and helping them to help themselves, rather than simply providing funds. Put into practice this means communities making a contribution of some kind themselves. It may be in terms of labour, equipment, money, passing on help and/or advice to other projects, or other 'in kind' contributions. Only in the most exceptional cases will Gorta fund 100% of a project or programme.

Where appropriate, Gorta will work with local communities to set up businesses to contribute to the success and sustainability of programmes.

Our primary targets are some of the poorest, most disadvantaged communities in sub Saharan Africa, with particular focus on Kenya, Uganda, Tanzania and Zambia. In addition we support key initiatives in Rwanda and The Gambia.

Gorta has full time, professional development workers, appropriately resourced, who support and mentor our Programme Partners. We identify these local partners and provide training and support to help them develop.

We proactively support specialist academic institutions in the countries in which we operate that focus on agriculture, horticulture, hydrology and agro forestry to assist communities to tackle the challenges they face.

We have a role in education and advocacy on behalf of communities needing long-term development. Whilst we are 'apolitical' we will be their voice.

Our Development Approach

Through capacity and capability building, Gorta encourages individuals and communities to invest in diversified and economically viable initiatives that lead to sustainable and prosperous livelihoods, while at the same time building communities' resilience to shocks.

Gorta has achieved much through the power of collaboration, working with local community groups, exchanging knowledge and learning with other organisations, lobbying and consulting with governments and joining forces with private sector companies on pioneering projects.

Gorta focuses on the areas of:

- Food Security & Nutrition
- Water & Sanitation
- Enterprise Development

Food Security & Nutrition: Gorta supports smallholder farmers to improve their agricultural practices by promoting and

increasing crop production and diversification while, at the same time, enhancing nutritional outcomes.

Water & Sanitation: Gorta's water projects aim to support the development of integrated watershed management programmes and provide clean and safe drinking water for households with improved access to sanitation.

Enterprise Development: Gorta supports social agri-business enterprises, where enterprises have both social and commercial objectives.

Partnerships

We act responsibly in regard to our donors' funds. We keep our costs to the minimum consistent with our need to be effective, ensuring the maximum amount can be used where it matters most. We are committed to being in communication with our donors, keeping them informed as to how their contribution is being used effectively.

Gorta works with a network of local partner groups with objectives similar to its own in the countries in which it operates. Wherever practical, and consistent with the responsible use of our donors' funds/resources, Gorta will work with local community resources, skills and knowledge.

We recognise that we cannot achieve our vision on our own. It can only be achieved through developing and working in long term partnership with local and national government, local communities, other 'expert' organisations, businesses and individuals who have complementary skills to our own. Meaningful partnership is central to our approach. We see ourselves as facilitators, providing opportunities for communities, businesses, workplace and social groups, families and individuals to make a contribution to the fight against hunger and drought especially in sub-Saharan Africa.

We raise funds through a wide range of sources and will never become overly dependent upon just one source. We look to new technology as a method of cost efficient communication with our donors.

The network of volunteers across our retail and community fundraising infrastructure has been a source of great strength and resilience over the years. We are committed to maintaining and growing a strong, healthy community organisation including a County Infrastructure and the Gorta Membership.

Grant making Process

Each proposal is reviewed by the responsible manager/officer. If it is in line with Gorta's strategy, it is sent to the Programmes Committee for review. Where the Programmes Committee recommends a project or programme the proposal is then sent to the Board of Directors for approval.

Ethical Behaviour

We are an open learning organisation, developing and sharing 'best practice' with our peers and partners. Gorta believes in the importance of education and training.

Gorta will ensure that all our decisions, actions, and stakeholder interactions conform to the organisation's moral and professional principles. These principles are the foundation for the organisation's culture and values.

The principles apply to all individuals involved in the organisation, from employees to members of the Board of Directors and Membership, and are communicated and reinforced on a regular basis. They ensure Gorta's mission and vision are aligned with its ethical principles empowering people to make effective decisions with confidence.

Principal Activities

The Company is a registered charity and therefore the report and results are presented in a form which complies with the requirements of the Companies Acts, 1963 to 2013 and although not obliged to comply with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", as issued by the Charity Commissioners for England and Wales in October 2005, the Company has implemented its recommendations where relevant in these financial statements. The main activities of the Company are charitable. The financial statements have been prepared in accordance with the accounting policies set out on pages 14 to 16 to the financial statements.

Financial Results

The current challenging economic environment has seen a reduction both in donations received during the year and in sales at our ten charity shops. Notwithstanding this, Gorta has continued to invest significantly in programmes of work with dedicated strategic partners, especially in sub Saharan Africa.

The financial results are outlined in the Statement of Financial Activities (SOFA).

Future Activities

During 2013, Gorta signed a Memorandum of Understanding (MoU) and entered merger negotiations with like-minded charity Self Help Africa (SHA). The merger negotiations have progressed quickly with both organisations signing an Agreement to Merge on May 28, 2014. The merger is expected to gain approval from the members of both organisations and be finalized in the third quarter of 2014. Gorta has avoided making large/long-term programme expenditure decisions until the merger negotiations are finalized and the strategic direction of the merged entity has been agreed. As a result, Gorta's programme spend was less than expected during 2013. However, we expect an increase in programme spending upon completion of the merger. We also anticipate the expansion of Gorta programme activities to additional countries in Africa.

Directors and Corporate Governance

The Directors in office at the date of this report are set out on page 8. New Directors are elected by the Membership of Gorta and each serve for a period of three years. They can be re-elected or replaced by newly elected Directors from the Membership of Gorta. The Directors in office at the date of this report are set out on page 8. Andy Cole resigned as director on 28th May 2013 and Kevin Higgins resigned as director on 20th June 2013. Carmel Fox was appointed director on 11th June 2013 and Pat Murphy and Jeremy Woolwich were appointed directors on 20th June 2013. New Directors are elected by the Membership of Gorta and each serve for a period of three years. They can be re-elected or replaced by newly elected Directors from the Membership of Gorta.

The Directors believe that committing to a high level of Corporate Governance is essential to achieving the optimal standard of operation of the Company's Activities. To accomplish this, the Board has a competent executive team. There is clear division of responsibility at the company with the Board retaining control of major decisions, with the Chief Executive responsible for devising strategy and policy within the authority delegated to him by the Board.

The Board is responsible for providing leadership, setting strategy and ensuring control. The Company has a clear and detailed process for reporting management information to the Board. The Board is provided with regular information, which includes key performance and risk indicators for all aspects of the organisation. The Board meets regularly as required and met 11 times during 2013.

The Directors recognise their overall responsibility for Gorta's systems of internal control and for reviewing their effectiveness. They have delegated responsibility for the implementation of this system to the Executive Team. This system includes financial controls, which enable the Board to meet its responsibilities for the integrity and accuracy of the Company's accounting records.

Sub-committees established for good governance including, but not confined to Board members are:

Audit and Finance Committee

The function of the Audit and Finance Committee is to review internal financial controls, treasury and risk management processes. It liaises with external auditors and reports directly to the Board. It also monitors and reviews the financial performance of the Company. It provides an independent review of the annual budgets, monthly management and financial accounts and makes recommendations to the Board where relevant.

Programmes Committee

This Committee is charged with considering key decisions relating to the support of overseas programmes and partners. In particular, it has the following delegated responsibilities:

- Appraisal of programmes and project submissions received by Gorta, prior to the submission of such proposals to the Board for approval.
- Assessment and development of partners, in both donor and developing countries, with whom Gorta works and co-operates.
- Project and Programme monitoring, evaluation and development.
- In conjunction with the in-house Programmes Team, development and enhancement of policies and processes, including monitoring and evaluation, to reflect best practice.

The Board has created a procedure of compliance which addresses the Board's wider responsibility to maintain, review and report on all internal controls, including financial, operational and compliance risk management.

Environment

As part of Gorta's Vision we strive to achieve environmental justice for all. Gorta's programmes embrace the UN Millennium Development Goals which challenge all of us to respond to

tackle poverty, hunger, disease, lack of shelter and exclusion – while promoting gender equality, healthcare, education, environmental sustainability and economic opportunity.

We proactively support specialist educational institutions in priority countries focusing on agriculture, horticulture, hydrology and agro forestry to produce graduates equipped to tackle the challenges their communities face.

Gorta has a proactive approach to conducting our business in a manner that protects the environment.

Gorta is compliant with relevant environmental legislation.

Statement of Public Benefit

Gorta supports programmes that help transform the lives of those in some of the poorest communities in the countries in which we operate with emphasis on food security, nutrition, empowerment of women and improving the health of children to ensure growth and development

Dividends and Retention

The Company is precluded by its Memorandum of Association from paying dividends either as part of normal operations or on a distribution of its assets in the event of a winding-up.

Health and Safety

Gorta is committed to managing and conducting its work activities in such a way as to ensure - so far as is reasonably practicable - the safety, health and welfare at work of its employees and volunteers.

The Safety Statement, in accordance with Section 20 of the Safety, Health and Welfare at Work Act 2005, outlines the policy of Gorta in relation to the management of health, safety and welfare.

Gorta management continuously monitors compliance in line with legislative requirements.

Voluntary Help and Gifts in Kind

The Directors are very grateful to the hundreds of volunteers throughout Ireland who helped the organisation during the year by their participation on Board sub-committees; membership of County Committees; assisting in our charity shops and carrying out other fundraising activities, including Church Gate collections on behalf of Gorta during the year. The public have been very generous in providing gifts in kind, particularly donations of items for resale through our network of ten charity shops in Ireland.

Organisational Structure

The charity was previously solely based in Ireland but Gorta UK, a company limited by guarantee and a registered charity was incorporated in the UK on 6th September 2004.

To achieve its objectives, the charity raises funds in Ireland through a network of charity shops, which sell second hand goods donated by the public. Further details of these activities are set out in note 2 to the financial statements. Gorta also has a network of voluntary local community groups in a number of counties that raise money through fundraising events. Gorta's head office raises money directly for the organisation by organising fundraising events, promoting continuous giving and

seeking subscriptions and donations from the general public. It also obtains funds from bequests.

The Directors met 11 times during 2013 and retain overall responsibility for the strategic development of the charity in close liaison with the Executive team.

The Chief Executive Officer manages the operation of the charity with delegated divisional responsibility to the following:

- Corporate Partnerships,
- Marketing, Fundraising and Communications;
- Finance and Administration;
- Programmes.

Management and Staff

We appreciate and acknowledge the role played by Gorta's staff, based in Ireland and in Africa. The ongoing growth of Gorta's work is due to their dedication and commitment.

We are committed to the continuing development of our staff and Gorta allocate resources annually towards a comprehensive training and development programme.

Gorta is an equal opportunities employer and we recognise the need to ensure we have high calibre staff and volunteers to achieve our vision and objectives.

Post Balance Sheet events

During the year, Gorta signed a Memorandum of Understanding (MoU) and entered merger negotiations with like-minded charity Self Help Africa (SHA). The merger negotiations have progressed quickly with both organisations signing an Agreement to Merge on May 28, 2014. The merger is expected to gain approval from the members of both organisations and be finalized in the third quarter of 2014.

Companies (Amendment) Act, 1986

The reporting requirements of the Companies (Amendment) Act, 1986 relating to financial statements do not apply to the Company, as it is a company limited by guarantee not having a share capital.

Books of Account

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at 12 Herbert Street, Dublin 2.

Auditors

Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 160(2) of the Companies Act, 1963.

Approved by the directors and signed on their behalf by:

Signed on behalf of the Board:

Sean Gaule, Director and **Brian Kehoe**, Director

Date: 24 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2013. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board:

Sean Gaule, Director and **Brian Kehoe**, Director

Date: 24 June 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GORTA

We have audited the financial statements of Gorta – The Freedom from Hunger Council of Ireland for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable under Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements for the year ended 31 December 2013 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- Give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's and parent company's net incoming resources for the year then ended; and
- Have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The parent company's financial statements are in agreement with the books of account.
- In our opinion the information given in the report of the directors is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Kevin Sheehan

For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin, IRELAND

Date: 24 June 2014

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statutes comprising the Companies Acts 1963 to 2013. The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) (Revised 2005) "Accounting and Reporting by Charities". The financial statements are presented in euro (€) under the historical cost convention.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary undertaking, Gorta UK. Gorta UK is a company limited by guarantee in the UK and is a registered charity in Scotland. All transactions

and balances with Gorta UK have been eliminated in their preparation.

INCOMING RESOURCES

- (i) Income from voluntary donations is recognised when received. As with many similar charitable organisations, independent groups from time to time organise fundraising activities and may operate bank accounts in the name of Gorta. However, as amounts collected in this way are outside the control of the company, they are not included in the financial statements until received by Gorta.
- (ii) Proceeds from the sale of donated goods are recognised in the financial statements in the period in which they are realised. Volunteer time is not included in the financial statements.
- (iii) Grants from the government and other agencies have been included as income from activities in furtherance of the charity's objects and accounted for on a receivable basis.
- (iv) Legacies are included when the amount is received by the charity or into an executor bank account for distribution to the charity at a near future date.
- (v) Interest income is recognised on a receivable basis.
- (vi) Revenue refunds in respect of tax relief on voluntary donations are recognised on a receivable basis.

RECOGNITION OF EXPENDITURE

Expenditure is included when incurred, and includes attributable VAT which cannot be recovered.

Grants payable for development projects are included in the Statement of Financial Activities (SOFA) when approved by the Directors and agreed with the recipient organisation. The value of such grants unpaid at the year end is accrued.

A designated fund is established for expenditure which has been committed to projects, but remains unspent at the year end.

The majority of costs are directly attributable to specific activities. Certain shared staff costs are apportioned to activities in furtherance of the objects of the charity support costs. Other overhead costs are not apportioned and are shown as full administration or fundraising costs.

FUNDRAISING COSTS

These include the salaries and direct fundraising expenditure to promote fundraising, including events.

SUPPORT COSTS

Support costs represent the cost to head office of administering projects. The resources expended on charitable activities have been classified to comply with SORP 2005. Such costs include the direct costs of the charitable activities together with those Support costs (Finance and Administration cost) incurred that enable these activities to be undertaken. These have been allocated across the activities based on headcount.

COSTS OF MANAGING AND ADMINISTERING THE CHARITY

These represent costs incurred running and managing the organisation, including managing and safeguarding the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

GIFTS IN KIND

Items donated for resale are included in shop income when sold and no value is placed on stock at the year end. Any other gifts in kind which are deemed non-material so are not included in the financial statements. Gifts in kind that can be valued with reasonable confidence will be included in the financial statements.

OPERATING LEASES

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities (SOFA).

CAPITALISATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of fixed assets is provided on cost in equal instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

Shop fittings	20% Straight line
Office furniture and equipment	20% Straight line
Computer equipment	33.3% Straight line
Motor vehicles	33.3% Straight line

FUNDS ACCOUNTING

Funds held by the charity are:

Unrestricted funds- these are funds which can be used in accordance with the charitable objects at the discretion of the Directors.

Designated funds - these are funds which have been set aside for particular purposes by the company itself, in furtherance of the company's charitable objects.

Restricted funds- these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

RESERVES POLICY

In order to secure the long term viability of Gorta and to maintain the smooth operation of the organisation, it is critical to ensure that the organisation has adequate reserves.

The level of reserves needs to cover the following activities of the organisation

- Provide funding for sustainable Programmes.

- Meet contractual liabilities such as lease agreements, statutory staff payments and payments to creditors.
- Maintain a required level of funding available for overseas programmes during times of financial difficulty where fundraising income is diminished.
- To facilitate programme/project continuation especially where a partner submits a new or additional phase proposal in advance of the current activity being completed, in order to meet seasonal requirements (i.e. farming season) and prevent development gaps
- Meet unanticipated expenses such as repairs and maintenance, currency variances and legal costs.
- Cover day to day expenditure of Gorta.
- Ensure there is adequate funding should any winding up costs ever arise.
- Provide for any other unanticipated expenditure of significance.

RESERVES POLICY (CONTINUED)

The Board may designate unrestricted reserves for specific future expenditure such as Long Term Programmes, sinking funds to cover repairs to Fixed Assets (or as required under the terms of any lease relating to premises etc.) and any other potential future requirement(s).

Gorta has a reserves policy based on foreseeable expenditure and in particular, long-term commitments to projects. In addition, a general reserve is specifically set aside to ensure the operation of the organisation for 12 months, based on historical running costs and programme expenditure.

Gorta will continue its strategy to utilise an element of its existing reserves over the coming years to help meet the funding requirements of partners.

INVESTMENT POLICY

The Directors of Gorta are restricted from investing the funds of the charity in long-term investments as all monies held by the charity are deemed to be immediately available for charitable use. All cash balances for planned development work are held in demand deposit accounts or short term investment accounts at the highest interest rates available at the time of investment. Appropriate cash balances are also held for the essential purpose of expanding and consolidating the fundraising base.

FOREIGN CURRENCIES

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities (SOFA).

The balance sheet for the subsidiary is translated at the prevailing year end rates and included in the consolidated balance sheet. The statement of financial activities for the subsidiary is translated at an average rate for the year and included in the consolidated statement of financial activities. Any exchange gains or losses arising on consolidation are recognised in the statement of financial activities.

PENSION SCHEME

The charity operates a defined contribution scheme for employees. The assets of the scheme are held and managed separately from those of the charity by the pension company Bank of Ireland Life. The annual contributions are charged to the Statement of Financial Activities (SOFA).

TAXATION

No charge to taxation arises due to the exempt status of the Company and its subsidiary. Irrecoverable value added tax is expensed as incurred.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013

		2013 Restricted Funds	2013 Unrestricted Funds	2013 Designated Funds	2013 Total	2012 Total
	Notes	€	€	€	€	€
INCOMING RESOURCES						
Incoming resources from generated funds						
Voluntary Income						
Donations and fundraising income	1	40,312	4,067,831	-	4,108,143	4,287,587
Gift In Kind	1	-	-	-	-	-
Other						
Trading Activities Income	2	-	717,365	90,140	807,505	845,401
Investment Income		-	243,358	-	243,358	507,623
Incoming Resources from Charitable Activities						
Revenue based grants	3	30,960	-	-	30,960	166,681
FAS Limerick CE Scheme		-	-	-	-	164,585
Total incoming resources	9	<u>71,272</u>	<u>5,028,554</u>	<u>90,140</u>	<u>5,189,966</u>	<u>5,971,877</u>
RESOURCES EXPENDED						
Charitable Activities						
Programmes Costs	7	71,272	2,781,074	90,140	2,942,486	10,150,377
Advocacy		-	-	-	-	22,392
Costs of generating funds						
Costs of Generating Trading Income	2	-	732,578	-	732,578	730,262
FAS Limerick Scheme		-	-	-	-	166,345
Costs of Generating Voluntary Income	4	-	1,343,895	-	1,343,895	1,093,746
Governance Costs						
Governance Costs	6	-	18,150	-	18,150	85,990
Currency (gain)/loss		-	(570,779)	-	(570,779)	20,086
Total resources expended		<u>71,272</u>	<u>4,304,918</u>	<u>90,140</u>	<u>4,466,330</u>	<u>12,269,198</u>
NET INCOMING/(OUTGOING) RESOURCES						
Total Funds Brought forward	22	-	6,667,275	284,272	6,951,547	13,248,868
Transfers between funds	22	-	(2,964,316)	2,964,316	-	-
Total Funds Carried Forward	22	<u>-</u>	<u>4,426,595</u>	<u>3,248,588</u>	<u>7,675,183</u>	<u>6,951,547</u>

There are no recognised gains or losses other than the net movement in funds arising from continuing operations for the year.

The financial statements were approved by the Board of Directors on 24 June 2014 and signed on its behalf by:

Sean Gaule, Director and Brian Kehoe, Director

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 €	2012 €
FIXED ASSETS			
Other tangible assets	12	131,365	47,170
		131,365	47,170
CURRENT ASSETS			
Short term investments	13	115,697	95,893
Cash in bank and at hand	14	11,520,527	13,617,501
Debtors	15	149,337	252,713
		11,785,561	13,966,107
CREDITORS - AMOUNTS DUE WITHIN ONE YEAR			
Creditors, accruals and deferred income	16	(2,690,962)	(5,865,900)
NET CURRENT ASSETS		9,094,599	8,100,207
TOTAL ASSETS LESS CURRENT LIABILITIES		9,225,964	8,147,377
Long term liabilities			
Creditors (Amount Falling Due after one year)	17	(1,550,781)	(1,195,830)
NET ASSETS INCLUDING PENSION LIABILITY		7,675,183	6,951,547
RESERVES			
Accumulated funds - restricted	22	-	-
Accumulated funds - unrestricted	22	4,426,595	6,667,275
Accumulated funds - designated	22	3,248,588	284,272
		7,675,183	6,951,547

The financial statements were approved by the Board of Directors on 24 June 2014 and signed on its behalf by:

Sean Gaule
Director

Brian Kehoe
Director

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 €	2012 €
FIXED ASSETS			
Tangible assets	12	131,365	47,170
		131,365	47,170
CURRENT ASSETS			
Short term investments	13	115,697	95,893
Cash in bank and at hand	14	10,561,897	11,442,709
Debtors	15	153,936	686,925
		10,831,530	12,225,527
CREDITORS - AMOUNTS DUE WITHIN ONE YEAR			
Creditors, accruals and deferred income	16	(1,862,388)	(4,358,866)
NET CURRENT ASSETS		8,969,142	7,866,661
TOTAL ASSETS LESS CURRENT LIABILITIES		9,100,507	7,913,831
Long term liabilities			
Creditors (Amount Falling Due after one year)	17	(1,550,781)	(969,665)
NET ASSETS INCLUDING PENSION LIABILITY		7,549,726	6,944,166
RESERVES			
Accumulated funds - restricted	22	-	-
Accumulated funds - unrestricted	22	4,301,138	6,659,894
Accumulated funds - designated	22	3,248,588	284,272
		7,549,726	6,944,166

The financial statements were approved by the Board of Directors on 24 June 2014 and signed on its behalf by:

Sean Gaule **Brian Kehoe**
Director Director

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 €	2012 €
Net cash outflow from charitable activities	20	(2,209,385)	(3,544,853)
Capital expenditure and financial investment			
Interest Received	24	243,358	507,623
Payments to acquire tangible fixed assets	12	(130,947)	(60,650)
		112,411	446,973
Decrease in cash	20	(2,096,974)	(3,097,880)
Net funds at 1 January		13,617,501	16,715,381
NET FUNDS AT 31 DECEMBER		11,520,527	13,617,501

The accompanying notes form an integral part of this statement.

RECONCILIATION OF MOVEMENT IN FUNDS TO NET CASH OUTFLOW FROM FINANCIAL ACTIVITIES

	2013 €	2012 €
Opening Cash Balance as at 1 January	13,617,501	16,715,381
Movement in Funds in the year	723,636	(6,297,321)
Depreciation	46,752	49,682
Purchase of Fixed Assets	(130,947)	(60,650)
Increase in Investments	(19,804)	(9,779)
Decrease/(increase)in Debtors	103,376	(76,361)
(Decrease)/increase in Creditors- amounts due within one year	(3,174,938)	2,676,056
Increase in Creditors- amounts due over one year	354,951	620,493
Closing cash balance as at 31 December	11,520,527	13,617,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. VOLUNTARY INCOME

	2013 Restricted Funds €	2013 Unrestricted Funds €	2013 Total Funds €	2012 Total Funds €
Committed giving	-	3,313,770	3,313,770	3,809,645
Legacies	-	199,679	199,679	127,766
Church Gate Collections and Committee income	6,910	58,326	65,236	79,209
General donations *	33,402	436,526	469,928	172,788
Gift Aid Refunds	-	59,530	59,530	68,179
Trócaire	-	-	-	30,000
Total	40,312	4,067,831	4,108,143	4,287,587

* General donations includes €284,140 (2012 : €28,020) of Tax Refunds for Annual Donations over €250

2. ACTIVITIES FOR GENERATING FUNDS: TRADING INCOME

	2013 €	2012 €
Turnover from donated goods	807,505	845,401
Less costs:		
Operating expenses	(644,511)	(639,137)
Support Costs (Note 5)	-	-
Management expenses	(88,067)	(91,125)
	(732,578)	(730,262)
Total net trading income	74,927	115,139

Trading income represents income from the sale of donated goods through the charity's shops.

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2013 €	2012 €
Irish Aid	-	150,000
Department of Agriculture, Food and The Marine	22,000	16,681
Food and Agriculture Organization	8,960	
	30,960	166,681

4. COST OF GENERATING VOLUNTARY INCOME

Cost of generating voluntary income represents fundraising costs to raise both restricted and unrestricted income, excluding trading sales. This is analysed as follows:

	2013	2012
	€	€
Salaries and pensions	394,096	313,109
Support costs (Note 5)	421,540	239,757
Other fundraising expenses	503,338	512,292
Fundraising initiatives	24,921	28,588
	1,343,895	1,093,746

5. BREAKDOWN OF COSTS OF CHARITABLE ACTIVITY

The resources expended on charitable activities have been classified to comply with SORP 2005. Such costs include the direct costs of the charitable activities together with those Support costs (Finance and Administration cost) incurred that enable these activities to be undertaken. These have been allocated across the activities based on headcount. Total support costs for 2013 were 16.1% (2012: 3.8%) of total costs.

Headcount and Administration costs traditionally reflected in Support Services have been allocated to the activities based on direct headcount in the Direct Services as follows:

Costs of Generating Voluntary Income 52% (2012: 52%)

Programmes' Costs 48% (2012: 48%)

These costs totalling €814,976 (2012:€462,593) are reflected in the Statement of Financial Activity as follows:

Support Cost Breakdown by Activity	Costs of Generating Voluntary Income €	Programmes Costs €	2013 €	2012 €
IT/ Computer	14,557	13,587	28,144	17,332
Postage, stationery and communications	6,398	5,972	12,370	8,994
Premises	24,596	22,956	47,552	43,317
Professional fees (Incl recruitment and legal)	136,562	127,458	264,020	69,463
Finance, HR and Administration	218,395	203,835	422,230	297,590
Support expenses	21,032	19,628	40,660	25,897
	421,540	393,436	814,976	462,593

6. GOVERNANCE COSTS

Professional fees
Strategic review and other governance costs

2013	2012
€	€
13,860	12,190
4,290	73,800
18,150	85,990

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Expenditure on charitable activities can be analysed as shown below. Many of these programmes achieve results in more than one of these categories, but are analysed for these purposes under the principal category only.

Country	Country Support Expenses €	Food Security €	Livelihoods €	Water and Sanitation €	Health €	Education €	Management Costs €	2013 €	2012 €
Uganda	48,238	(9,995)	220,765	619,682	(22,322)	(5,234)	57,525	908,659	2,817,911
Malawi *	6,913	-	(13,698)	-	-	-	69,024	62,239	123,275
Zambia	3,540	-	7,000	105,156	128,450	-	57,121	301,267	617,528
Tanzania	9,800	99,998	173,623	18,274	-	-	34,833	336,528	324,144
Kenya	139,023	2,142	60,078	1,324	-	62,704	128,363	393,634	3,315,448
India	-	-	-	-	(161,322)	-	(14,311)	(175,633)	918,826
The Gambia	2,990	-	-	-	-	-	-	2,990	9,014
Nigeria	-	-	-	-	-	-	-	-	23,704
**Regional	-	-	-	-	-	-	-	-	1,474,360
Rwanda	-	-	-	-	320,500	-	-	320,500	57,422
Ethiopia	-	-	-	(6,056)	-	-	-	(6,056)	-
Overseas travel, staff and support costs	496,004	-	-	-	-	-	302,354	798,358	468,745
Sub total	706,508	92,145	447,768	738,380	265,306	57,470	634,909	2,942,486	10,150,377
Advocacy	-	-	-	-	-	-	-	-	22,392
Total 2013	706,508	92,145	447,768	738,380	265,306	57,470	634,909	2,942,486	
Total 2012	482,186	2,392,145	3,442,782	1,905,554	819,311	600,441	530,350		10,172,769

* Malawi included adjustments in the prior year in relation to programme approvals which did not proceed.

** Regional watershed covers Zambia, Tanzania and The Gambia.

8. NET INCOMING/ (OUTGOING) RESOURCES

The net incoming/ (outgoing) resources for the year are stated after charging:

Audit fees	11,266	18,294
Depreciation	46,752	49,682
Currency (gain)/loss	(570,779)	20,086

Auditor's remuneration	2013 €	2012 €
Group auditors remuneration exclusive of VAT:		
- annual statutory audit:		
- Gorta	9,766	16,794
- Gorta UK	1,500	1,500
	11,266	18,294

The auditor's remuneration fee is in respect of audit only. No amounts were paid to the auditors in relation to advisory, tax advisory or other assurance services.

The unrealised currency (gain)/loss is caused by exchange rate fluctuations between the Euro and the currencies in which Gorta's partner contracts are denominated. During 2013, the Euro appreciated against most African currencies, thereby creating a significant currency gain.

9. RESOURCES EXPENDED

Included in resources expended are wages, salaries, pension and other staff costs comprising:

	2013 €	2012 €
Wages and salaries	1,225,015	1,119,298
Social welfare costs	104,455	92,425
Pension costs	27,509	57,315
Other staff costs	257,157	208,649
	1,614,136	1,477,687

The number of employees whose emoluments, including employer pension contributions were greater than €70,000 were as follows

	2013 €	2012 €
€70,000 - €80,000	1	-
€110,000 - €120,000	-	1

EMPLOYEES

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

	2013 No.	2012 No.
- Operating shops (part-time)	14	15
- Managing shops	4	4
- IT/Operations	1	2
- Administration	4	4
- Programme support	8	6
- Marketing and communications	9	8
	40	39

10. DIRECTOR EXPENSES

Directors are not remunerated, but are entitled to be reimbursed for out of pocket expenses incurred in the course of carrying out their duties. These amounted to €NIL (2012: €Nil).

11. TAXATION

As a result of the company's charitable status, no charge to corporation tax arises under the provision of Section 207 of the Taxes Consolidation Act 1997. Irrecoverable Value Added Tax is expensed as incurred.

12. FIXED ASSETS

GROUP AND GORTA:

	Shop Fittings	Lease Premiums	Office furniture and equip	Motor Vehicles	Total
	€	€	€	€	€
Cost					
At beginning of year	225,817	82,651	99,995	163,836	572,299
Additions	55,880	-	12,141	62,926	130,947
Disposals	(96,423)	(82,651)	-	-	(179,074)
At end of year	185,274	-	112,136	226,762	524,172
Depreciation					
At beginning of year	225,817	82,651	99,995	116,666	525,129
Charge for year	3,766	-	2,094	40,892	46,752
On disposal	(96,423)	(82,651)	-	-	(179,074)
At end of year	133,160	-	102,089	157,558	392,807
Net book value					
At 31 Dec 2013	52,114	-	10,047	69,204	131,365
At 31 Dec 2012	-	-	-	47,170	47,170

13. SHORT TERM INVESTMENTS

GROUP and GORTA:

Investments relate to a bequest of shares, the market value of which at 31 December 2013 was €115,697 (2012: €95,893).

14. CASH AT BANK AND IN HAND

(a) GROUP :

By fund designation:

	2013 €	2012 €
Unrestricted	8,403,304	13,380,399
Designated	3,117,223	237,102
Restricted	-	-
	11,520,527	13,617,501

By account type:

	2013 €	2012 €
Deposit accounts	10,965,825	11,620,687
Current accounts	374,384	1,847,276
County committee accounts	175,050	149,283
Petty cash	5,255	242
Prize Bonds	13	13
	11,520,527	13,617,501

(b) GORTA :**By fund designation:**

Unrestricted	7,444,674	11,205,607
Designated	3,117,223	237,102
Restricted	-	-

10,561,897	11,442,709
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By account type:

Deposit accounts	10,007,195	11,620,687
Current accounts	374,384	(327,516)
County committee accounts	175,050	149,283
Petty cash	5,255	242
Prize Bonds	13	13

10,561,897	11,442,709
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15. DEBTORS**(a) GROUP :**

Gift Aid Refunds Due	81,930	16,209
Prepayments and other debtors	60,934	66,996
Accrued Income	6,473	169,508
	149,337	252,713

(b) GORTA :

Amount due from connected charity (Note 25)	86,529	460,209
Prepayments and other debtors	60,934	57,208
Accrued Income	6,473	169,508
	153,936	686,925

16. CREDITORS, ACCRUALS AND DEFERRED INCOME

Amounts falling due within one year:

(a) GROUP :

Projects deferred expenditure	2,368,449	5,658,479
Suppliers' amounts due at year end	142,553	151,762
Accruals	129,512	31,679
Pension liability	1,279	1,354
PAYE/PRSI liability	49,169	22,626
	2,690,962	5,865,900

16. CREDITORS, ACCRUALS AND DEFERRED INCOME (continued)*Amounts falling due within one year:***(b) GORTA :**

Projects deferred expenditure

Suppliers' amounts due at year end

Accruals

Pension liability

PAYE/PRSI liability

2013 €	2012 €
1,578,209	4,153,716
142,553	151,763
91,178	29,407
1,279	1,354
49,169	22,626
1,862,388	4,358,866

17. CREDITORS: (Amounts falling due after more than one year)**(a) GROUP :**

Projects deferred expenditure

2013 €	2012 €
1,550,781	1,195,830

(b) GORTA :

Projects deferred expenditure

1,550,781	969,665
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Projects deferred expenditure falling due after one year represents the balance arising on approved projects payable in 2015 or later. The decrease in programme creditors between 2012 and 2013 is due to a strategic decision made by the organisation to defer long-term programme commitments until the completion of merger negotiations which were entered into during 2013.

18. COMMITMENTS

Annual commitments under non-cancellable operating leases for land and buildings which expire:

- Head office - €101,579. This lease expires in 2022.
- Total for ten shops - €227,460. These leases are held for periods up to 25 years.

19. PENSION SCHEME

The company operates an employer sponsored, defined contribution pension scheme. During the year, the company made contributions in respect of 12 of its employees. The assets of the scheme are held separately from those of the company, in externally managed funds.

The pension expense for the year amounted to €27,509 (2012: €57,315).

Balance outstanding at year end €1,279 (2012: €1,354)

20. RECONCILIATION OF NET INCOMING/ (OUTGOING) RESOURCES TO NET CASH OUTFLOW FROM CHARITABLE ACTIVITIES

NET INCOMING/ (OUTGOING) RESOURCES

	2013 €	2012 €
Depreciation	723,636	(6,297,321)
(Increase) in investments	46,752	49,682
Decrease/(Increase) in debtors	(19,804)	(9,779)
(Decrease)/Increase in creditors	103,376	(76,361)
Adjustment for interest received or similar	(2,819,987)	3,296,549
	(243,358)	(507,623)
NET CASH OUTFLOW FROM CHARITABLE ACTIVITIES	(2,209,385)	(3,544,853)

ANALYSIS OF CHANGES IN CASH BALANCES

	At 1 January 2013 €	Cash Flows 2013 €	At 31 December 2013 €
Cash at bank and in hand	13,617,501	(2,096,974)	11,520,527

21. LEGAL STATUS OF THE COMPANY

The Group is exempt from taxation due to its charitable status in Ireland (Revenue Commissioners registration no. CHY 5678), and in the United Kingdom (The Office of the Scottish Charity Regulator registration no. SC 272970).

Gorta's consolidated financial statements combine the activities of Gorta in Ireland and Gorta UK, a company limited by guarantee operating in the United Kingdom. The net incoming resources for the year, and the retained reserves of each of the group companies at the year-end are detailed below.

	Net incoming/ (outgoing) resources for the year €	Retained reserves at the year end €
Gorta	605,560	7,549,726
Gorta UK	118,076	125,457
Group total	723,636	7,675,183

22. RESERVES

			Designated Funds		
(a) GROUP :			Programme Spend and Operating Costs		
	Restricted Funds	Unrestricted Fund	Reserves	Fixed Assets	Total
	€	€	€	€	€
Opening balance	-	6,667,275	237,102	47,170	6,951,547
Surplus for the year	-	723,636	-	-	723,636
Transfer between funds	-	(2,964,316)	2,880,121	84,195	-
Closing balance at 31/12/2013		4,426,595	3,117,223	131,365	7,675,183

The total reserves of €7.68 million at December 31, 2013 fall into two categories

1) Designated Funds (€3.25m): these are unrestricted funds allocated by the Board for specific purposes. At the end of 2013 funds had been designated for specific purposes as follows

- i. To cover the 2014 programme and operating expenditure budget
- ii. To recognise that a portion of reserves is invested in the charity's fixed assets and is not therefore available for other purposes.

2) Unrestricted Funds (€4.43m): these represent funds which are available for the general purpose of the charity.

The Board reviews the level of reserves held periodically.

			Designated Funds		
(b) GORTA :			Programme Spend and Operating Costs		
	Restricted Funds	Unrestricted Fund	Reserves	Fixed Assets	Total
	€	€	€	€	€
Opening balance	-	6,659,894	237,102	47,170	6,944,166
Surplus for the year	-	605,560	-	-	605,560
Transfer between funds	-	(2,964,316)	2,880,121	84,195	-
Closing balance at 31/12/2013	-	4,301,138	3,117,223	131,365	7,549,726

23. TOTAL FUNDS

	Restricted Funds €	Unrestricted Funds €	Designated Funds €	Total Funds €
(i) Reconciliation of funds:				
(a) GROUP:				
Fund balance at 1 January 2013	-	6,667,275	284,272	6,951,547
Net incoming resources for the year	-	723,636	-	723,636
Transfer between funds	-	(2,964,316)	2,964,316	-
Fund balances at 31 December 2013	-	4,426,595	3,248,588	7,675,183
(b) GORTA				
Fund balance at 1 January 2013	-	6,659,894	284,272	6,944,166
Net incoming resources for the year	-	605,560	-	605,560
Transfer between funds	-	(2,964,316)	2,964,316	-
Fund balances at 31 December 2013	-	4,301,138	3,248,588	7,549,726

23. TOTAL FUNDS - (continued)**(ii) Analysis of net assets between funds:**

	Restricted Funds €	Unrestricted Funds €	Designated Funds €	Total Funds €
GROUP:				
Tangible fixed assets		-	131,365	131,365
Current assets		8,668,338	3,117,223	11,785,561
Liabilities		(4,241,743)	-	(4,241,743)
		4,426,595	3,248,588	7,675,183
	Restricted Funds €	Unrestricted Funds €	Designated Funds €	Total Funds €
(b) GORTA:				
Tangible fixed assets		-	131,365	131,365
Current assets		7,714,307	3,117,223	10,831,530
Liabilities		(3,413,169)	-	(3,413,169)
		4,301,138	3,248,588	7,549,726

(iii) Movements in funds:

	Balance as at 01/01/2013 €	Incoming Resources €	Resources Expended €	Transfer between funds €	Balance 31/12/2013 €
(a) GROUP :					
Restricted funds	-	71,272	(71,272)	-	-
Unrestricted funds	6,667,275	5,028,554	(4,304,918)	(2,964,316)	4,426,595
Designated funds	284,272	90,140	(90,140)	2,964,316	3,248,588
Total funds	6,951,547	5,189,966	(4,466,330)	-	7,675,183
	Balance as at 01/01/2013 €	Incoming Resources €	Resources Expended €	Transfer between funds €	Balance 31/12/2013 €
(b) GORTA:					
Restricted funds	-	64,361	(64,361)	-	-
Unrestricted funds	6,659,894	4,669,602	(4,064,042)	(2,964,316)	4,301,138
Designated funds	284,272	90,140	(90,140)	2,964,316	3,248,588
Total funds	6,944,166	4,824,103	(4,218,543)	-	7,549,726

24. FINANCIAL RISK MANAGEMENT

Much of the organisation's costs, particularly overseas costs, are denominated in euro and local currency while most income is received in euro. A strengthening of the local currency against the euro could have an adverse effect on Gorta's ability to deliver its planned programme of work. These currency risks are monitored on an ongoing basis.

Gorta hold a number of bank accounts deposited in a number of different financial institutions ensuring the security of our funds and also endeavouring to maximise the return available. Gorta earned investment income of €243,358 in 2013 (2012: €507,623).

25. RELATED PARTY TRANSACTIONS

During the year, the company discharged commitments of €1,181,704 (2012: €466,220) and transferred funds of €1,555,384 (2012: €Nil) to Gorta UK, related by virtue of mutual trustees/directors. The balance due from Gorta UK at 31 December 2013 was €86,529 (2012: €460,209 from Gorta UK).

26. SUBSEQUENT EVENTS

During the year, Gorta signed a Memorandum of Understanding (MoU) and entered merger negotiations with like-minded charity Self Help Africa (SHA). The merger negotiations have progressed quickly with both organisations signing an Agreement to Merge on May 28, 2014. The merged is expected to gain approval from the members of both organisations and be finalized in the third quarter of 2014.

SUPPLEMENTARY INFORMATION

(NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT)

APPENDIX A

GORTA SHOP INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	€	€
Bandon	70,531	70,483
Carlow	-	11,262
Cork City – North Main Street	156,655	156,853
Dublin – Capel Street	58,135	63,306
Dublin – Liffey Street	82,757	96,024
Limerick	68,833	70,572
Macroom	74,341	81,045
Mallow	78,516	78,442
Portlaoise	115,031	125,722
Skibbereen	90,140	91,692
Athy	12,566	-
	807,505	845,401

APPENDIX B

GORTA COUNTY CHURCH GATE AND COMMITTEES' INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 €	2012 €
Cavan	1,478	2,012
Dublin	21,835	18,798
Galway	3,769	5,532
Kildare	6,231	7,090
Kilkenny	-	557
Laois	3,494	10,417
Limerick / Clare	-	2,222
Louth	6,910	9,861
Longford	856	-
Mayo / Sligo	5,779	6,171
Meath	2,937	5,875
Monaghan	1,695	2,098
Offaly	4,126	3,173
Tipperary	-	88
Waterford	1,972	939
Wexford	3,647	4,376
Wicklow	507	-
	65,236	79,209

County Louth Committee Income of €6,910 (2012: €9,861) has been designated to a programme in Rwanda which is funded by Gorta UK.

