

Harrogate Fairtrade Shop

(A company limited by guarantee)

Report and Financial Statements

For the Year Ending 31 December 2020

Charity number 1164801

Company number: 07097275

Report of the trustees for the year ending 31 December 2020

The trustees present their annual report together with the financial statements of the charity for the year to 31 December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 (effective 1 January 2015).

Structure, governance and management

The Charity is constituted as a company limited by guarantee and its governing document is its Memorandum and Articles of Association.

The charity is managed by the trustees who are also its directors for the purposes of company law. Trustees are nominated by members and elected at the annual general meeting of the company.

Objectives and activities

The charity's objects are:

- a) The prevention or relief of poverty and the relief of suffering and distress in any part of the world.
- b) The furtherance of exclusively charitable purposes of such UK registered charities which work directly in relieving or preventing poverty, relieving financial need, hardship, suffering or distress in any part of the world as the trustees see fit.

The principal activity of the company is the sale of fair trade goods through its shop in a porch of St Peter's Church in the centre of Harrogate. Fair trade goods are also sold by members of the Charity and others through stalls in local churches, schools etc.

The shop is staffed by volunteers, many of whom are members and some of whom are trustees. All volunteers are invited and encouraged to become voting members at no cost. The volunteers are organised by a part-time shop manager who is the only paid employee.

The principle of the fair trade movement is that producers and manufacturers in developing countries receive a fair price for their products and, by selling goods produced and sourced in accordance with the principles of the World Fair Trade Organisation, the Charity generates the public benefit of alleviating or preventing the poverty of the producers.

While making a profit is not the primary purpose of the Charity, it is necessary that its trading is profitable in order to ensure its long-term survival. Any excess profits which are not required for the maintenance of the Charity's activities are donated to other charities working in the field of the relief of poverty, such donations being approved by the members at the annual general meeting.

Financial Review

The only source of income of the Charity is the sale of fair trade goods. Donations are not sought and any donations made by customers in the small collecting box in the shop, and occasionally by other persons, are passed directly to Traidcraft Exchange, a charity registered in England and Wales.

Similarly, none of the goods sold are donated, as is the case with the majority of “charity shops” and the main expense of the trade is the purchase of goods for resale. It is actually the purchase of fair trade goods, rather than the sale, which generates the public benefit but of course the enterprise would not continue very long if the purchased goods were not sold to the public to provide fresh working capital to buy new stock.

This recycling of our working capital through the purchase and sale of goods generates a margin (gross profit) at a rate comparable to normal commercial enterprises and, as with commercial shops, we have overheads to meet, being principally the shop manager’s wages and accommodation costs comprising a monthly rent paid to St Peter’s Church, and a rent for our “warehouse”, a storeroom come office in Community House, where our registered office is also located.

The dominant feature of 2020 was of course the pandemic and the periods of closure which it imposed on our shop, extending to 18 weeks between 23 March and 25 July and a further 4 weeks in November. This last period was particularly damaging to the quantity of fair trade goods which we were able to sell as it represented a significant part of the period in which our Christmas shop would have been open, the busiest time of the year. Thus we were less successful this year in achieving our primary object of helping producers in developing countries by selling their fairly-traded goods. Purchases of goods for sale were down by 45% over the year.

Our own financial position has been preserved by the government support available to all retail traders and business rate payers during the Covid crisis. During the summer lockdown we reluctantly furloughed our shop manager, after allowing for a controlled close-down, and brought her back in time to prepare for re-opening in July by putting the necessary anti-virus precautions in place. She was again furloughed during the November lockdown. We continued to pay her full pay throughout the closures as well as continuing to pay the rent for both the warehouse and the shop and the financial damage was mitigated by the government’s Job Retention Scheme.

In addition, as a payer of business rates, we found that we were eligible for substantial grants. The money received under this heading has not as yet been spent but has been set aside in a reserve to ensure the long-term survival of the Charity and to fund the development of our trading activities.

The adoption in 2019 of a facility to accept card payments paid dividends in the second half of that year and even more so in 2020 when there was a general move away from cash. The card payment provider also gave us the opportunity set up an online shop and to take the first steps towards online trading and we did this in partnership with Henshaws College. For several years students from Henshaws have gained work experience by volunteering in our shop. This was restricted by the virus but they were able to assist in the setting-up and operation of the online shop. This went live in time for the November closure and was well supported by some of our loyal customers locally. However we have recognised that there has been a shift away from the high street and that our future survival might depend on online sales and further work is underway, with professional assistance, to develop this aspect of our operations.

In addition to the contribution made by the online shop during the November closure, one trustee and our shop manager, when she was not furloughed, took orders by email and telephone during the closure periods and these were delivered locally by volunteers. While these efforts produced a worthwhile result and, no doubt, helped to keep our loyal customers engaged, they in no way replaced the shop sales which would otherwise have been made to summer visitors and to Christmas present hunters. Sales through external stalls were also affected of course.

An acknowledgement and sincere thanks are due to those of our volunteers who worked in the shop when it was permitted to be open. All recommended precautions were taken to reduce their risk of infection but nevertheless, simply by travelling to and working in the confined space of the shop, they undoubtedly increased their risk as compared to staying at home. By doing so they kept the operation alive and that could not have happened without them.

Having met our overheads and other operating expenses we achieved a break-even position with a net profit in the current year of just £655. In past years we have been able to make donations to other charities working to relieve poverty around the world out of our net profits, in accordance with the second of our charitable objects, but this year the trustees do not feel able to recommend such a donation. The present accounts show a donation of £6000 which was approved by the members at the 2020 AGM out of the 2019 profit and this was paid during 2020.

This donation was made to Traidcraft Exchange, registered charity No 1048752.

.Reference and Administrative details

Charity name: Harrogate Fairtrade Shop
Registered charity number: 1164801
Registered company number: 07097275
Registered office: Community House
46 – 50 East Parade
Harrogate
HG1 5RR

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Patricia Jacqueline Sowa Chair

David Seaman Treasurer

Erica Miller

Roger Newby Resigned 24/03/2020

Dr Gillian Parkin

Judith Simpson

Dr Philip Thake Appointed 16/03/2020

None of the trustees receive remuneration or other benefits from their work with the charity.

This report has been approved by the trustees and is signed on their behalf



Patricia Sowa

Chair

Harrogate Fairtrade Shop Trustees Annual Report 2019

HARROGATE FAIRTRADE SHOP

Company limited by guarantee No 7097275

Charity No 1164801

BALANCE SHEET AT 31 DECEMBER 2020

		31 December 2020	31 December 2019
Fixed Assets			
Computer and till equipment		600	800
Fixtures & Fittings		<u>450</u> 1050	<u>600</u> 1400
Current Assets			
Cash at Bank	Co-operative Bank Current A/c	28158	22410
Cash at Bank	Shared Interest Society Ltd	5701	5688
Cash in Hand	Including floats	282	410
Stock		20500	19700
Debtors		<u>510</u> 55151	<u>1547</u> 49755
Current Liabilities			
Creditors and accruals		-1604	-2561
Net assets		<u>54597</u>	<u>48594</u>
Government Covid Grant Reserve		11334	0
Balance on P&L Account		<u>43263</u>	<u>48594</u>
		<u>54597</u>	<u>48594</u>

HARROGATE FAIRTRADE SHOP

Company limited by guarantee No 7097275

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TRADING & PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 2020

	Year to 31/12/2020		Year to 31/12/2019	
Shop sales (card)	31747		39400	
Shop sales (cash)	7345	39092	38392	77792
Online shop		1060		0
Offline sales		1434		0
Stalls etc		3961		4254
Total Sales		45547		82046
Cost of Sales		26515		46893
Gross profit		19032		35153
Payroll costs	12333		14876	
Job Retention Support received	-2449		0	
Rent & Rates	5324		5538	
Credit Card Fees	560		691	
Electricity	260		460	
Insurance	349		349	
Small equipment	370		381	
Music licences	282		380	
Postage, Phone & Stationery	109		118	
Subscriptions & fees	137		137	
Advertising and publicity	0		114	
Window cleaning	60		100	
WiFi charges	137		243	
Website	97		84	
Sundries	126		309	
BAFTS conference and travel	0		117	
Removal	0		140	
Online shop fees	73		0	
Recycling charges	27		0	
Covid measures	231		0	
Depreciation	350	18376	531	24569
Net Profit		656		10584

Profit and Loss

Balance b/f	48594	44010
Profit for the year	656	10584
Interest	13	0
Donations paid out:	-6000	-6000
Balance c/f	43263	48594

Independent Examiner's Report to the Trustees of Harrogate Fairtrade Shop ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 December 2020 as set on pages 5 and 6 of their report.

This Report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the charity's Trustees those matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for my work or for this Report.

Responsibilities and basis of report

As the charity's Trustees of the Company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts as carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination, I have followed all the applicable directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act).

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 386 of the Companies Act 2006; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a "true and fair" view which is not a matter considered as part of an independent examination;
4. the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:



Date: 2 March 2020

Darren Drew FCCA
Harrogate