

Harrogate Fairtrade Shop

(A company limited by guarantee)

Report and Financial Statements

For the Year Ending 31 December 2021

Charity number 1164801

Company number: 07097275

Report of the trustees for the year ending 31 December 2021

The trustees present their annual report together with the financial statements of the charity for the year to 31 December 2021 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, though this activity has been severely curtailed by the pandemic in the last two years

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, in the latter part of this year, was supported by an assistant particularly in relation to online sales.

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. That this is the case was agreed by the Charity Commission in correspondence culminating in the registration of the Charity on 10 December 2015.

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.

Trading in 2021 continued to be affected by the pandemic and the shop was closed during the final lockdown from 5 January until 12 April. Comparisons were made with 2019, the last year not affected by the pandemic and, on that basis we lost over £6000 in net sales during that period, the extent of this loss being mitigated by the fact that this is in any case always the quietest part of the year. Since 12 April the shop opened six days a week, though on somewhat restricted hours due to a shortage of volunteers. Sales recovered well but were 11.5% down on 2019 between re-opening and the year end and 19% down on the year overall. Gross profit was down by almost £2000 including online sales (of which there were none in 2019) and stall sales. Net profit was down from £10584 in 2019 to £8160.

Unfortunately purchases of goods for resale, which is the best measure to the benefit we create for producers in developing countries, were down by 25% on 2019 though they had recovered by 35% from the low point of 2020.

During the lockdown between January and April we once again furloughed our shop manager though this time it was permitted for her to work part time and we received

support under the government's Job Retention Scheme for the standard hours which she did not work, for which we paid her.

We also received a further business support grant from the government. This has been added to the reserve created out of the grants received last year and slightly more than the additional grant spent on developing an online shop. Almost £11000 remains in the reserve which will help to ensure the long-term survival of the Charity and to fund further development of our trading activities.

After the first tentative steps to set up an online shop in the previous year a fresh start was made with the assistance of an outside consultant. The first sale from this new platform was made towards the end of June and soon orders were received from far and wide, though not in large numbers, and online sales in the pre-Christmas period did not follow the same trend as sales through the shop. New items continue to be added to the online offering and it is hoped that this new venture will show increasing returns in the coming year

Sales through external stalls, which have declined steadily over recent years, were again down on the previous year, itself affected by the pandemic. More than half of the total of £2249 came from Ashville School. Although the receipts from stalls were less than those from online sales, this year and will continue to be so if the online business develops as hoped, there are no overheads associated with stalls and no start-up costs. The facility to take stock to sell in churches and elsewhere will always be available to our members should they wish to resume in future. Apart from the income stalls generate, they are of course a useful way of raising awareness of fair trade.

Sincere thanks are due to those of our volunteers who have continued to man the shop and work in our storeroom during the pandemic. It is also very encouraging that new volunteers have come forward during 2021 and hopefully, as we return to something closer to the previous normal, others will return. Our little shop would not survive without them.

In accordance with the second of our charitable objects, we are permitted to make donations to other charities working to relieve poverty around the world and, in previous years, donations have been made to Traidcraft Exchange, registered charity No 1048752.

After returning a very small net profit in 2020, which did not permit us to make our usual donation as in past years, we generated a profit of over £8000 in 2021 and at the AGM on 14 March 2022 the members approved a donation of £6000 to Traidcraft Exchange.

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

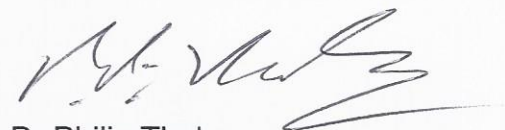
Directors and trustees

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	Resigned 29 March 2021
Dr Philip Thake	Chair	from 29 March 2021
David Seaman	Treasurer	
Erica Miller		
Dr Gillian Parkin		
Judith Simpson		
Debbie Handslip		Elected 29 March 2021
Rachel Batchelor		Elected 29 March 2021

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



Dr Philip Thake
Chair

HARROGATE FAIRTRADE SHOP

BALANCE SHEET at 31 DECEMBER 2021

Fixed Assets

Computer and Till Equipment	450		600
Fixtures & Fittings	330	780	450 1050

Current Assets

Cash at Bank	Co-operative Bank Current A/c	24746		28158
Cash at Bank	CAF Bank	10058		0
Cash at Bank	Shared Interest Society Ltd	5716		5701
Cash in Hand	Including floats	144		282
Stock		22600		20500
Debtors		296	63558	510 55151

Current Liabilities

Creditors and Accruals		-1920		-1604
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Net Assets

62418	54597
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Government Covid Grant Reserve	11334		11334
Further Grants Received	8097		
Less Development Costs - Online Shop	-8450	10981	
Balance on P&L Account		51437	43263
		62418	54597

HARROGATE FAIRTRADE SHOP

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2021

	Year to 31/12/2021		Year to 31/12/2020	
Shop sales (card)	52645		31747	
Shop sales (cash)	10184	62829	7345	39092
Online sales (Zettle)		577		2494
Online sales (Shopify)		2347		0
Stalls etc		2249		3961
Total Sales		68002		45547
Cost of Sales		34704		26515
Gross profit		33298		19032
Employee costs	15837		12333	
Job Retention Support received	-514		-2449	
Rent & Rates	5396		5324	
Online sales expenses (Shopify)	951		0	
Online shop fees (Zettle)	106		73	
Credit Card Fees	868		560	
Electricity	201		260	
Insurance	349		349	
Music licences	395		282	
Postage, Phone & Stationery	62		109	
Subscriptions & fees	91		137	
Advertising and publicity	60		0	
Window cleaning	64		60	
WiFi charges	358		137	
Small equipment purchase & repair	178		370	
Sundries and consumables	149		126	
Fast Fashion Film	77		0	
Gifts	84		0	
Bank charges	72		0	
Recycling charges	71		27	
Covid measures	12		231	
Website (Now online shop)	0		97	
Depreciation	270	25138	350	18376
Net Profit		8160		656

Harrogate Fairtrade Shop Trustees Annual Report 2021

HARROGATE FAIRTRADE SHOP

Profit and LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 2021

	Year to 31/12/2021	Year to 31/12/2020
Balance b/f	43263	48594
Profit / Loss for the year	8160	656
Interest	<u>14</u>	<u>13</u>
	51437	49263
Donations paid out:	<u>0</u>	<u>6000</u>
Balance c/f	51437	43263

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 2021 as set on pages 6 to 8 of their report.

Responsibilities and basis of report

As the charity's trustees (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 your 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 the 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 which gives me cause to believe that:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting 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; or
- 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: 4th March 2022

Darren Drew FCCA
Harrogate