

Harrogate Fairtrade Shop

(A company limited by guarantee)

Report and Financial Statements

For the Year Ending 31 December 2023

Charity number 1164801

Company number: 07097275

Report of the trustees for the year ending 31 December 2023

The trustees present their annual report together with the financial statements of the charity for the year to 31 December 2023 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

Objects

The charity's objects, as stated in its Memorandum of Association 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 principle of the fair trade movement is that producers and manufacturers in developing countries receive a fair price for their products and the charity aims to achieve its first object by selling goods produced and sourced in accordance with the principles of the World Fair Trade Organisation. That this generates the public benefit of alleviating or preventing the poverty of the producers 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. The second object allows any excess profits not required for the maintenance of the Charity's activities to be donated to other charities working in the field of the relief of poverty.

Activities

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.

The shop is staffed by volunteers, some 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 our shop manager who is supported by an assistant, both of whom are paid and work part-time.

Fair trade goods are also sold by members and others through stalls in local churches, schools etc. Apart from the income stalls generate, they are of course a useful way of raising awareness of fair trade. Alongside this, some of our trustees and members and our shop manager have undertaken outreach work in churches and schools from time to time and a new trustee has recently provided the impetus to make this a more frequent activity, though at little or no cost to the charity.

In 2020 the first steps were taken to sell our goods online and the online shop was further developed in 2021. While the small amount of income generated through this channel has yet to cover costs, the online shop functions effectively as a website to display our goods and principles to the outside world both near and far.

The only source of income of the Charity is the sale of fair trade goods as described above. 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 Transform Trade (formerly 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.

Financial Review

As reported last year, sales exceeded the threshold for VAT registration in 2022 and, as anticipated, the requirement to account for and pay VAT made a significant impact on the net profit in 2023, reducing it to only £166. As noted previously however, our primary object is to sell fairtrade goods on behalf of the producers, so although we strive to maximise our sales, even a small net profit will allow us to remain viable and continue to meet that object.

The requirement to present figures in the accounts net of VAT in accordance with standard accounting practice also has an effect on the appearance of the accounts, in particular that the sales figures, being net of VAT, are not directly comparable with those for the previous year. This will resolve itself in the 2024 accounts when both years will be shown net and, for this year, note 3 to the accounts shows the 2023 figures inclusive of VAT for a direct comparison.

On this basis gross total sales at £94194 were 5.5% up on those for 2022. In the light of the cost of living crisis and the much worse results reported by other fair trade shops around the country this is considered to be very satisfactory.

Reserves

In 2022 the trustees decided that, instead of making outright donations of the bulk of the annual profit, the sum voted by the AGM should be added to the deposit with the Shared Interest Society, which uses the deposits of its investors to provide loans and credit facilities to primarily fair trade businesses.

This deposit is identified as our Business Development Reserve and thus the Shared Interest account fulfils the purpose of applying our surplus funds to benefit fair trade producers while remaining available should an opportunity be found to expand our business activities in the future. It should be noted however that the deposit is not covered by the Financial Services Compensation Scheme (FSCS) and is therefore at risk.

The general reserve is required to ensure continuity of trading through the quiet first nine months of the year when funds are always run down and to provide sufficient liquidity to enable restocking prior to the opening of the Christmas Shop in early October. Approximately 60% of sales and all the annual profit is generated in the period leading up to Christmas.

In view of the very small profit this year and the fact that the total on current account is somewhat below what it was at the end of the previous year, the trustees propose that no transfer be made to the Shared Interest account / Business Development Reserve.

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:

Dr Gillian Parkin	Chair	
David Seaman	Treasurer	Resigned as a trustee 29/05/2023 but continues to act as treasurer
Judith Simpson		Resigned 17/04/2023
Rachel Batchelor		Resigned 26/01/24
Diane Maguire		
Roger Elliott		
Zoe Robinson		Appointed 29/09/2023

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 Gillian Parkin
Chair

HARROGATE FAIRTRADE SHOP

Company limited by guarantee No 07097275

Charity No 1164801

BALANCE SHEET AT 31 DECEMBER 2023

	31 December 2023	31 December 2022	
Fixed Assets			
Computer and Till Equipment	250	330	
Fixtures & Fittings	170 420	230 560	
Current Assets			
Cash at Bank Co-operative Bank	24932	7625	
Cash at Bank CAF Bank	9961	28669	
Cash at Bank Shared Interest Society	18736	11730	
Cash in Hand	222	516	
Stock	22000	22300	
Debtors	470 76321	536 71376	
Current Liabilities			
Creditors and Accruals	-6019	-2196	
Net Assets	70722	69740	
Reserves			
Harrogate Fair Trade Group Funds	1511	0	Note 1
Business Development Reserve	18736	11730	Note 2
General Reserve	50475	58010	
	70722	69740	

HARROGATE FAIRTRADE SHOP
Company limited by guarantee No 07097275
Charity No 1164801

TRADING & PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2023

	Year to 31/12/2023		Year to 31/12/2022
Shop sales (card)	61980		69312
Shop sales (cash)	12663 74643		14550 83862
Online sales	<u>1346</u>		<u>1950</u>
Stalls etc	<u>4220</u>		<u>3512</u>
Total Sales	80209	Note 3	89324
 Cost of Sales	 <u>43189</u>		 <u>51395</u>
Gross profit	37020		37929
 Employee costs	 26072		 18963
Rent & Rates	5916		5754
Credit Card Fees (Shop)	1110		1049
Online sales expenses	613		1118
Electricity	741		493
Music licences	382		414
Insurance	305		349
BAFTS Conference	344		229
WiFi charges	270		311
Consumables and Sundries	242		244
Subscriptions & fees	195		96
Bank charges	121		161
Window cleaning	104		100
Recycling charges	86		49
Refreshments	73		0
Transport of Stock	57		0
Postage, Phone & Stationery	51		43
Microsoft licence	20		0
Gifts	12		163
Small equipment purchase & repair	0		219
Harrogate BID	0		360
Consultancy	0		300
Depreciation	<u>140 36854</u>		<u>220 30635</u>
Net Profit / Loss	166		7294

PROFIT AND LOSS ACCOUNT

Balance b/f	58010		51437
Profit / Loss for the year	166		7294
Interest	42		28
Donation Christmas Card profit	-737	Note 4	0
To Business Development Reserve	<u>-7006</u>	Note 2	<u>-749</u>
Balance c/f	50475		58010

HARROGATE FAIRTRADE SHOP

Notes to the 2023 Accounts

Note 1 Harrogate Fair Trade Group Funds

The Harrogate Borough Fair Trade Group was wound up during the year and transferred its remaining funds to HFTS to be used to promote Fair Trade locally. A small amount was spent during the year and the balance of £1511 is carried forward.

Note 2 Business Development Reserve

The Shared Interest account is identified as our Business Development Reserve. A further £7000 was transferred to the account from General Reserve accordance with the resolution of the 2023 AGM and, in addition, a small amount of interest accrued.

Note 3 Comparision of trading figures with 2022

Sales crossed the threshold for registration for VAT for the first time in December 2022 and we began accounting for VAT from 1 February 2023.

In accordance with accounting standards, sales, purchases and expenses for 2023 are stated net of VAT which results in the figures not being directly comparable with those for 2022.

The gross trading figures, shown below, provide a direct comparision.

	Year to 31/12/2023		Year to 31/12/2022	
Shop sales (card)	72787		69312	
Shop sales (cash)	14871	87658	14550	83862
Online sales		1580		1950
Stalls etc		4956		3512
Total Sales		94194		89324

Note 4 Christmas Card profit

Prior to Christmas 2022 the trustees approved the production of our own Christmas card and agreed that the profits from sales of the cards should be donated to Transform Trade, previously known as Traidcraft Exchange.

A payment of £800 was made, representing the contents of the Transform Trade collecting box plus the profit on the cards, slightly rounded up to £737.

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 2023, as set out on pages 6 to 8 of your 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 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

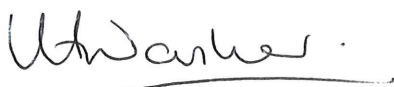
I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company 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 relevant accounting requirements of section 396 of the 2006 Act 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
4. the accounts have not been prepared in accordance with the methods and principles of 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: April 2024



Karen Washer ACA
Harrogate