# THE TRAIDCRAFT FOUNDATION

England & Wales · Charity number 294953

## Details

| | |
|---|---|
| **Status** | Registered |
| **Legal form** | Other |
| **Registered** | 1986-10-14 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Traidcraft Exchange<br>Turners Building<br>7-15 Pink Lane<br>Newcastle Upon Tyne<br>NE1 5DW |
| **Phone** | 01782627300 |
| **Email** | jjelefroy@gmail.com |
| **Website** | www.traidcraft.co.uk |

## Activities

**Objects:** THE OBJECTS OF THE TRUST ARE AS FOLLOWS:- (1) THE PREVENTION AND RELIEF OF POVERTY AND SICKNESS IN THOSE COUNTRIES DEFINED AS DEVELOPING COUNTRIES IN ACCORDANCE WITH CLAUSE 14.3 OF THE DEED DATED 3RD DECEMBER 2002 (THEREIN AND HEREINAFTER CALLED "DEVELOPING COUNTRIES"). (2) THE PROMOTION FOR THE BENEFIT OF THE PUBLIC OF STUDIES IN THEOLOGICAL, POLITICAL, SOCIAL, TECHNICAL AND ECONOMIC SUBJECTS AND OTHER EDUCATIONAL SUBJECTS (3) THE PROMOTION FOR THE BENEFIT OF THE PUBLIC OF EDUCATION AND DISSEMINATION OF KNOWLEDGE IN THESE SUBJECTS WITH PARTICULAR (BUT NOT EXCLUSIVE) REFERENCE TO THE PROBLEMS OF ECONOMIC AND SOCIAL DEVELOPMENT IN DEVELOPING COUNTRIES ARISING FROM NATIONAL AND INTERNATIONAL TRADING PRACTICES (4) THE ADVANCEMENT OF THE CHRISTIAN RELIGION BY COMMENDING THAT RELIGION TO PERSONS IN DEVELOPING COUNTRIES AND ELSEWHERE (5) THE PROMOTION OF OTHER CHARITABLE PURPOSES IN DEVELOPING COUNTRIES (FOR FURTHER DETAILS SEE CLAUSE 1.5 OF DEED DATED 3 DECEMBER 2002).

**Activities:** Traidcraft Foundation is the founder member of Traidcraft Exchange, and appoints the trustees of Traidcraft Exchange. It also holds the Guardian Share in Traidcraft plc, to enable it to protect the vision and mission of that organisation.

Downloaded from opencharities.uk/ew/294953

## Classification

- **How:** Makes Grants To Organisations, Acts As An Umbrella Or Resource Body
- **What:** Education/training, The Prevention Or Relief Of Poverty
- **Who:** The General Public/mankind

## Geography

- North Tyneside

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-03-31 | £3,474,812 | £3,506,584 | £497,888 | 49 |
| 2024-03-31 | £3,377,803 | £3,922,184 | £554,802 | 71 |
| 2023-03-31 | £3,223,652 | £4,354,330 | £936,900 | 57 |
| 2022-03-31 | £4,244,000 | £3,542,000 | £2,069,000 | 55 |
| 2021-03-31 | £3,825,000 | £3,336,000 | £1,357,000 | 54 |

## Trustees

| Name | Role | Appointed |
|---|---|---|
| ALISON MARGARET COUTTS | | 2024-01-26 |
| Clive Osmond | | 2024-01-26 |
| Jeremy Lefroy | | 2021-03-18 |
| Stephen Bonnick | | 2024-01-26 |
| THE RT HON SIR STEPHEN TIMMS MP | | 2011-09-14 |

## Linked charities

- THE TRAIDCRAFT EXCHANGE (294953-1)

Downloaded from opencharities.uk/ew/294953

**THE TRAIDCRAFT FOUNDATION**

England & Wales - Charity number 294953

# Accounts

Charity number: 294953

# The Traidcraft Foundation

## Report and Financial Statements

## FOR THE YEAR ENDED 31 MARCH 2025

**The Traidcraft Foundation**

**CONTENTS**


| | Page |
|---|---|
| Trustees' Report including the Strategic Report | 1 - 8 |
| Independent Auditors' Report | 9 - 12 |
| Consolidated Statement of Financial Activities | 13 |
| Consolidated Balance Sheet | 14 |
| Charitable Company Balance Sheet | 15 |
| Consolidated Cash Flow Statement | 16 |
| Notes to the Financial Statements | 17 - 41 |

## TRUSTEES' REPORT
***FOR THE YEAR ENDED 31 MARCH 2025***

The Trustees present their annual report and audited financial statements of The Traidcraft Foundation for the year ended 31 March 2025.

The trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

### OBJECTIVES AND ACTIVITIES
The Traidcraft Foundation was established in 1979.

The aim of the Traidcraft Foundation has been to deliver its mission through the complementary activities of its charity, Traidcraft Exchange (now Transform Trade), and of its sister organization, the trading company, Traidcraft plc, until it went to administration in January 2023.

The Foundation's task is to ensure that all parts of the Traidcraft family remain focused on the founding principles, vision and mission of Traidcraft, as set out below, and to support the Board of Traidcraft Exchange (now Transform Trade) as they implement activities for the benefit of poor producers in the developing world.

Traidcraft plc entered into administration in January 2023 as the business was no longer viable. The Foundation engaged regularly with the administrators and with the board of Traidcraft Exchange to support both parties and facilitate an orderly windup of the affairs of Traidcraft plc and to ensure the vital work of Traidcraft Exchange could continue effectively.

The trustees of the Foundation are very grateful to the board, Chief Executive, management and staff of Traidcraft Exchange as well as to the administrators for their work during this difficult time.

Traidcraft Foundation continues to support Traidcraft Exchange as it works closely with producers to reduce the inevitable impact of Traidcraft plc ceasing to trade.

Traidcraft Foundation's principles are as follows:

Traidcraft is a Christian response to poverty.
Our mission is fighting poverty through trade.
We respect all people and the environment.
We abide by and promote fair business practices.
We strive to be transparent and accountable.

**Traidcraft's visio**n: A world freed from the scandal of poverty, where trade is just and people and communities can flourish.

**Traidcraft's mission:** We fight poverty through trade, pioneering, practising and promoting approaches to trade that help poor people in developing countries transform their lives.

A Christian response to poverty, Traidcraft seeks to work with people of all faiths and none.

The Foundation is a trust comprising five or more trustees who meet periodically. It has neither staff nor any place of business and does not undertake any fundraising activities. The Traidcraft Foundation is a registered charity, whose formal objectives are:

## TRUSTEES' REPORT *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

The prevention and relief of poverty and sickness in those countries included in the list of Developing Countries as agreed from time to time by the trustees, Traidcraft Exchange and Traidcraft plc, until it ceased to trade, in accordance with the Deed of Covenant;

The promotion for the benefit of the public and studies in theological, political, social, technical and economic subjects and other educational subjects;

The promotion for the benefit of the public of education and dissemination of knowledge in these subjects with particular (but not exclusive) reference to the problems of economic and social developing in Developing Countries arising from national and international trading practices;

The advancement of the Christian religion by commending that religion to persons in Developing Countries and elsewhere;

The promotion of other charitable purposes in Developing Countries in particular (by using any means available to it including its rights as members or shareholders) by defending the Christian basis underlying the operations of Traidcraft plc and Traidcraft Exchange, promoting the connections between the Christian faith and the principles of fair trade, stimulating, challenging and helping those bodies to develop distinctively Christian approaches to their work and representing to the boards of Traidcraft plc, until the point it ceased to trade, and Traidcraft Exchange the interests and opinions of stakeholders, especially of those overseas producer groups and partners.

**Strategies for achieving objectives**
The Foundation is the founder member of Traidcraft Exchange and appoints the trustees of Traidcraft Exchange. The Foundation seeks to encourage all parts of the Traidcraft group to carry forward its work in accordance with the Traidcraft Foundation Principles.

Our aims fully reflect the purposes that the Foundation was set up to further. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

Our main activities are described below. All our charitable activities are undertaken to further our charitable purposes and for the public benefit.

**Principal activities**
The Traidcraft Foundation trustees met periodically during the year to review the work of Traidcraft. The Chair of the Foundation trustees has continued to meet new recruits to the Board of Traidcraft Exchange ahead of their appointments.

The Traidcraft Foundation does not carry out any fundraising activities.

We continued to support Traidcraft Exchange following its review and rework of its organizational strategy and its commitment to following a different approach to its work.

Please refer to the Traidcraft Exchange published accounts for more detail on activities during the year.

Discussions are underway between the Foundation and the board of Traidcraft Exchange about a more streamlined structure, to reflect the closure of Traidcraft plc.

## TRUSTEES' REPORT *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

**Financial review**
The consolidated results for the year ended 31 March 2025 are set out in detail in the financial statements below. The net incoming resources for the Foundation (before consolidation) for the year was £. Nil (2024: £ Nil).

The Foundation (before consolidation) has gross incoming resources of £. Nil (2024: £. Nil). The Foundation is funded by Traidcraft Exchange. The trustees believe that the assets of the Foundation are available and adequate to fulfil its obligations.

Traidcraft Exchange's board approved a budget with a modest surplus for FY 2024/25 against total reserves brought forward of £.552,496 from FY2023/24.

On the backdrop of the collapse of the Traidcraft Plc in FY22/23 & the consequent significant challenges with far reaching financial and operational impact that followed, Traidcraft Exchange continued to record steady resilience and recovery. Traidcraft Exchange has had a strong year posting a markedly comparatively lower overall net deficit of £.31,772 (2023/24: deficit of £.544,357; 2022/23: deficit of £.900,535) before exchange gains & losses. This performance was backed by a sustained overall steady income level of £.3.4M and decrease in overall expenditure arising from projects closed out at the end of prior year and within the current year. This strong performance has rightly positioned Traidcraft Exchange toward meeting its target of breaking even in FY25/26 and beyond.

Reserves policy
The trustees have endorsed the view of the trustees of Traidcraft Exchange that they consider it prudent that Traidcraft Exchange should seek to maintain unrestricted reserves at a level sufficient to meet matched funding requirements, budgeted staff, overheads and fundraising costs. When calculating unrestricted reserves, fixed assets and investments are excluded due to their illiquid nature. With Traidcraft Exchange's steady and resilient performance over the recent financial years including the much closer to break-even point performance of FY24-25, the management of Traidcraft Exchange have initiated a review of the charity's reserves policy with the aim of establishing a target minimum reserves level.

With the strong performance in FY24-25, we, through Traidcraft Exchange are looking to FY25-26 with the intention of breaking even. Similarly, to FY24-25, for FY25-26, the board of Traidcraft Exchange once again approved a modest achievable surplus (unrestricted surplus) budget. Post year end 24/25, Traidcraft Exchange has continued to maintain strong support from its network of mid and high-level institutional donors and individual supporters and has initiated a review of its fundraising strategy that is set to yield a refreshed fundraising approach towards attracting new & more flexible funding. This coupled with the continued close monitoring of the charity's cost structure for cost efficiencies, the trustees have confidence that Traidcraft Exchange is well poised toward achieving its goal of reaching and thereafter exceeding its breakeven point in FY25/26 and beyond.

As Traidcraft Exchange guarantees to cover reasonable expenses of the Traidcraft Foundation, its reserves are kept at approximately £.2,000.

**Principal risks and uncertainties**

We, through Traidcraft Exchange, had a year marked with positive transition to a new strategic direction that will take the organization to 2030 and beyond. It was a year of ending some work well and starting new work that demonstrated the new direction we are headed in – namely becoming a powerful force of producer-centered trade justice. We made significant strides across our international programs and policy initiatives, driving impactful change in small-scale agriculture, garments, tea, and broader policy and advocacy work. We worked with local partner organizations to support marginalized communities and tackled systemic barriers to fair trade and sustainable development. Our efforts were strengthened by the dedication of our partners, whose collaboration remains central to our mission of achieving a just and sustainable trade system.

We recognize that strong risk management is essential to delivering our mission. As a learning organization, we continue to strengthen our approach so we can anticipate, escalate and address risks early, keeping them at manageable levels. Our work across multiple countries creates a changing funding, regulatory and operational environment, and we actively manage these risks to protect our impact

A key area of risk is financial vulnerability driven mainly by unpredictable income streams such as legacies and public appeals, and reductions in some statutory aid as some statutory donors reduce aid, for instance toward year end, UK Aid announced cuts to their budget. In response, we are exploring more flexible funding opportunities and have launched a review to strengthen and diversify our fundraising strategy. This will support long-term stability and resilience.

We also face risks linked to the transition to our new organizational strategy, including the organizational adjustments required as we embed the new strategy, and external shifts in political and regulatory environments. To manage these, we continue to invest in staff engagement, communication and training in the new strategy. We monitor national and regional contexts closely, learn through collaborative networks, and seek legal or specialist advice where needed so we can make informed and responsible decisions.

Our **Theory of Change and Monitoring, Evaluation and Learning (MEL) framework** play a central role in guiding this transition. They provide a clear, shared roadmap for how we deliver impact and help ensure that our work stays aligned to the new strategy, strengthening accountability and strategic focus across the organization.

## TRUSTEES' REPORT *(Continued)*
## *FOR THE YEAR ENDED 31 MARCH 2025*

**Going concern**
After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future.

We have considered the significantly lower deficit recorded by Traidcraft Exchange in FY 24/25 alongside the continuing pressure of an unpredictable fundraising landscape that is a general concern affecting the assessment of the going concern basis for all charities. The trustees have therefore taken particular care in reviewing the going concern basis.

When reviewing their decision, they have taken the following factors into account:

- Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Further, expenditure levels are monitored against budget on a monthly basis through cost center reports
- Traidcraft Exchange has not encountered any difficulty in paying its creditors within agreed payment terms.
- In general, most of our institutional donors provide their grants in advance of spending.
- Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due.
- Traidcraft Exchange has set an achievable budget for the year 25/26 which should return a modest unrestricted surplus.

For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**Structure, governance and management**

**Constitution**
The Traidcraft Foundation is registered as a charity set up by a Trust deed (updated 2002).

The Foundation has also entered into a Deed of Mutual Covenant with Traidcraft plc and Traidcraft Exchange, dated December 2002.

The Foundation controls the composition of the board of Traidcraft Exchange and the accounts of Traidcraft Exchange are consolidated with those of the Foundation.

## TRUSTEES' REPORT *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

**Methods of appointment or election of trustees**
The management of the group and the charity is the responsibility of the trustees who are elected and co-opted under the terms of the Trust deed.

Four trustees resigned during the year, that is, David Nussbaum, Rev Tariro Matsveru, Alison Linglis-Jones and Jane Cotton resigned in January 2024. In January 2024, 3 new trustees were appointed, that is, Stephen Bonnick, Clive Osmond and Alison Margaret Coutts.

Appointments are made following the recommendations of a nominations committee, which currently comprises Sir Stephen Timms (Chair of the Traidcraft Foundation), David Pain (Chair of the board of Traidcraft Exchange) and David Neale (the then Chair of the board of Traidcraft plc).

Training is available for new trustees and other trustees as necessary. A detailed induction pack and process is provided for each new trustee.

**Plans for future periods**
The Traidcraft Foundation will work closely with the board of Traidcraft Exchange to ensure any changes in structure and strategy remain focused on the founding principles, vision and mission of Traidcraft.

Since March 2023 we have continued to engage with the administrators and the Traidcraft Exchange to navigate the winding up of Traidcraft plc. Traidcraft Exchange successfully bid for and secured the license to the Traidcraft brand and have been developing a portfolio of business partnerships that deliver impact and continue the legacy of Traidcraft.

We continue to support Traidcraft Exchange as they move forward with their new strategy and the shift of approach to become a participatory grant-maker, facilitator and advocate.

As Traidcraft plc no longer exists, we have reviewed the role of the Traidcraft Foundation and are exploring merging the Foundation into Traidcraft Exchange. This will simplify the governance structure and enable greater accountability to the charity's primary stakeholders.

**Disclosure of information to auditor**

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and

- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information

## TRUSTEES' REPORT *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

### REFERENCE AND ADMINISTRATIVE DETAILS

Charity number: 294953
Registered office: 7-15 Pink Lane, Newcastle Upon Tyne, NE1 5DW

**Advisors**

| | | |
|---|---|---|
| Auditors | S&W Audit | 17 Queens Lane, Newcastle upon Tyne, NE1 1RN |
| Bankers | HSBC Bank PLC | 110 Grey Street, Newcastle upon Tyne, NE1 6JG |
| Solicitors | Muckle LLP | 32 Gallowgate, Newcastle upon Tyne, NE1 4BF |

**Directors and Trustees**
The Directors of The Traidcraft Foundation are the Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year end were as follows:

Trustees:

Jeremy Lefroy (Chair)
Stephen Timms MP
Stephen Bonnick
Clive Osmond
Alison Margaret Coutts

## TRUSTEES' REPORT *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

### Auditor

As we embarked on our new strategic plan, we have increasingly seen the need to strengthen our internal control systems and processes to build an even more agile, accountable and sustainable organization. Amongst the strategies to achieve this is to seek a fresh perspective to our internal control systems which included considerations of change of auditors. Following a tender process, the tender committee recommended the appointment of Haines Watts (now CLA Evelyn Partners) as auditors for the 2024 financial year. This recommendation was approved during the AGM.

### STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also Directors of The Traidcraft Foundation for the purpose of company law) are responsible for preparing the Trustees Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and the incoming resources and application of resources, including the net income or expenditure, of the charity and the group for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustees have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Trustees on..14/01/2026..... and signed on their behalf by:

Jeremy Lefroy

Jeremy Lefroy
Chair

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAIDCRAFT FOUNDATION
*FOR THE YEAR ENDED 31 MARCH 2025*

### Opinion
We have audited the financial statements of The Traidcraft Foundation (the 'charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2025, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information
The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAIDCRAFT FOUNDATION *(continued)*
## *FOR THE YEAR ENDED 31 MARCH 2025*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**
In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**
As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAIDCRAFT FOUNDATION *(continued)*
## *FOR THE YEAR ENDED 31 MARCH 2025*

**Auditor's responsibilities for the audit of the financial statements**
We have been appointed auditor under the companies Act 2006 and we report in accordance with this Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.

We understand that the group and the parent charitable company complies with the framework through:

- Engaging external legal professionals as required and making changes to internal procedures and controls as necessary.
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.
- Monitoring of updates made by regulatory bodies.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the company's ability to conduct its business, and where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- The Charities Act 2011 and the Charities: Statement of Recommended Practice in respect of the preparation and presentation of the financial statements.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Making enquires of trustees and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- Obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Reviewing the minutes of meetings of those charged with governance;

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAIDCRAFT FOUNDATION *(continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group and the parent charitable company's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements via and management overriding controls.
- The occurrence and accuracy of donation income.
- The completeness of legacy income.
- The incorrect recognition of grants resulting in the income being recognised in the incorrect accounting period.
- The risk that expenditure has been recorded in the incorrect period.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Performed data analytics on the general ledger against client specific criteria
- Selected a sample of donations, agreeing the revenue to supporting documentation and through to the bank statements.
- Obtained third party evidence for a sample of grants, to ensure that it was appropriate to recognise the income in the financial statements in accordance with the principles of the SORP.

.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

C. Henderson

**Craig Henderson (Senior Statutory Auditor)**
**for and on behalf of S&W Audit**
**Chartered Accountants and Statutory Auditor**

21 January 2026

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**The Traidcraft Foundation**

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income and expenditure account)

*FOR THE YEAR ENDED 31 MARCH 2025*

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total 2025 £ | Total 2024 £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 4 | 1,492,857 | - | 1,492,857 | 1,879,508 |
| Charitable activities | 5 | 196,740 | 1,785,215 | 1,981,955 | 1,498,295 |
| **Total income** | | 1,689,597 | 1,785,215 | 3,474,812 | 3,377,803 |
| **Expenditure on:** | | | | | |
| Raising funds | 6 | | | | |
| Voluntary income sources | | 664,692 | - | 664,692 | 776,149 |
| Institutional income sources | | 61,945 | - | 61,945 | 114,122 |
| Charitable activities | 7 | | | | |
| Development programmes | | 533,846 | 1,713,565 | 2,247,411 | 2,392,883 |
| Policy and campaigns | | 457,346 | 75,191 | 532,537 | 639,030 |
| **Total expenditure** | | 1,717,828 | 1,788,756 | 3,506,584 | 3,922,184 |
| **Net movement in funds before transfers** | | ( 28,231 ) | ( 3,541 ) | ( 31,772 ) | ( 544,381 ) |
| Transfer between funds | 19 | ( 12,853 ) | 12,853 | - | - |
| **Net movement in funds after transfers** | | ( 41,084 ) | 9,312 | ( 31,772 ) | ( 544,381 ) |
| **Other recognised gains/(losses)** | | | | | |
| Unrealised foreign exchange losses | | ( 25,142 ) | - | ( 25,142 ) | ( 55,924 ) |
| **Net movement in funds** | | ( 66,226 ) | 9,312 | ( 56,914 ) | ( 600,305 ) |
| **Reconciliation of funds** | | | | | |
| Total funds brought forward | | 296,592 | 258,210 | 554,802 | 1,155,107 |
| **Total funds carried forward** | | 230,366 | 267,522 | 497,888 | 554,802 |

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

## CONSOLIDATED BALANCE SHEET
***AS AT 31 MARCH 2025***

| | Notes | £ | 2025<br>£ | £ | 2024<br>£ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **14** | | 17,600 | | 19,800 |
| Tangible assets | **13** | | 13,120 | | 12,045 |
| | | | 30,720 | | 31,845 |
| **Current assets** | | | | | |
| Debtors | **16** | 465,373 | | 330,894 | |
| Cash at bank and in hand | | 434,995 | | 603,984 | |
| | | 900,368 | | 934,878 | |
| **Creditors: amounts falling due within one year** | **17** | ( 433,200 ) | | ( 411,921 ) | |
| **Net current assets** | | | 467,168 | | 522,957 |
| **Net assets** | | | 497,888 | | 554,802 |
| **Charity Funds** | | | | | |
| Unrestricted funds | | | 230,366 | | 296,592 |
| Restricted funds | | | 267,522 | | 258,210 |
| **Total Charity Funds** | **19** | | 497,888 | | 554,802 |

The notes on pages 17 to 41 form part of these financial statements.

The financial statements were approved by the Trustees on....14/01/2026... and signed on their behalf by:

Jeremy Lefroy
Chair

## PARENT CHARITY BALANCE SHEET
*AS AT 31 MARCH 2025*

| | Notes | £ | 2025 £ | £ | 2024 £ |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Debtors | 16 | 6,540 | | 3,000 | |
| Cash at bank and in hand | | 2,305 | | 2,305 | |
| | | 8,845 | | 5,305 | |
| **Creditors: amounts falling due within one year** | 17 | ( 6,540 ) | | ( 3,000 ) | |
| **Net current assets** | | | 2,305 | | 2,305 |
| **Net assets** | | | 2,305 | | 2,305 |
| **Funds** | | | | | |
| Unrestricted funds | | | 2,305 | | 2,305 |
| | | | 2,305 | | 2,305 |

The notes on pages 17 to 41 form part of these financial statements.

The financial statements were approved by the Trustees on 14/01/2026 and signed on their behalf by:

Jeremy Lefroy
Chair

## CONSOLIDATED CASH FLOW STATEMENT
*FOR THE YEAR ENDED 31 MARCH 2025*

| | Note | 2025 £ | 2024 £ |
|---|---|---|---|
| ***Net cash provided by/(used in) operating activities*** | **24** | ( 141,934 ) | ( 974,104 ) |
| **Cash flows from investing activities** | | | |
| Purchase of tangible assets | | ( 5,812 ) | - |
| Interest received | | 3,898 | 15,058 |
| ***Net cash flow from investing activities*** | | ( 1,914 ) | 15,058 |
| **Net decrease in cash and cash equivalents** | | ( 143,848 ) | ( 959,046 ) |
| Cash and cash equivalents at the beginning of the year | | 603,984 | 1,618,954 |
| Change in cash and cash equivalents due to exchange rate movements | | ( 25,142 ) | ( 55,924 ) |
| **Cash and cash equivalents at the end of the year** | | 432,690 | 603,984 |
| **Cash and cash equivalents consist of:** | | | |
| Cash at bank and in hand | | 434,995 | 603,984 |

## NOTES TO THE FINANCIAL STATEMENTS
*FOR THE YEAR ENDED 31 MARCH 2025*

### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The Traidcraft Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 1.2 Basis of consolidation

The financial statements consolidate the results of The Traidcraft Foundation and its wholly owned subsidiary. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because The Traidcraft Foundation has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

#### 1.3 Going concern

After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future.

We have considered the significantly lower deficit recorded by Traidcraft Exchange in FY 24/25 alongside the continuing pressure of an unpredictable fundraising landscape that is a general concern affecting the assessment of the going concern basis for all charities. The trustees have therefore taken particular care in reviewing the going concern basis. Please refer to page 5 for further information.

**1.4 Funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of The Traidcraft Foundation and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by The Traidcraft Foundation for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**1.5 Income**

All incoming resources becoming available to the charity during the year are recognised in the Statement of Financial Activities. Income is deferred where incoming resources are received in advance of the service being provided. No incoming resources are stated net of expenditure.

Institutional grants, where related to performance and specific deliverables, are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued and included in debtors.

Government grants are recognised when the charity has entitlement to the income, receipt is probable and the amount can be measured reliably.

Listed shares donated during the year are included in donations and valued at estimated market value. Unlisted shares donated during the year are included in donations and valued at estimated market value.

Legacies are recognised as income, in the accounting period, once the Charity has been informed of the amount of a bequest and it can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

**1.6 Expenditure and irrecoverable VAT**

Expenditure is brought into the financial statements as it is incurred. Overheads (including management and administration costs) and other non-specific expenditure are allocated between charitable activities and generating funds in proportion to the number of staff employed within each area. This is shown as "overhead allocation" in the notes and apportioned on the basis of staff headcount.

Costs of generating funds are those incurred in seeking voluntary income and grants from institutional sources and do not include the costs of disseminating information in support of the charitable activities. These costs include the salaries, direct expenditure and overhead costs of the staff who promote fundraising.

Costs of charitable activities represent the salaries and overhead costs of staff directly working in International Programmes and the Policy Unit together with expenditure directly attributable to these activities.

Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

**1.7 Support cost allocation**

Support costs represent the costs incurred by finance, IT and human resources attributable to the management of the Charity's assets and organisational administration.

**1.8 Tangible fixed assets**

Tangible fixed assets costing more than £500 are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

| | |
|---|---|
| Office equipment | - 25% straight line |
| Computer equipment | - 10% straight line |

**1.9 Intangible fixed assets**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

| | |
|---|---|
| Capitalised Software | - 4 years |

**1.10 Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. The functional currency of the Group is GBP Sterling.

**1.11 Investments**

Investments in subsidiary undertakings are held at cost less impairment.

**1.12 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.13 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.14 Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.15 Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement after allowing for any trade discounts due.

**1.16 Pensions**

For the defined contribution pension scheme, the pension costs charged to the Statement of Financial Activities represent the amount of the contributions payable in respect of the accounting period.

For the defined benefit schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

The administration costs of running the closed defined contribution scheme are charged to the Statement of Financial Activities. Further details are provided in the notes to the accounts.

**1.17 Financial instruments**

The Traidcraft Foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.18 Judgements and key sources of estimation uncertainty**

In the application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**1.19 Judgements and key sources of estimation uncertainty (continued)**

Key estimates included within these financial statements include assumptions regarding discount rates and mortality in calculating the value of retirement benefits. Trustees keep these assumptions under review and employ the services of qualified actuaries to calculate the resulting expected asset or liability to the charity in respect of retirement benefits. None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements, no significant judgements were required in the process of applying the company's accounting policies.

**2. Legal status**

The Traidcraft Foundation is an unincorporated association, governed by its constitution, adopted on 03 September 1986. It has no legal personality separate from its trustees, who enter contracts and hold assets in their own names. Trustees have unlimited personal liability for the charity's obligations and debts.

## 3. Statement of financial activities from the prior year as restated

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total 2024 £ | As restated Total 2023 £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 4 | 1,879,508 | - | 1,879,508 | 1,439,883 |
| Charitable activities | 5 | 51,386 | 1,446,909 | 1,498,295 | 2,013,912 |
| **Total income** | | 1,930,894 | 1,446,909 | 3,377,803 | 3,453,795 |
| **Expenditure on:** | | | | | |
| Raising funds | 6 | | | | |
| Voluntary income sources | | 776,149 | - | 776,149 | 726,603 |
| Institutional income sources | | 114,122 | - | 114,122 | 215,963 |
| Charitable activities | 7 | | | | |
| Development programmes | | 689,951 | 1,702,932 | 2,392,883 | 2,713,822 |
| Policy and campaigns | | 584,682 | 54,348 | 639,030 | 698,009 |
| **Total expenditure** | | 2,164,904 | 1,757,280 | 3,922,184 | 4,354,397 |
| **Net movement in funds before transfers** | | ( 234,010 ) | ( 310,371 ) | ( 544,381 ) | ( 900,602 ) |
| Transfer between funds | 19 | ( 69,546 ) | 69,546 | - | - |
| **Net movement in funds after transfers** | | ( 303,556 ) | ( 240,825 ) | ( 544,381 ) | ( 900,602 ) |
| **Other recognised gains/(losses)** | | | | | |
| Unrealised foreign exchange losses | | ( 55,924 ) | - | ( 55,924 ) | ( 15,560 ) |
| **Net movement in funds** | | ( 359,480 ) | ( 240,825 ) | ( 600,305 ) | ( 916,162 ) |
| **Reconciliation of funds** | | | | | |
| Total funds brought forward | | 656,072 | 499,035 | 1,155,107 | 2,071,269 |
| **Total funds carried forward** | | 296,592 | 258,810 | 554,802 | 1,155,107 |

## 4. Income from donations and legacies

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Donations | 1,293,249 | 1,534,665 |
| Legacies | 199,608 | 328,693 |
| Other donations | - | 16,150 |
| | 1,492,857 | 1,879,508 |

## 5. Charitable activities

| | Unrestricted Funds | Restricted Funds | 2025 | 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Grants from institutional sources | - | 1,785,215 | 1,785,215 | 1,446,909 |
| Consultancy and other income | 196,740 | - | 196,740 | 51,386 |
| | 196,740 | 1,785,215 | 1,981,955 | 1,498,295 |

## 6. Costs of generating funds

### Voluntary income

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Travel and accommodation | 212 | 348 |
| Direct costs | 287,855 | 297,581 |
| Support costs | 129,157 | 167,379 |
| Direct salaries | 247,468 | 310,841 |
| | 664,692 | 776,149 |

### Institutional sources

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Support costs | 61,830 | 114,122 |
| Direct costs | 114 | - |
| | 61,945 | 114,122 |

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
*FOR THE YEAR ENDED 31 MARCH 2025*

## 7. Analysis of expenditure on charitable activities

| | Unrestricted funds | Restricted funds | Total 2025 | Total 2024 |
|---|---|---|---|---|
| **Development Programmes** | £ | £ | £ | £ |
| Direct salaries | 282,629 | 277,524 | 560,153 | 742,720 |
| Travel and accommodation | 21,711 | 38,471 | 60,182 | 70,889 |
| Direct programme costs | 92,503 | 1,285,989 | 1,378,492 | 1,485,670 |
| Support costs (Note 8) | 136,302 | 112,281 | 248,583 | 93,580 |
| | 533,145 | 1,714,265 | 2,247,410 | 2,392,859 |
| **Policy Unit and Campaigning** | | | | |
| Direct salaries | 294,187 | 44,900 | 339,086 | 355,331 |
| Travel and accommodation | 5,321 | 704 | 6,025 | 4,210 |
| Direct programme costs | 3,399 | 29,588 | 32,987 | 14,727 |
| Support costs (Note 8) | 154,439 | - | 154,439 | 264,763 |
| | 457,346 | 75,191 | 532,537 | 639,030 |
| | 990,490 | 1,789,456 | 2,779,947 | 3,031,889 |

## 8. Support costs

| | Voluntary Income | Institutional Sources | Development Programmes | Policy & Campaigning |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Management and admin salaries | 91,867 | 43,979 | 96,949 | 109,850 |
| Governance | 14,041 | 6,722 | 14,818 | 16,790 |
| Office services | 8,750 | 4,189 | 9,235 | 10,463 |
| Office machinery and consumables | 763 | 365 | 805 | 912 |
| Financial services | 13,735 | 6,575 | 14,495 | 16,424 |
| | 129,157 | 61,830 | 136,302 | 154,439 |

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Management and admin salaries | 342,645 | 438,170 |
| Governance | 52,370 | 76,687 |
| Office services | 32,637 | 77,401 |
| Office machinery and consumables | 2,846 | 6,365 |
| Financial services | 51,229 | 41,220 |
| | 481,728 | 639,843 |

Support costs have been apportioned based on the number of full-time staff equivalents in each department.

Management and administration salaries include the salaries of staff working in Finance, HR, Public Relations and Communications and general management. It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables include depreciation and non-capital office furniture, fittings and equipment.

Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. PR & Comms is the cost of preparing communications for the charity and includes the cost of trips to visit projects to provide reports to our supporters.

## 9. Net expenditure for the year

Net income is stated after charging;

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Amortisation | 2,200 | 2,200 |
| Depreciation | 4,737 | 11,172 |
| Operating lease costs | 56,173 | 57,004 |
| Unrealised exchange rate losses | 25,142 | 55,924 |
| Auditors remuneration | 20,000 | 25,000 |

## 10. Auditors remuneration

The auditors remuneration amounts to an audit fee of £20,000 (2024 - £25,000).

## 11. Financial performance of the charitable company

The Consolidated Statement of Financial Activities includes the results of the wholly owned subsidiaries.

The summary financial performance of the charity alone is;

| | 2024 |
|---|---|
| | £ |
| Income | 3,410,667 |
| Expenditure | ( 3,312,406 ) |
| Unrealised losses | ( 25,142 ) |
| **Net (deficit) / surplus** | 73,119 |

## 12. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

The total staff costs and employees benefits were as follows:

| | 2025 | 2024 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 680,806 | 861,332 |
| Social security costs | 70,132 | 86,714 |
| Other pension costs | 79,002 | 105,743 |
| Overseas salaries and staff costs | 548,955 | 793,273 |
| | 1,378,895 | 1,764,915 |

The average number of employees during the year was as follows:

| | 2025 Group | 2024 Group |
|---|---|---|
| Development programmes and Policy Unit | 37 | 49 |
| Fundraising | 9 | 13 |
| Management and administration | 10 | 9 |
| | 56 | 71 |

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

| | Number 2025 | Number 2024 |
|---|---|---|
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £70,001 - £80,000 | - | 1 |
| In the band £90,001 - £100,000 | 1 | 1 |
| | 2 | 3 |

**12. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel expenses** *(continued)*

The Trustees were not paid or received any other benefits from employment in the year (2024 – £nil). No Trustee received payment for professional or other services supplied to the charity (2024 - £nil).

The key management personnel of the charity are identified on page 12. The total employee benefits of the key management personnel of the charity were £475,625 (2024 - £526,934).

**13. Tangible fixed assets**
**Consolidated**

| | Fixtures, fittings and equipment £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 April 2024 | 141,452 | 141,452 |
| Additions | 5,812 | 5,812 |
| At 31 March 2025 | 147,264 | 147,264 |
| **Depreciation and impairment** | | |
| At 1 April 2024 | 129,407 | 129,407 |
| Charge for the year | 4,737 | 4,737 |
| At 31 March 2025 | 134,144 | 134,144 |
| **Net book value** | | |
| At 31 March 2025 | 13,120 | 13,120 |
| At 31 March 2024 | 12,045 | 12,045 |

**13. Tangible fixed assets** *(continued)*
**Charitable company**

| | Fixtures, fittings and equipment £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 April 2024 | 131,391 | 131,391 |
| Additions | 4,632 | 4,632 |
| At 31 March 2025 | 136,023 | 136,023 |
| **Depreciation and impairment** | | |
| At 1 April 2024 | 121,189 | 121,189 |
| Charge for the year | 3,569 | 3,569 |
| At 31 March 2025 | 124,758 | 124,758 |
| **Net book value** | | |
| At 31 March 2025 | 11,265 | 11,265 |
| At 31 March 2024 | 10,202 | 10,202 |

## 14. Intangible assets

**Consolidated & Company**

| | IT systems £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 April 2024 and 31 March 2025 | 41,469 | 41,469 |
| **Amortisation** | | |
| At 1 April 2024 | 21,669 | 21,669 |
| Charge for the year | 2,200 | 2,200 |
| At 31 March 2025 | 23,869 | 23,869 |
| **Net book value** | | |
| At 31 March 2025 | 17,600 | 17,600 |
| At 31 March 2024 | 19,800 | 19,800 |

## 15. Investments

| | Consolidated | | Charitable Company | |
|---|---|---|---|---|
| | 2025 £ | 2024 £ | 2025 £ | 2024 £ |
| Shares in subsidiary undertakings | - | - | 1,000 | 1,000 |
| | - | - | 1,000 | 1,000 |

Traidcraft Services India Private Limited is incorporated in India and is limited by shares. The Corporate Identity Number is U74140DL2015PTC286042. Traidcraft Exchange holds 99% of the shares.

The investments include shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. At 31 March 2025, the Traidcraft plc shares were not being traded so the trustees valued the shares at nil. Due to the illiquid nature of these shares the trustees believed it was appropriate to classify them as a fixed asset investment.

| Company | Country | Percentage Shareholding | Description |
|---|---|---|---|
| Traidcraft Services India Private Limited | India | 100% | Ordinary |

The results and summary of assets and liabilities of the company are as follows:

| | 2025 £ |
|---|---|
| Turnover | 226,479 |
| Expenditure | ( 219,320) |
| Loss for the year | 7,159 |

| | 2025 £ |
|---|---|
| Total assets | 87,727 |
| Total liabilities | ( 39,292 ) |
| Shareholders' funds | 48,435 |

## 16. Debtors

| | Group 2025 £ | Group 2024 £ | Parent 2025 £ | Charity 2024 £ |
|---|---|---|---|---|
| Trade debtors | 79,590 | 11,851 | - | - |
| Amounts owed to subsidiary undertakings | - | - | 6,540 | 3,000 |
| Prepayments and accrued income | 368,789 | 233,683 | - | - |
| Other debtors | 16,994 | 85,360 | - | - |
| | 465,373 | 330,894 | 6,540 | 3,000 |

## 17. Creditors: amounts falling due within one year

| | Group 2025 £ | Group 2024 £ | Parent 2025 £ | Charity 2024 £ |
|---|---|---|---|---|
| Trade creditors | 105,836 | 44,573 | - | - |
| Social Security and taxes | 26,466 | 24,050 | - | - |
| Accruals and deferred income | 261,647 | 339,579 | 6,540 | 3,000 |
| Other creditors | 39,252 | 3,720 | - | - |
| Amounts owed to subsidiary | - | - | - | - |
| | 433,201 | 411,922 | 6,540 | 3,000 |

### Deferred income

| | Group 2025 £ | Group 2024 £ | Parent 2025 £ | Charity 2024 £ |
|---|---|---|---|---|
| Deferred income at 01 April 2024 | 135,283 | 815,674 | - | - |
| Deferred during the year | 655,422 | 135,283 | - | - |
| Amounts released | ( 622,645 ) | ( 815,674 ) | - | - |
| Deferred income at 31 March 2025 | 168,060 | 135,283 | - | - |

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 25/26. Income will be recognised as the monies are utilised, in line with the funding agreements.

## 18. Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows;

| | 2025 £ | 2024 £ |
|---|---|---|
| Not later than one year | 59,817 | 59,817 |
| Later than one and not later than five years | 66,067 | 66,067 |
| | 125,884 | 125,884 |

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

**19. Fund reconciliation**

*Year ended 31 March 2025*

| Unrestricted funds | Balance at 1 April 2024 | Income | Expenditure | Transfers | Gains/ (losses) | Balance at 31 March 2025 |
|---|---|---|---|---|---|---|
| General fund | 226,592 | 1,689,597 | ( 1,717,828 ) | ( 12,853 ) | ( 25,142 ) | 160,366 |
| **Designated fund** | | | | | | |
| Organisation systems strengthening work | 70,000 | - | - | - | - | 70,000 |
| | 296,592 | 1,689,597 | ( 1,717,828 ) | ( 12,853 ) | ( 25,142 ) | 230,366 |
| **Restricted funds** | | | | | | |
| JRCT land grab research Project | 6,463 | - | - | - | - | 6,463 |
| Khamatayan project | 1,927 | - | - | - | - | 1,927 |
| Hidden Homeworkers project | 22,033 | 4,000 | ( 2,645 ) | - | - | 23,388 |
| Tanzania - Disability project | 5,420 | ( 13,959 ) | - | 13,959 | - | 5,420 |
| Matrix Causes Fund | 5,000 | - | - | - | - | 5,000 |
| West Bengal Women Farmers | 23,961 | - | - | - | - | 23,961 |
| Juicing Justice project | 500 | - | - | - | - | 500 |
| OAK Foundation project | - | 134,969 | ( 59,637 ) | ( 31,740 ) | - | 43,592 |
| Oak - Tea Project | 15,001 | 475,960 | ( 356,199 ) | - | - | 134,762 |
| Laudes foundation | 5,418 | - | - | - | - | 5,418 |
| Laudes Garment Work | 118,876 | 125,424 | ( 75,191 ) | - | - | 169,110 |
| Empowering Women CSOs (WEE) project | 31,751 | 490,828 | ( 665,720 ) | ( 32,212 ) | - | ( 175,353 ) |
| UKAM- PPP project | - | 192,939 | ( 353,020 ) | - | - | ( 160,081 ) |
| Strengthing Farmers Association | 4,882 | 177,555 | ( 156,747 ) | - | - | 25,689 |
| Muktee II: Strengthening (Women CSOs) | 9,225 | 57,865 | ( 8,238 ) | ( 1,773 ) | - | 57,080 |
| SPF – Swalamban project | - | 116,207 | ( 37,984 ) | - | - | 78,223 |
| ADD Disability Justice Program – Kenya | | 22,427 | ( 7,758 ) | - | - | 14,669 |
| Coffee, Cocoa & Palm oil (CCP) | 7,754 | - | ( 7,510 ) | 7,510 | - | 7,754 |
| EA Tea Project | - | 1,000 | ( 56,224 ) | 55,224 | - | - |
| (PGM) Pilot | - | - | ( 1,885 ) | 1,885 | - | - |
| Total restricted funds | 258,210 | 1,785,215 | ( 1,788,756 ) | 12,853 | - | 267,522 |
| **Total funds** | 554,802 | 3,474,812 | ( 3,506,584 ) | - | ( 25,142 ) | 497,888 |

**19. Fund reconciliation** *(Continued)*

*Year ended 31 March 2024*

| Unrestricted funds | Balance at 1 April 2023 | Income | Expenditure | Transfers | Gains/ (losses) | Balance at 31 March 2024 |
|---|---|---|---|---|---|---|
| General fund | 387,072 | 1,930,894 | ( 2,164,904 ) | 129,454 | ( 55,924 ) | 226,592 |
| **Designated fund** | | | | | | |
| Organisation systems strengthening work | 269,000 | - | - | ( 199,000 ) | - | 70,000 |
| | 656,072 | 1,930,894 | ( 2,164,904 ) | ( 69,546 ) | ( 55,924 ) | 296,592 |
| **Restricted funds** | | | | | | |
| JRCT land grab research Project | 6,463 | - | - | - | - | 6,463 |
| Khamatayan project | 2,754 | - | ( 827 ) | - | - | 1,927 |
| Hidden Homeworkers project | 17,944 | 141,077 | ( 136,988 ) | - | - | 22,033 |
| Tanzania - Disability project | - | 22,223 | ( 16,803 ) | - | - | 5,420 |
| Matrix Causes Fund | 5,000 | - | - | - | - | 5,000 |
| West Bengal Women Farmers | 21,961 | 2,000 | - | - | - | 23,961 |
| Juicing Justice project | 500 | - | - | - | - | 500 |
| OAK Foundation project (Pahariya Jharkhand project) | 100,269 | - | ( 132,009 ) | 31,740 | - | - |
| C&A Textiles | ( 2,051 ) | - | 50 | 2,001 | - | - |
| Supporting Tea Workers project (COVID-19 Response Fund) | ( 3,262 ) | - | - | 3,262 | - | - |
| Fighting forced labor- Muktee project | - | 8,499 | ( 10,272 ) | 1,773 | - | - |
| Oak - Tea Project | 196,136 | - | ( 181,135 ) | - | - | 15,001 |
| Laudes foundation | 5,418 | - | - | - | - | 5,418 |
| Laudes Garment Work | 83,288 | 89,986 | ( 54,398 ) | - | - | 118,876 |
| Empowering Women CSOs (WEE) project | 5,000 | 692,842 | ( 666,092 ) | - | - | 31,750 |
| UKAM- PPP project | - | 224,994 | ( 224,999 ) | 5 | - | - |
| Strengthing Farmers Association | - | 214,482 | ( 209,600 ) | - | - | 4,882 |
| Muktee II: Strengthening (Women CSOs) | 17,493 | 10,000 | ( 18,268 ) | - | - | 9,225 |
| Coffee, Cocoa & Palm oil (CCP) | ( 93 ) | 10,273 | ( 2,426 ) | - | - | 7,754 |
| Halcrow Foundation | 3,739 | - | ( 24,603 ) | 20,864 | - | - |
| Participatory Grant Making (PGM) Pilot | 38,476 | 30,533 | ( 78,910 ) | 9,901 | - | - |
| Total restricted funds | 499,035 | 1,446,909 | ( 1,757,280 ) | 69,546 | - | 258,210 |
| **Total funds** | 1,155,107 | 3,377,803 | ( 3,922,184 ) | - | ( 55,924 ) | 554,802 |

**South Asia Programme**

**'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia':** Ref No. COOP-RS/D (2018) 6764770) is a four year project funded by the European Commission. It was planned in order to address the systemic and structural vulnerabilities of agricultural communities to forced, bonded, and child labour in two districts of Northern Bangladesh and four districts of Madhya Pradesh, India. It worked on multiple fronts, namely rescuing and rehabilitating communities from bonded labour conditions; preventing future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy interventions. 8,000 households and 20,000 children were to benefit directly from this project. The project received a no-cost extension until the end of June 2022 and currently work is being to complete the evaluation and final reporting. The total cost is €1,131,809.

**Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains:** Ref No EuropeAid/157515/dh/act/Multi is a project that started in April 2019. The objective is to improve the working conditions of informal and home based workers in Nepal, Pakistan and India, who work in global value chains in the apparel and footwear sectors. It is expected to impact the lives of 20,000 home based workers in this country through improved working conditions, access to social entitlements and policy change at the national level. The project is progressing well, though has to undergo some changes due to the impact of covid on home workers. A no-cost extension is now proposed and the details are being worked out. The total cost is €1,308,922.

**Bangladesh**

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub district associations, and 788 village level Self help Groups (SHGs). The project planned to empower these organisations, representing 20,000 marginal famers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42 month project is €1,653,149.

**Empowering women's CSOs to ensure good governance (WEE):** Ref No EuropeAid/168903/DD/ACT/BD is a 42 month project starting February 2021 and will impact the lives of 15,000 women in 5 districts of Bangladesh, in partnership with Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroot organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's collective voice through their own organisations. The total cost is €2,592,595.

**Shifting the power to grassroots' communities through strengthening farmer-led CSOs and improving their engagement in the sustainable development process (SWABOL).**
The project started in April 2023 through a Traidcraft Exchange led consortium of six NGOs in 33 disadvantaged upazialas (sub-districts) of 13 districts across Bangladesh. The work focuses on enhancing human and social capital and strengthening Smallholder Farmer-led Civil Society Organizations (FSFCSOs) as independent institutions and actors of good governance to promote inclusive and sustainable development. The project targets 46 FSFCSOs and 1,580 Local Farmer Organizations along with 50,000 participants (50% women, 7% ethnic minorities and 5% persons with disabilities). Registration of these FSFCSOs is under process which will ensure legal entity and contribute to their sustainability in the long run.

**India**

Addressing vulnerabilities among the Pahariya community through market led Interventions: Ref No OFIL 19 003 is a 4 year project aims to "reduce vulnerability and improve sustainable livelihoods and food sovereignty among 3000 Pahariya households, particularly women, in two blocks of Jharkhand". The 90 villages targeted are comprised of extremely vulnerable Pahariya tribal households alone. This is sought to be achieved by organising and enabling communities to adopt sustainable and productive resource (forest, land and water) management regimes, empowering communities to access their entitlements and engage with the market with a view to sustainably enhance livelihood, income base and nutritional status. The total cost of the project is £631,172 and is funded by the Oak Foundation.

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices: The goal of this 3-year project is to reduce socio economic vulnerability, improve livelihoods and resilience of 9,000 Tea worker communities in 5 districts of North Bengal and Assam. The work will be undertaken across 35 gardens of which 25 gardens in North Bengal and 10 gardens in Assam. The project will facilitate building of community voices and create opportunities and choices for tea worker households. The primary focus will be to improve livelihoods and safety nets through a participatory process of assessing needs, resources, skills and opportunities leading to diversification and improvement in incomes. Secondly, collectivisation of women and youth in the gardens and enhancing their knowledge, skills and sense of agency will improve their negotiation and dialogue capacities with officials within and outside the gardens enabling them to access entitlements from the Government. The project will also establish a model of climate adaptive practices through establishing small scale innovations. The total cost of the project is £972,572 and is funded by the Oak Foundation.

Climate resilient sustainable livelihoods for female small holder farmers, (Birbhum, West Bengal): Ref: HF185 is a project in India funded by the Halcrow Foundation. The project aims to organize vulnerable women farmers, improve food security and increase household incomes through livelihood diversification, enhanced water use efficiency, and building resilience through social security safety nets for 2,500 vulnerable families. The project is now in year 2. There are 80 Women Livelihood Committees formed now and work is on to build capacity around governance, micro savings, and resource mapping. Linkages have been built with various government departments to access extension services for a variety of crops as well starting nurseries to benefit other families. The cost of the project is £99,948.

**East Africa Programme**
**Senegal**
In 2016/17, 'Juicing Justice project for Farmers', started in Senegal, has worked in partnership with two small Senegalese enterprises called Zena and BDS.

The project, funded by Comic Relief (Grant ID 1324191 – total cost £625,489), has worked with 2,200 forest fruit farmers to acquire environmentally sustainable forest fruit harvesting knowledge and skills, increase their income from sales of exotic forest fruits and improve their livelihoods. It also aims to strengthen the capacity of the two small businesses to trade with the farmers in ethical practices that ensure equitable sharing of risks and benefits as well as develop their capacity to access European markets with innovative juice brands. The project has now ended.

**Kenya**

**Participatory Grant Making (PGM) Pilot:** The PGM pilot was launched during the current financial year in partnership with the Kenya Community Development Foundation (KCDF). Through the partnership, we supported six community-based organizations (CBOs) in small scale agriculture, in Meru and Kitui counties of Kenya across three value chains, that is, poultry farming, onion farming and bee keeping, monitored their progress, addressed challenges and disbursed funds to them. Through the pilot, the capacity of the CBOs was enhanced through training, provision of extension services in partnership with government officers and cross-learning through exchange visits to experienced farmers. We plan to continue to maintain the integrity of established structures and adopting a facilitative approach that empowers CBO leadership to make key decisions, we enhanced collaboration, building on our strong track record with local partners and made progress towards project sustainability.

**Tanzania**

'Promoting the Inclusion of People with Disabilities in Cocoa, Coffee and Palm Oil Value Chains'.
This project is being implemented by Traidcraft Exchange in Tanzania. It is funded by The National Lottery Community Fund (project ID: 10328877). The project seeks to reduce household poverty and empower 1,000 people with disabilities and 500 smallholder farmers and/or micro entrepreneurs, engaged in the coffee, cocoa and sustainable palm oil in Mbeya Region of Tanzania and Dar es Salaam. The project seeks inclusion of disabled people in all aspects of the value chains through collective organisation, improved access to finance and business services, improved market access and changes in behaviour and practice towards disabled people. The budget for this project is £682,418.

**Policy and Campaigning Programme**

**JRCT**

Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. In the last year, we continued to call on the government to legislate to hold companies to account for violating human rights through a Business Human Rights and Environment Act (BHREA). A key aspect of this was a submission (written jointly with the Corporate Justice Coalition) and extensive follow-up advocacy to the Law Commission's Corporate Criminal Liability enquiry, around elements which we believe should be included in a new law. Our request that legislation should cover the failure to prevent human rights abuses was included in the Law Commission's options paper in June 2022. In addition, we launched a public campaign in favour of BHREA in December 2021 which received 24,622 signatures.

**Laudes Foundation**

Our policy and advocacy work on textiles in the EU has been supported by Laudes Foundation. In the last year, we have taken forward advocacy on Unfair Trading Practices (UTPs) in the garment sector in the EU, including: holding regular meetings with the European Commission and Members of the European Parliament around the EU's textile strategy, commissioning research on fair and unfair trading practices, and holding parliamentary events to highlight the impact of garment retailers' purchasing practices on working conditions, job security and pay for workers.

## 20. Analysis of net assets between funds

*Year ended 31 March 2025*

| | Unrestricted Funds | Restricted Funds | Total 2025 | Total 2024 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Tangible assets | 13,120 | - | 13,120 | 12,045 |
| Intangible assets | 17,600 | - | 17,600 | 19,800 |
| Current assets | 464,786 | 435,582 | 900,368 | 934,878 |
| Creditors amounts due within one year | ( 265,140 ) | ( 168,060 ) | ( 433,200 ) | ( 411,921 ) |
| | 230,366 | 267,522 | 497,888 | 554,802 |

*Year ended 31 March 2024*

| | Unrestricted Funds | Restricted Funds | Total 2024 | Total 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Tangible assets | 12,045 | - | 12,045 | 14,743 |
| Intangible assets | 19,800 | - | 19,800 | - |
| Current assets | 541,385 | 393,493 | 934,878 | 2,016,979 |
| Creditors amounts due within one year | ( 276,638 ) | ( 135,283 ) | ( 411,921 ) | ( 876,345 ) |
| | 296,592 | 258,210 | 554,802 | 1,155,107 |

## 21. Related Party Transactions

During the year the Charity had transactions with the following related parties:
The Traidcraft Foundation – the controlling party of the company as detailed below.
Trustees – the trustees donated £nil (2024 - £nil) during the year.

## 22. Controlling Party

The charity is under the control of the Traidcraft Foundation (charity number 294953), a registered charity with the same place of business, being the founder member and having, in general meetings, the number of votes that exceeds by one the number of all other votes cast.

## 23. Pension Commitments

The group operates a defined benefit pension scheme.

Until 31 March 2001 Traidcraft operated a defined benefit funded pension scheme covering the pension arrangements of employees of Traidcraft plc and Traidcraft Exchange, providing a pension linked to final salary. This scheme is now closed but not wound-up and Traidcraft plc and Traidcraft Exchange continued to make contributions to it, working with the scheme trustees to agree appropriate contribution levels. Traidcraft plc has been the principal employer within the combined Traidcraft defined benefit pension scheme and Traidcraft Exchange is the participating employer.

In January 2023 Traidcraft plc entered into administration. The scheme actuary has split the assets and liabilities of the original scheme into a Traidcraft plc scheme and a Traidcraft Exchange scheme. Traidcraft Exchange is solely responsible for The Traidcraft Foundation part of scheme and is responsible for meeting the ongoing costs of The Traidcraft Foundation scheme.

The triennial actuarial valuation prepared as at 1 September 2019 indicated that the scheme was in technical surplus.

The charity expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2024. It should be noted that the surplus calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

Effective January 2025 Traidcraft Exchange assumed principal employer for the defined benefit pension scheme. The insolvency of Traidcraft plc was scheduled to end by 31st Jan 2025. As at start of Jan 2025, the portion of the pension scheme relating to Traidcraft plc had not yet been transferred to the Pension Protection Fund (PPF). Given the Traidcraft Plc portion of the scheme was still under PPF review, it would not be wound up when the insolvency of Traidcraft Plc was finalized. However, The Traidcraft Foundation portion of the pension scheme ran the risk of being wound up as it did not enjoy similar exemption. To avoid triggering the winding up of the scheme and consequent Section 75 debt being served on Traidcraft Exchange, the Trustees passed a resolution on 17th January 2025 for Traidcraft Exchange to cease to be participating employer and instead take on the prinicpal employer role in the pension scheme.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2024.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

| | At 31 March 2025 | At 31 March 2024 | At 31 March 2023 |
|---|---|---|---|
| | % | % | % |
| Discount rate | 5.6 | 4.7 | 4.6 |
| Expected rate of inflation (CPI) | 2.95 | 3.05 | 2.75 |
| Rate of increase of pensions accrued post 5 April 1997 | 0.0 | 2.9 | 2.75 |
| Rate of revaluation of deferred pensions | 2.95 | 3.05 | 2.75 |

| | At 31 March 2025 | At 31 March 2024 | At 31 March 2023 |
|---|---|---|---|
| **Mortality rates (in years)** | | | |
| For a male aged 65 now | 21.6 | 21.3 | 22.1 |
| At 65 for a male aged 45 now | 22.9 | 22.6 | 23.5 |
| For a female aged 65 now | 23.9 | 23.7 | 24.5 |
| At 65 for a female aged 45 now | 25.3 | 25.2 | 26 |

The group's share of the assets in the scheme was:

| | At 31 March 2025 | At 31 March 2024 |
|---|---|---|
| | £ | £ |
| Equities | 291,000 | 253,000 |
| Property | - | 76,000 |
| Gilts | 401,000 | 398,000 |
| Bonds | 789,000 | 721,000 |
| Cash | 20,000 | 52,000 |
| Total fair value of assets | **1,501,000** | **1,500,000** |

The actual return on scheme assets was £.65,000 (2024: 32,000).
The amounts recognised in the Consolidated statement of financial activities are as follows:

| | At 31 March 2025 | At 31 March 2024 |
|---|---|---|
| | £ | £ |
| Opening defined benefit obligation | 1,463,000 | 1,382,000 |
| Interest cost | 67,000 | 63,000 |
| Benefits paid | ( 64,000 ) | ( 42,000 ) |
| Actuarial gain/(losses) | ( 168,000 ) | 60,000 |
| **Closing defined benefit obligation** | 1,298,000 | 1,463,000 |

Reconciliation of fair value of plan assets were as follows:

| | £ | £ |
|---|---|---|
| Opening fair value of scheme assets | 1,500,000 | 1,443,000 |
| Interest income | 69,000 | 65,000 |
| Return on plan assets excluding interest | ( 4,000 ) | ( 33,000 ) |
| Benefits paid | ( 64,000 ) | ( 42,000 ) |
| Other income/(expenses) | - | 67,000 |
| | 1,501,000 | 1,500,000 |

Amounts included in the balance sheet arising from the charity's obligation in respect of defined benefit plans:

| | At 31 March 2025 | At 31 March 2024 |
|---|---|---|
| | £ | £ |
| Present value of defined benefit obligations | ( 1,298,000 ) | ( 1,463,000 ) |
| Fair value of plan assets | 1,501,000 | 1,500,000 |
| Restriction of scheme asset | ( 203,000 ) | ( 37,000 ) |
| **Deficit in the scheme** | - | - |

In the year ended 31 March 2025 the actuarial valuation for ac counting purposed showed a surplus of assets over liabilities at that date of £203,000 (2024: £37,000). In accordance with FRS102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the susplus was not recognised.

**Defined contribution scheme:**

At 31 March 2001 Traidcraft closed entry to the defined benefit scheme and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme (a type of defined contribution scheme) which now has an employer's contribution rate of 7.5% (2024: 7.5%). Traidcraft Exchange made contributions of £.79,002 during the past year (2023: £.105,743 ) and this cost, together with administration charges of £.Nil (2024: Nil) relating to the closed scheme comprise the pension cost of £.79,002 (2024: £.105,743) shown in Note 10 to these accounts.

## NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
***FOR THE YEAR ENDED 31 MARCH 2025***

### 24. Reconciliation of net income to net cash flow from operating activities

| | 2025<br>£ | 2024<br>£ |
|---|---|---|
| Net deficit for the year | ( 31,772 ) | ( 544,357 ) |
| Depreciation and amortisation on tangible assets | 6,937 | 1,605 |
| Loss on disposal of fixed assets | - | ( 2,707 ) |
| Interest received | ( 3,898 ) | ( 15,058 ) |
| Prior year non cash adjustment | - | ( 16,000 ) |
| (Increase)/Decrease in debtors | ( 134,480 ) | 66,861 |
| Increase/(Decrease) in creditors | 21,279 | ( 464,424 ) |
| Net cash flow from operating activities | ( 141,934 ) | ( 974,079 ) |

**THE TRAIDCRAFT FOUNDATION**

England & Wales - Charity number 294953

# Accounts

Charity number: 294953

# The Traidcraft Foundation

## Report and Financial Statements

## For the Year Ended 31 March 2024

**The Traidcraft Foundation**

**CONTENTS**


| | Page |
|---|---|
| Trustees' Report including the Strategic Report | 1 - 8 |
| Independent Auditors' Report | 9 - 12 |
| Consolidated Statement of Financial Activities | 13 |
| Consolidated Balance Sheet | 14 |
| Parent Charity Balance Sheet | 15 |
| Consolidated Cash Flow Statement | 16 |
| Notes to the Financial Statements | 17 - 40 |

**The Traidcraft Foundation**

## TRUSTEES' REPORT
***FOR THE YEAR ENDED 31 MARCH 2024***

The Trustees present their annual report and audited financial statements of The Traidcraft Foundation for the year ended 31 March 2024.

The trustees confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

## OBJECTIVES AND ACTIVITIES
### Policies and objectives
The Traidcraft Foundation was established in 1979.

The aim of the Traidcraft Foundation has been to deliver its mission through the complementary activities of its charity, Traidcraft Exchange (now Transform Trade), and of its sister organization, the trading company, Traidcraft plc, until it went to administration in January 2023.

The Foundation's task is to ensure that all parts of the Traidcraft family remain focused on the founding principles, vision and mission of Traidcraft, as set out below, and to support the Board of Traidcraft Exchange (now Transform Trade) as they implement activities for the benefit of poor producers in the developing world.

Traidcraft plc entered into administration in January 2023 as the business was no longer viable. The Foundation engaged regularly with the administrators and with the board of Traidcraft Exchange to support both parties and facilitate an orderly windup of the affairs of Traidcraft plc and to ensure the vital work of Traidcraft Exchange could continue effectively.

The trustees of the Foundation are very grateful to the board, Chief Executive, management and staff of Traidcraft Exchange as well as to the administrators for their work during this difficult time.

Traidcraft Foundation continues to support Traidcraft Exchange as it works closely with producers to reduce the inevitable impact of Traidcraft plc ceasing to trade.

Traidcraft Foundation's principles are as follows:

Traidcraft is a Christian response to poverty.
Our mission is fighting poverty through trade.
We respect all people and the environment.
We abide by and promote fair business practices.
We strive to be transparent and accountable.

**Traidcraft's visio**n: A world freed from the scandal of poverty, where trade is just and people and communities can flourish.

**Traidcraft's mission:** We fight poverty through trade, pioneering, practising and promoting approaches to trade that help poor people in developing countries transform their lives.

A Christian response to poverty, Traidcraft seeks to work with people of all faiths and none.

The Foundation is a trust comprising five or more trustees who meet periodically. It has neither staff nor any place of business and does not undertake any fundraising activities. The Traidcraft Foundation is a registered charity, whose formal objectives are:

The prevention and relief of poverty and sickness in those countries included in the list of Developing Countries as agreed from time to time by the trustees, Traidcraft Exchange and Traidcraft pic, until it ceased to trade, in accordance with the Deed of Covenant;

The promotion for the benefit of the public and studies in theological, political, social, technical and economic subjects and other educational subjects;

The promotion for the benefit of the public of education and dissemination of knowledge in these subjects with particular (but not exclusive) reference to the problems of economic and social developing in Developing Countries arising from national and international trading practices;

The advancement of the Christian religion by commending that religion to persons in Developing Countries and elsewhere;

The promotion of other charitable purposes in Developing Countries in particular (by using any means available to it including its rights as members or shareholders) by defending the Christian basis underlying the operations of Traidcraft pic and Traidcraft Exchange, promoting the connections between the Christian faith and the principles of fair trade, stimulating, challenging and helping those bodies to develop distinctively Christian approaches to their work and representing to the boards of Traidcraft pic, until the point it ceased to trade, and Traidcraft Exchange the interests and opinions of stakeholders, especially of those overseas producer groups and partners.

**Strategies for achieving objectives**
The Foundation is the founder member of Traidcraft Exchange and appoints the trustees of Traidcraft Exchange. The Foundation seeks to encourage all parts of the Traidcraft group to carry forward its work in accordance with the Traidcraft Foundation Principles.

Our aims fully reflect the purposes that the Foundation was set up to further. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

Our main activities are described below. All our charitable activities are undertaken to further our charitable purposes and for the public benefit.

**Principal activities**
The Traidcraft Foundation trustees met periodically during the year to review the work of Traidcraft. The Chair of the Foundation trustees has continued to meet new recruits to the Board of Traidcraft Exchange ahead of their appointments.

The Traidcraft Foundation does not carry out any fundraising activities.

We continued to support Traidcraft Exchange following its review and rework of its organizational strategy and its commitment to following a different approach to its work.

Please refer to the Traidcraft Exchange published accounts for more detail on activities during the year.

Discussions are underway between the Foundation and the board of Traidcraft Exchange about a more streamlined structure, to reflect the closure of Traidcraft plc.

**Financial review**
The consolidated results for the year ended 31 March 2024 are set out in detail in the financial statements below. The net incoming resources for the Foundation (before consolidation) for the year was £. Nil (2023: £ Nil).

The Foundation (before consolidation) has gross incoming resources of £. Nil (2023: £. Nil). The Foundation is funded by Traidcraft Exchange. The trustees believe that the assets of the Foundation are available and adequate to fulfil its obligations.

Traidcraft Exchange's board approved a deficit budget of £.341,249 for 23/24 against a strong unrestricted reserves position as at 31st March 2023 of £1,152,777 (re-stated), which had been built up through surpluses in the previous two years. It also supported Traidcraft Exchange's shift in strategy and an increasing portfolio funding to support that.

On the first full year since Traidcraft plc closed, Traidcraft Exchange has shown continued resilience posting a notable lower overall net deficit of £ 600,281 (2022/23: £ 916,095 re-stated deficit).

This has reduced Traidcraft Exchange's general unrestricted reserves to £.294,286.

**Reserves policy**

The trustees have endorsed the view of the trustees of Traidcraft Exchange that they consider it prudent that Traidcraft Exchange should seek to maintain unrestricted reserves at a level sufficient to meet matched funding requirements, budgeted staff, overheads and fundraising costs. When calculating unrestricted reserves, fixed assets and investments are excluded due to their illiquid nature.

Whereas the organization has reported a deficit for the past two years now, a more positive outlook is projected for the financial year 24/25 and beyond. The trustees have approved an achievable surplus budget for the financial year 24/25 and Management further projects a modest surplus budget for year 25/26.

As Traidcraft Exchange guarantees to cover reasonable expenses of the Traidcraft Foundation, its reserves are kept at approximately £2,000.

**Principal risks and uncertainties**
We, through Traidcraft Exchange:

Continued to embed our new strategy and to transform as an organization in line with our commitment to shifting power and delivered a number of significant milestones.

Continued to pilot new approaches, in particular our participatory grant-making pilot in Kenya, which has evidenced the power of the process to shift mindsets and to enable longer term sustainable change.

Invested heavily in internal cultural change to mirror our commitment externally to do more to shift power and to become locally-led.

We launched a Producer Fund in the wake of the closure of the plc and with the generous support of long-term givers, were able to provide grants and accompaniment support to producers who lost their market with Traidcraft and needed to pivot.

The trustees have assessed the major risks to which the group and the charity are exposed, in particular those related to the operations and finances of the group and the charity, and are satisfied that there are systems and procedures in place to mitigate exposure to the major risks.

The key financial risks that Traidcraft Exchange faces are around our less predictable income streams, such as legacies and public appeals.

The situation around Traidcraft pic had been a significant source of financial risk in 22/23 and 23/24, but since Traidcraft plc closed in January 2023, the liabilities became known and there will be less risk in future in this regard.

Another key risk is the challenges in finding match funding in relation to some of Traidcraft Exchange's institutional grants. This is mitigated by calculating a specific part of the minimum reserves target that needs to held in respect of any funds that are yet to be raised.

The final area of risk is related to the shift in Traidcraft Exchange's strategy and finding new sources of more flexible funding to support that shift. This creates a financial risk as well as a risk that we might not fully achieve our objectives. This is being mitigated by management adopting more adaptive approaches to planning and budgeting in 24/25 and beyond.

**Going concern**
After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future. They have paid particular attention to the likely impact of a further unrestricted deficit in 2024/25.

In view of the deficit in 23/24, the trustees have therefore taken particular care in reviewing the going concern basis. When reviewing their decision, they have taken the following factors into account:

Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Further, expenditure levels are monitored against budget on a monthly basis through cost center reports.

Traidcraft Exchange has not encountered any difficulty in paying its creditors within agreed payment terms.
In general, most of our institutional donors provide their grants in advance of spending.

Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due.

Traidcraft Exchange has set an achievable budget for the year 24/25 which should return a modest unrestricted surplus.

For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

## Structure, governance and management

### Constitution
The Traidcraft Foundation is registered as a charity set up by a Trust deed (updated 2002).

The Foundation has also entered into a Deed of Mutual Covenant with Traidcraft plc and Traidcraft Exchange, dated December 2002.

The Foundation controls the composition of the board of Traidcraft Exchange and the accounts of Traidcraft Exchange are consolidated with those of the Foundation.

The Foundation also controlled the Guardian Share in Traidcraft plc, until it closed down, which conferred certain protective powers. For example, the trustees had to give specific assent to change the Articles of Association of Traidcraft pic, wind up the company, appoint a director or Chair of the Board, or make any fundamental change to the operation of the company.

### Methods of appointment or election of trustees
The management of the group and the charity is the responsibility of the trustees who are elected and co-opted under the terms of the Trust deed.

Four trustees resigned during the year, that is, David Nussbaum, Rev Tariro Matsveru, Alison Inglis-Jones and Jane Cotton resigned in January 2024. In January 2024, 3 new trustees were appointed, that is, Stephen Bonnick, Clive Osmond and Alison Margaret Coutts.

Appointments are made following the recommendations of a nominations committee, which currently comprises Sir Stephen Timms (Chair of the Traidcraft Foundation), David Pain (Chair of the board of Traidcraft Exchange) and David Neale (the then Chair of the board of Traidcraft plc).

Training is available for new trustees and other trustees as necessary. A detailed induction pack and process is provided for each new trustee.

### Plans for future periods
The Traidcraft Foundation will work closely with the board of Traidcraft Exchange to ensure any changes in structure and strategy remain focused on the founding principles, vision and mission of Traidcraft.

Since March 2023 we have continued to engage with the administrators and the Traidcraft Exchange to navigate the winding up of Traidcraft plc. Traidcraft Exchange successfully bid for and secured the license to the Traidcraft brand and have been developing a portfolio of business partnerships that deliver impact and continue the legacy of Traidcraft.

We continue to support Traidcraft Exchange as they move forward with their new strategy and the shift of approach to become a participatory grant-maker, facilitator and advocate.

As Traidcraft plc no longer exists, we have reviewed the role of the Traidcraft Foundation and are exploring merging the Foundation into Traidcraft Exchange. This will simplify the governance structure and enable greater accountability to the charity's primary stakeholders.

### Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and

- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

### Auditor

Following a tender process, the tender committee recommended the appointment of CLA Evelyn Partners as auditors for the 2024 financial year. This recommendation was approved during the last AGM.

## REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|---|---|
| Charity number: | 294953 |
| Registered office: | Kingsway, Team Valley Trading Estate, Gateshead, NE11 ONE |

**Advisors**

| | | |
|---|---|---|
| Auditors | CLA Evelyn Partners Limited | 17 Queens Lane, Newcastle upon Tyne, NE1 1RN |
| Bankers | HSBC Bank PLC | 110 Grey Street, Newcastle upon Tyne, NE1 6JG |

**Directors and Trustees**

The Directors of The Traidcraft Exchange are the Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year end were as follows:

| | | |
|---|---|---|
| Trustees: | Stephen Timms MP | (Chair) |
| | Jeremy Lefroy | |
| | Stephen Bonnick | (Appointed 26 January 2024) |
| | Clive Osmond | (Appointed 26 January 2024) |
| | Alison Margaret Coutts | (Appointed 26 January 2024) |
| | David Nussbaum | (Resigned 26 January 2024) |
| | Rev Tariro Matsveru | (Resigned 26 January 2024) |
| | Alison Inglis-Jones | (Resigned 26 January 2024) |
| | Jane Cotton | (Resigned 26 January 2024) |

## STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also Directors of The Traidcraft Foundation for the purpose of company law) are responsible for preparing the Trustees Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and the incoming resources and application of resources, including the net income or expenditure, of the charity and the group for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustees have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Trustees on 23rd Jan 2025 and signed on their behalf by:

Stephen Timms

……

Stephen Timms MP
Chair

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRAIDCRAFT EXCHANGE
***FOR THE YEAR ENDED 31 MARCH 2024***

### Opinion
We have audited the financial statements of The Traidcraft Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2024, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern
In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information
The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the charity itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Charities Act 2011, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the trustees and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- confirmation received from the banks to verify the balance as on the last day of the accounting year;
- reviewing minutes of meetings of those charged with governance.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's members, as a body, in accordance with Chapter 4 of the Charities (Acounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Craig Henderson (Senior Statutory Auditor)**
**for and on behalf of CLA Evelyn Partners Limited**

**…23 January 2025..**

**Statutory Auditor**

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

**The Traidcraft Foundation**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income and expenditure account)**

***FOR THE YEAR ENDED 31 MARCH 2024***

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total 2024 £ | As restated Total 2023 £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | **4** | 1,879,508 | - | 1,879,508 | 1,439,883 |
| Charitable activities | **5** | 51,386 | 1,446,909 | 1,498,295 | 2,013,912 |
| **Total income** | | 1,930,894 | 1,446,909 | 3,377,803 | 3,453,795 |
| **Expenditure on:** | | | | | |
| Raising funds | **6** | | | | |
| Voluntary income sources | | 776,149 | - | 776,149 | 726,603 |
| Institutional income sources | | 114,122 | - | 114,122 | 215,963 |
| Charitable activities | **7** | | | | |
| Development programmes | | 689,951 | 1,702,932 | 2,392,883 | 2,713,822 |
| Policy and campaigns | | 584,682 | 54,348 | 639,030 | 698,009 |
| **Total expenditure** | | 2,164,904 | 1,757,280 | 3,922,184 | 4,354,397 |
| **Net movement in funds before transfers** | | ( 234,010 ) | ( 310,371 ) | ( 544,381 ) | ( 900,602 ) |
| Transfer between funds | **19** | ( 69,546 ) | 69,546 | - | - |
| **Net movement in funds after transfers** | | ( 303,556 ) | ( 240,825 ) | ( 544,381 ) | ( 900,602 ) |
| **Other recognised gains/(losses)** | | | | | |
| Unrealised foreign exchange losses | | ( 55,924 ) | - | ( 55,924 ) | ( 15,560 ) |
| **Net movement in funds** | | ( 359,480 ) | ( 240,825 ) | ( 600,305 ) | ( 916,162 ) |
| **Reconciliation of funds** | | | | | |
| Total funds brought forward | | 656,072 | 499,035 | 1,155,107 | 2,071,269 |
| **Total funds carried forward** | | 296,592 | 258,810 | 554,802 | 1,155,107 |

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

**The Traidcraft Foundation**

## CONSOLIDATED BALANCE SHEET
***AS AT 31 MARCH 2024***

| | Notes | £ | 2024<br>£ | £ | As restated<br>2023<br>£ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **14** | | 19,800 | | - |
| Tangible assets | **13** | | 12,045 | | 14,743 |
| | | | 31,845 | | 14,743 |
| **Current assets** | | | | | |
| Debtors | **16** | 330,894 | | 397,755 | |
| Cash at bank and in hand | | 603,984 | | 1,618,954 | |
| | | 934,878 | | 2,016,709 | |
| **Creditors: amounts falling due within one year** | **17** | ( 411,921 ) | | ( 876,345 ) | |
| **Net current assets** | | | 522,957 | | 1,140,364 |
| **Net assets** | | | 554,802 | | 1,155,107 |
| **Charity Funds** | | | | | |
| Unrestricted funds | | | 296,592 | | 656,072 |
| Restricted funds | | | 258,210 | | 499,035 |
| **Total Charity Funds** | **19** | | 554,802 | | 1,155,107 |

The notes on pages 17 to 40 form part of these financial statements.

The financial statements were approved by the Trustees on 23rd Jan 2025 and signed on their behalf by:

Stephen Timms

Stephen Timms MP
Chair

**The Traidcraft Foundation**

## PARENT CHARITY BALANCE SHEET
***AS AT 31 MARCH 2024***

| | Notes | £ | 2024<br>£ | £ | 2023<br>£ |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Debtors | **16** | 3,000 | | 3,000 | |
| Cash at bank and in hand | | 2,305 | | 2,330 | |
| | | 5,305 | | 5,330 | |
| **Creditors: amounts falling due within one year** | **17** | ( 3,000 ) | | ( 3,000 ) | |
| **Net current assets** | | | 2,305 | | 2,330 |
| **Net assets** | | | 2,305 | | 2,330 |
| **Funds** | | | | | |
| Unrestricted funds | | | 2,305 | | 2,330 |
| | | | 2,305 | | 2,330 |

The notes on pages 17 to 40 form part of these financial statements.

The financial statements were approved by the Trustees on 23rd Jan 2025.. and signed on their behalf by:

Stephen Timms MP
Chair

**The Traidcraft Foundation**

## CONSOLIDATED CASH FLOW STATEMENT
***FOR THE YEAR ENDED 31 MARCH 2024***

| | Note | 2024 £ | As restated 2023 £ |
|---|---|---|---|
| ***Net cash provided by/(used in) operating activities*** | **24** | ( 974,104 ) | ( 1,101,005 ) |
| **Cash flows from investing activities** | | | |
| Purchase of tangible assets | | - | ( 11,159 ) |
| Interest received | | 15,058 | 2,738 |
| ***Net cash flow from investing activities*** | | 15,058 | ( 8,421 ) |
| **Net decrease in cash and cash equivalents** | | ( 959,046 ) | ( 1,109,426 ) |
| Cash and cash equivalents at the beginning of the year | | 1,618,954 | 2,743,940 |
| Change in cash and cash equivalents due to exchange rate movements | | ( 55,924 ) | ( 15,560 ) |
| **Cash and cash equivalents at the end of the year** | | 603,984 | 1,618,954 |
| **Cash and cash equivalents consist of:** | | | |
| Cash at bank and in hand | | 603,984 | 1,618,954 |

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice.

The Traidcraft Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### 1.2 Basis of consolidation

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because The Traidcraft Exchange has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

### 1.3 Going concern

After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future. They have paid particular attention to the likely impact of a further unrestricted deficit in 2024/25.

In view of the deficit in 23/24, the trustees have therefore taken particular care in reviewing the going concern basis. When reviewing their decision, they have taken the following factors into account:

Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Further, expenditure levels are monitored against budget on a monthly basis through cost center reports.

Traidcraft Exchange has not encountered any difficulty in paying its creditors within agreed payment terms.
In general, most of our institutional donors provide their grants in advance of spending.

Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due.

Traidcraft Exchange has set an achievable budget for the year 24/25 which should return a modest unrestricted surplus.

For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**1.4 Funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of The Traidcraft Exchange and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by The Traidcraft Exchange for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**1.5 Income**

All incoming resources becoming available to the charity during the year are recognised in the Statement of Financial Activities. Income is deferred where incoming resources are received in advance of the service being provided. No incoming resources are stated net of expenditure.

Institutional grants, where related to performance and specific deliverables, are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued and included in debtors.

Government grants are recognised when the charity has entitlement to the income, receipt is probable and the amount can be measured reliably.

Listed shares donated during the year are included in donations and valued at estimated market value. Unlisted shares donated during the year are included in donations and valued at estimated market value.

Legacies are recognised as income, in the accounting period, once the Charity has been informed of the amount of a bequest and it can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

**1.6 Expenditure and irrecoverable VAT**

Expenditure is brought into the financial statements as it is incurred. Overheads (including management and administration costs) and other non-specific expenditure are allocated between charitable activities and generating funds in proportion to the number of staff employed within each area. This is shown as "overhead allocation" in the notes and apportioned on the basis of staff headcount.

Costs of generating funds are those incurred in seeking voluntary income and grants from institutional sources and do not include the costs of disseminating information in support of the charitable activities. These costs include the salaries, direct expenditure and overhead costs of the staff who promote fundraising.

Costs of charitable activities represent the salaries and overhead costs of staff directly working in International Programmes and the Policy Unit together with expenditure directly attributable to these activities.

Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

**1.7 Support cost allocation**

Support costs represent the costs incurred by finance, IT and human resources attributable to the management of the Charity's assets and organisational administration.

**1.8 Tangible fixed assets**

Tangible fixed assets costing more than £500 are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

| | |
|---|---|
| Office equipment | - 25% straight line |
| Computer equipment | - 10% straight line |

**1.9 Intangible fixed assets**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

| | |
|---|---|
| Capitalised Software | - 4 years |

**1.10 Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. The functional currency of the Group is GBP Sterling.

**1.11 Investments**

Investments in subsidiary undertakings are held at cost less impairment.

**1.12 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.13 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.14 Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.15 Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement after allowing for any trade discounts due.

**1.16 Pensions**

For the defined contribution pension scheme, the pension costs charged to the Statement of Financial Activities represent the amount of the contributions payable in respect of the accounting period.

For the defined benefit schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

The administration costs of running the closed defined contribution scheme are charged to the Statement of Financial Activities. Further details are provided in the notes to the accounts.

**1.17 Financial instruments**

The Traidcraft Exchange only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**1.18 Judgements and key sources of estimation uncertainty**

In the application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**1.19 Judgements and key sources of estimation uncertainty (continued)**

Key estimates included within these financial statements include assumptions regarding discount rates and mortality in calculating the value of retirement benefits. Trustees keep these assumptions under review and employ the services of qualified actuaries to calculate the resulting expected asset or liability to the charity in respect of retirement benefits. None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements, no significant judgements were required in the process of applying the company's accounting policies.

**2. Legal status**

The Traidcraft Exchange is a company limited by guarantee, registered in England and Wales, (number 03031674) and not having a share capital. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

## 3. Statement of financial activities from the prior year as restated

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total 2023 £ |
|---|---|---|---|---|
| **Income from:** | | | | |
| Donations and legacies | **4** | 1,439,883 | - | 1,439,883 |
| Charitable activities | **5** | 101,820 | 1,912,092 | 2,013,912 |
| **Total income** | | 1,541,703 | 1,912,092 | 3,453,795 |
| **Expenditure on:** | | | | |
| Raising funds | **6** | | | |
| Voluntary income sources | | 726,603 | - | 726,603 |
| Institutional income sources | | 215,963 | - | 215,963 |
| Charitable activities | **7** | | | |
| Development programmes | | 946,522 | 1,767,300 | 2,713,822 |
| Policy and campaigns | | 676,970 | 21,039 | 698,009 |
| **Total expenditure** | | 2,566,058 | 1,788,339 | 4,354,397 |
| **Net movement in funds before transfers** | | ( 1,024,355 ) | 123,753 | ( 900,602 ) |
| Transfer between funds | **21** | ( 22,401 ) | 22,401 | - |
| **Net movement in funds after transfers** | | ( 1,046,756 ) | 146,154 | ( 900,602 ) |
| **Other recognised gains/(losses)** | | | | |
| Unrealised (losses) | | ( 15,560 ) | - | ( 15,560 ) |
| **Net movement in funds** | | ( 1,062,316 ) | 146,154 | ( 916,162 ) |
| **Reconciliation of funds** | | | | |
| Total funds brought forward | | 1,718,388 | 352,881 | 2,071,269 |
| **Total funds carried forward** | | 656,072 | 499,035 | 1,155,107 |

## 4. Income from donations and legacies

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Donations | 1,534,665 | 1,267,691 |
| Legacies | 328,693 | 147,920 |
| Other donations | 16,150 | 24,272 |
| | 1,879,508 | 1,439,883 |

## 5. Charitable activities

| | Unrestricted Funds | Restricted Funds | 2024 | 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Grants from institutional sources | - | 1,446,909 | 1,446,909 | 1,912,092 |
| Consultancy and other income | 51,386 | - | 51,386 | 101,820 |
| | 51,386 | 1,446,909 | 1,498,295 | 2,013,912 |

## 6. Costs of generating funds

### Voluntary income

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Travel and accommodation | 348 | 544 |
| Direct costs | 297,581 | 241,814 |
| Support costs | 167,379 | 167,400 |
| Direct salaries | 310,841 | 316,845 |
| | 776,149 | 726,603 |

### Institutional sources

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Support costs | 114,122 | 145,530 |
| Direct salaries | - | 70,433 |
| | 114,122 | 215,963 |

## 7. Analysis of expenditure on charitable activities

| | Unrestricted funds | Restricted funds | Total 2024 | Total 2023 |
|---|---|---|---|---|
| **Development Programmes** | **£** | **£** | **£** | **£** |
| Direct salaries | 453,310 | 289,410 | 742,720 | 782,643 |
| Travel and accommodation | 15,261 | 55,628 | 70,889 | 111,082 |
| Direct programme costs | 220,469 | 1,265,225 | 1,485,670 | 1,655,888 |
| Support costs (Note 8) | 912 | 92,668 | 93,580 | 164,209 |
| | 689,952 | 1,702,931 | 2,392,883 | 2,713,822 |
| **Policy Unit and Campaigning** | | | | |
| Direct salaries | 313,259 | 42,072 | 355,331 | 406,277 |
| Travel and accommodation | 2,685 | 1,525 | 4,210 | 752 |
| Direct programme costs | 3,975 | 10,752 | 14,727 | 22,275 |
| Support costs (Note 8) | 264,763 | - | 264,763 | 164,209 |
| | 584,682 | 54,348 | 639,030 | 698,009 |
| | 1,274,610 | 1,757,279 | 3,031,913 | 3,411,831 |

## 8. Support costs

| | Voluntary Income | Institutional Sources | Development Programmes | Policy & Campaigning |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| Management and admin salaries | 114,622 | 78,152 | 64,084 | 181,312 |
| Governance | 20,061 | 13,678 | 11,216 | 31,733 |
| Office services | 20,248 | 13,805 | 11,320 | 32,028 |
| Office machinery and consumables | 1,665 | 1,135 | 931 | 2,634 |
| Financial services | 10,783 | 7,352 | 6,029 | 17,057 |
| | 167,379 | 114,122 | 93,580 | 264,763 |

| | 2024 | 2023 |
|---|---|---|
| | **£** | **£** |
| Management and admin salaries | 438,170 | 462,308 |
| Governance | 76,687 | 89,765 |
| Office services | 77,401 | 129,726 |
| Office machinery and consumables | 6,365 | 15,632 |
| Financial services | 41,220 | 48,414 |
| | 639,843 | 745,845 |

Support costs have been apportioned based on the number of full-time staff equivalents in each department.

Management and administration salaries include the salaries of staff working in Finance, HR, Public Relations and Communications and general management. It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables include depreciation and non-capital office furniture, fittings and equipment.

Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. PR & Comms is the cost of preparing communications for the charity and includes the cost of trips to visit projects to provide reports to our supporters.

## 9. Net expenditure for the year

Net income is stated after charging;

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Amortisation | 2,200 | - |
| Depreciation | 11,172 | 12,709 |
| Operating lease costs | 57,004 | 53,890 |
| Unrealised exchange rate losses | 55,924 | 15,560 |
| Auditors remuneration | 27,500 | 15,500 |

## 10. Auditors remuneration

The auditors remuneration amounts to an audit fee of £27,500 (2023 - £15,500).

## 11. Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the wholly owned subsidiaries.

The summary financial performance of the charity alone is;

| | 2024 |
|---|---|
| | £ |
| Income | - |
| Expenditure | ( 25 ) |
| Unrealised losses | - |
| **Net (deficit) / surplus** | ( 25 ) |

## 12. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

The total staff costs and employees benefits were as follows:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 1,053,790 | 1,015,691 |
| Social security costs | 86,714 | 70,011 |
| Other pension costs | 105,743 | 105,206 |
| Overseas salaries and staff costs | 793,273 | 801,044 |
| | 2,039,520 | 1,991,952 |

The average number of employees during the year was as follows:

| | 2024 | 2023 |
|---|---|---|
| | Group | Group |
| Development programmes and Policy Unit | 49 | 39 |
| Fundraising | 13 | 12 |
| Management and administration | 9 | 6 |
| | 71 | 57 |

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60,000 is as follows:

| | Number 2024 | Number 2023 |
|---|---|---|
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £70,001 - £80,000 | 1 | 1 |
| In the band £90,001 - £100,000 | 1 | 1 |
| | 3 | 3 |

**12. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel expenses** ***(continued)***

The Trustees were not paid or received any other benefits from employment in the year (2023 – £nil). No Trustee received payment for professional or other services supplied to the charity (2023 - £nil).

The total employee benefits of the key management personnel of the charity were £526,934 (2023 - £640,990).

**13. Tangible fixed assets**
**Consolidated**

| | Fixtures, fittings and equipment £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 April 2023 | 142,990 | 142,990 |
| Additions | 6,596 | 6,596 |
| Disposals | ( 8,134 ) | ( 8,134 ) |
| At 31 March 2024 | 141,452 | 141,452 |
| **Depreciation and impairment** | | |
| At 1 April 2023 | 128,247 | 128,247 |
| Charge for the year | 6,781 | 6,781 |
| Disposals | ( 5,621 ) | ( 5,621 ) |
| At 31 March 2024 | 129,407 | 129,407 |
| **Net book value** | | |
| At 31 March 2024 | 12,045 | 12,045 |
| At 31 March 2023 | 14,743 | 14,743 |

There are no fixed assets in the parent charity.

## 14. Intangible assets

**Consolidated**

| | IT systems £ | Total £ |
|---|---|---|
| **Cost** | | |
| At 1 April 2023 | 33,245 | 33,245 |
| Additions | 22,000 | 22,000 |
| Disposals | ( 13,776 ) | ( 13,776 ) |
| At 31 March 2024 | 41,469 | 41,469 |
| **Amortisation** | | |
| At 1 April 2023 | 33,245 | 33,245 |
| Charge for the year | 2,200 | 2,200 |
| Eliminated on disposal | ( 13,776 ) | ( 13,776 ) |
| At 31 March 2024 | 21,669 | 21,669 |
| **Net book value** | | |
| At 31 March 2024 | 19,800 | 19,800 |
| At 31 March 2023 | - | - |

There are no intangible fixed assets in the parent charity.

## 15. Investments

The investments include shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. At 31 March 2024, the Traidcraft plc shares were not being traded so the trustees valued the shares at nil. Due to the illiquid nature of these shares the trustees believed it was appropriate to classify them as a fixed asset investment.

| Company | Country | Percentage Shareholding | Description |
|---|---|---|---|
| Traidcraft Services India Private Limited | India | 100% | Ordinary |

The results and summary of assets and liabilities of the company are as follows:

| | 2024 £ |
|---|---|
| Turnover | 133,022 |
| Cost of sales | ( 167,006 ) |
| Administrative expenses | ( 24,608 ) |
| Loss for the year | ( 58,592 ) |

| | 2024 £ |
|---|---|
| Total assets | 43,170 |
| Total liabilities | ( 18,563 ) |
| Shareholders' funds | 24,607 |

| Company | Country | Percentage Shareholding | Description |
|---|---|---|---|
| The Traidcraft Exchange | UK | 100% | Ordinary |

The results and summary of assets and liabilities of the company are as follows:

| | 2024 £ |
|---|---|
| Income | 3,244,781 |
| Expenditure | ( 3,755,154 ) |
| Unrealised losses | ( 55,924 ) |
| Loss for the year | ( 566,297 ) |

| | 2024 £ |
|---|---|
| Total assets | 891,119 |
| Total liabilities | ( 378,715 ) |
| Funds | 512,404 |

## 16. Debtors

| | Group 2024 £ | Group 2023 £ | Parent 2024 £ | Charity 2023 £ |
|---|---|---|---|---|
| Trade debtors | 11,851 | 19,168 | - | - |
| Amounts owed from subsidiary undertakings | - | - | 3,000 | 3,000 |
| Prepayments and accrued income | 233,683 | 336,914 | - | - |
| Other debtors | 85,360 | 41,673 | - | - |
| | 330,894 | 397,755 | 3,000 | 3,000 |

## 17. Creditors: amounts falling due within one year

| | Group 2024 £ | Group 2023 £ | Parent 2024 £ | Charity 2023 £ |
|---|---|---|---|---|
| Trade creditors | 44,573 | 57,937 | - | - |
| Social Security and taxes | 24,050 | 34,326 | - | - |
| Accruals and deferred income | 339,579 | 743,807 | 3,000 | 3,000 |
| Other creditors | 3,720 | 40,275 | - | - |
| | 411,922 | 876,345 | 3,000 | 3,000 |

### Deferred income

| | Group 2024 £ | Group 2023 £ | Parent 2024 £ | Charity 2023 £ |
|---|---|---|---|---|
| Deferred income at 01 April 2023 | 815,674 | 852,708 | - | - |
| Deferred during the year | 135,283 | 601,531 | - | - |
| Amounts released | ( 815,674 ) | ( 852,708 ) | - | - |
| Deferred income at 31 March 2024 | 135,283 | 601,531 | - | - |

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 24/25. Income will be recognised as the monies are utilised, in line with the funding agreements.

## 18. Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows;

| | 2024 £ | 2023 £ |
|---|---|---|
| Not later than one year | 17,367 | 24,901 |
| Later than one and not later than five years | 15,587 | 15,805 |
| | 32,954 | 40,706 |

**19. Fund reconciliation**

*Year ended 31 March 2024*

| **Unrestricted funds** | **Balance at 1 April 2023** | **Income** | **Expenditure** | **Transfers** | **Gains/ (losses)** | **Balance at 31 March 2024** |
|---|---|---|---|---|---|---|
| General fund | 387,072 | 1,930,894 | ( 2,164,904 ) | 129,454 | ( 55,924 ) | 226,592 |
| **Designated fund** | | | | | | |
| Organisation systems strengthening work | 269,000 | - | - | ( 199,000 ) | - | 70,000 |
| | 656,072 | 1,930,894 | ( 2,164,904 ) | ( 69,546 ) | ( 55,924 ) | 296,592 |
| **Restricted funds** | | | | | | |
| JRCT land grab research Project | 6,463 | - | - | - | - | 6,463 |
| Khamatayan project | 2,754 | - | ( 827 ) | - | - | 1,927 |
| Hidden Homeworkers project | 17,944 | 141,077 | ( 136,988 ) | - | - | 22,033 |
| Tanzania - Disability project | - | 22,223 | ( 16,803 ) | - | - | 5,420 |
| Matrix Causes Fund | 5,000 | - | - | - | - | 5,000 |
| West Bengal Women Farmers | 21,961 | 2,000 | - | - | - | 23,961 |
| Juicing Justice project | 500 | - | - | - | - | 500 |
| OAK Foundation project (Pahariya Jharkhand project) | 100,269 | - | ( 132,009 ) | 31,740 | - | - |
| C&A Textiles | ( 2,051 ) | - | 50 | 2,001 | - | - |
| Supporting Tea Workers project (COVID-19 Response Fund) | ( 3,262 ) | - | - | 3,262 | - | - |
| Fighting forced labor- Muktee project | - | 8,499 | ( 10,272 ) | 1,773 | - | - |
| Oak - Tea Project | 196,136 | - | ( 181,135 ) | - | - | 15,001 |
| Laudes foundation | 5,418 | - | - | - | - | 5,418 |
| Laudes Garment Work | 83,288 | 89,986 | ( 54,398 ) | - | - | 118,876 |
| Empowering Women CSOs (WEE) project | 5,000 | 692,842 | ( 666,092 ) | - | - | 31,750 |
| UKAM- PPP project | - | 224,994 | ( 224,999 ) | 5 | - | - |
| Strengthing Farmers Association | - | 214,482 | ( 209,600 ) | - | - | 4,882 |
| Muktee II: Strengthening (Women CSOs) | 17,493 | 10,000 | ( 18,268 ) | - | - | 9,225 |
| Coffee, Cocoa & Palm oil (CCP) | ( 93 ) | 10,273 | ( 2,426 ) | - | - | 7,754 |
| Halcrow Foundation | 3,739 | - | ( 24,603 ) | 20,864 | - | - |
| Participatory Grant Making (PGM) Pilot | 38,476 | 30,533 | ( 78,910 ) | 9,901 | - | - |
| Total restricted funds | 499,035 | 1,446,909 | ( 1,757,280 ) | 69,546 | - | 258,210 |
| **Total funds** | 1,155,107 | 3,377,803 | ( 3,922,184 ) | - | ( 55,924 ) | 554,802 |

**19. Fund reconciliation** ***(Continued)***

*Year ended 31 March 2023 as restated*

| **Unrestricted funds** | **Balance at 1 April 2022** | **Income** | **Expenditure** | **Transfers** | **Gains/ (losses)** | **Balance at 31 March 2023** |
|---|---|---|---|---|---|---|
| General fund | 1,449,388 | 1,541,703 | ( 2,566,058 ) | ( 22,401 ) | ( 15,560 ) | 387,072 |
| **Designated fund** | | | | | | |
| Portfolio work | 269,000 | - | - | - | - | 269,000 |
| | 1,718,388 | 1,541,703 | ( 2,566,058 ) | ( 22,401 ) | ( 15,560 ) | 656,072 |
| **Restricted funds** | | | | | | |
| JRCT land grab research Project | 8,678 | - | ( 2,215 ) | - | - | 6,463 |
| Khamatayan project | 2,754 | - | - | - | - | 2,754 |
| Hidden Homeworkers project | 2,944 | 220,261 | ( 205,261 ) | - | - | 17,944 |
| Tanzania - Disability project | 29,563 | 88,572 | ( 118,135 ) | - | - | - |
| Catalyst fund | 95,000 | - | ( 95,000 ) | - | - | - |
| Participatory Approach Pilot of Women's Empowerment | 65,512 | 5,000 | - | ( 70,512 ) | - | - |
| Matrix Causes Fund | 5,000 | - | - | - | - | 5,000 |
| Sustainable Agriculture & Women Advancement (SAWA) | ( 50,875 ) | 36,036 | 14,839 | - | - | - |
| West Bengal Women Farmers | - | 21,961 | - | - | - | 21,961 |
| Juicing Justice project | - | 10,800 | ( 10,300 ) | - | - | 500 |
| OAK Foundation project (Pahariya Jharkhand project) | 69,369 | 189,486 | ( 158,586 ) | - | - | 100,269 |
| C&A Textiles | - | 16,773 | ( 18,824 ) | - | - | ( 2,051 ) |
| Supporting Tea Workers project (COVID-19 Response Fund) | 3,271 | - | ( 6,533 ) | - | - | ( 3,262 ) |
| Fighting forced labor- Muktee project | 104,738 | 63,535 | ( 122,446 ) | ( 45,827 ) | - | - |
| Oak - Tea Project | - | 338,570 | ( 142,434 ) | - | - | 196,136 |
| Laudes foundation | 5,418 | - | - | - | - | 5,418 |
| Laudes Garment Work | - | 83,288 | - | - | - | 83,288 |
| Empowering Women CSOs (WEE) project | - | 590,038 | ( 585,038 ) | - | - | 5,000 |
| UKAM- PPP project | - | 238,356 | ( 238,356 ) | - | - | - |
| Strengthing Farmers Association | - | - | ( 22,401 ) | 22,401 | - | - |
| Muktee II: Strengthening (Women CSOs) | - | - | ( 28,334 ) | 45,827 | - | 17,493 |
| Coffee, Cocoa & Palm oil (CCP) | ( 2,210) | 9,416 | ( 7,299 ) | - | - | ( 93 ) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Halcrow Foundation | 13,719 | - | ( 9,980 ) | - | - | 3,739 |
| Participatory Grant Making (PGM) Pilot | - | - | ( 32,036 ) | 70,512 | - | 38,476 |
| Total restricted funds | 352,881 | 1,912,092 | ( 1,788,339 ) | 22,401 | - | 499,035 |
| **Total funds** | 2,079,269 | 3,453,795 | ( 4,354,397 ) | - | ( 15,560 ) | 1,155,107 |

**South Asia Programme**

**'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia':** Ref No. COOP-RS/D (2018) 6764770) is a four year project funded by the European Commission. It was planned in order to address the systemic and structural vulnerabilities of agricultural communities to forced, bonded, and child labour in two districts of Northern Bangladesh and four districts of Madhya Pradesh, India. It worked on multiple fronts, namely rescuing and rehabilitating communities from bonded labour conditions; preventing future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy interventions. 8,000 households and 20,000 children were to benefit directly from this project. The project received a no-cost extension until the end of June 2022 and currently work is being to complete the evaluation and final reporting. The total cost is €1,131,809.

**Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains:** Ref No EuropeAid/157515/dh/act/Multi is a project that started in April 2019. The objective is to improve the working conditions of informal and home based workers in Nepal, Pakistan and India, who work in global value chains in the apparel and footwear sectors. It is expected to impact the lives of 20,000 home based workers in this country through improved working conditions, access to social entitlements and policy change at the national level. The project is progressing well, though has to undergo some changes due to the impact of covid on home workers. A no-cost extension is now proposed and the details are being worked out. The total cost is €1,308,922.

**Bangladesh**

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub district associations, and 788 village level Self help Groups (SHGs). The project planned to empower these organisations, representing 20,000 marginal famers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42 month project is €1,653,149.

**Empowering women's CSOs to ensure good governance (WEE):** Ref No EuropeAid/168903/DD/ACT/BD is a 42 month project starting February 2021 and will impact the lives of 15,000 women in 5 districts of Bangladesh, in partnership with Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroot organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's collective voice through their own organisations. The total cost is €2,592,595.

**Shifting the power to grassroots' communities through strengthening farmer-led CSOs and improving their engagement in the sustainable development process (SWABOL).**
The project started in April 2023 through a Traidcraft Exchange led consortium of six NGOs in 33 disadvantaged upazialas (sub-districts) of 13 districts across Bangladesh. The work focuses on enhancing human and social capital and strengthening Smallholder Farmer-led Civil Society Organizations (FSFCSOs) as independent institutions and actors of good governance to promote inclusive and sustainable development. The project targets 46 FSFCSOs and 1,580 Local Farmer Organizations along with 50,000 participants (50% women, 7% ethnic minorities and 5% persons with disabilities). Registration of these FSFCSOs is under process which will ensure legal entity and contribute to their sustainability in the long run.

**India**

Addressing vulnerabilities among the Pahariya community through market led Interventions: Ref No OFIL 19 003 is a 4 year project aims to "reduce vulnerability and improve sustainable livelihoods and food sovereignty among 3000 Pahariya households, particularly women, in two blocks of Jharkhand". The 90 villages targeted are comprised of extremely vulnerable Pahariya tribal households alone. This is sought to be achieved by organising and enabling communities to adopt sustainable and productive resource (forest, land and water) management regimes, empowering communities to access their entitlements and engage with the market with a view to sustainably enhance livelihood, income base and nutritional status. The total cost of the project is £631,172 and is funded by the Oak Foundation.

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices: The goal of this 3-year project is to reduce socio economic vulnerability, improve livelihoods and resilience of 9,000 Tea worker communities in 5 districts of North Bengal and Assam. The work will be undertaken across 35 gardens of which 25 gardens in North Bengal and 10 gardens in Assam. The project will facilitate building of community voices and create opportunities and choices for tea worker households. The primary focus will be to improve livelihoods and safety nets through a participatory process of assessing needs, resources, skills and opportunities leading to diversification and improvement in incomes. Secondly, collectivisation of women and youth in the gardens and enhancing their knowledge, skills and sense of agency will improve their negotiation and dialogue capacities with officials within and outside the gardens enabling them to access entitlements from the Government. The project will also establish a model of climate adaptive practices through establishing small scale innovations. The total cost of the project is £972,572 and is funded by the Oak Foundation.

Climate resilient sustainable livelihoods for female small holder farmers, (Birbhum, West Bengal): Ref: HF185 is a project in India funded by the Halcrow Foundation. The project aims to organize vulnerable women farmers, improve food security and increase household incomes through livelihood diversification, enhanced water use efficiency, and building resilience through social security safety nets for 2,500 vulnerable families. The project is now in year 2. There are 80 Women Livelihood Committees formed now and work is on to build capacity around governance, micro savings, and resource mapping. Linkages have been built with various government departments to access extension services for a variety of crops as well starting nurseries to benefit other families. The cost of the project is £99,948.

**East Africa Programme**
**Senegal**
In 2016/17, 'Juicing Justice project for Farmers', started in Senegal, has worked in partnership with two small Senegalese enterprises called Zena and BDS.

The project, funded by Comic Relief (Grant ID 1324191 – total cost £625,489), has worked with 2,200 forest fruit farmers to acquire environmentally sustainable forest fruit harvesting knowledge and skills, increase their income from sales of exotic forest fruits and improve their livelihoods. It also aims to strengthen the capacity of the two small businesses to trade with the farmers in ethical practices that ensure equitable sharing of risks and benefits as well as develop their capacity to access European markets with innovative juice brands. The project has now ended.

**Kenya**

**Participatory Grant Making (PGM) Pilot:** The PGM pilot was launched during the current financial year in partnership with the Kenya Community Development Foundation (KCDF). Through the partnership, we supported six community-based organizations (CBOs) in small scale agriculture, in Meru and Kitui counties of Kenya across three value chains, that is, poultry farming, onion farming and bee keeping, monitored their progress, addressed challenges and disbursed funds to them. Through the pilot, the capacity of the CBOs was enhanced through training, provision of extension services in partnership with government officers and cross-learning through exchange visits to experienced farmers. We plan to continue to maintain the integrity of established structures and adopting a facilitative approach that empowers CBO leadership to make key decisions, we enhanced collaboration, building on our strong track record with local partners and made progress towards project sustainability.

**Tanzania**

'Promoting the Inclusion of People with Disabilities in Cocoa, Coffee and Palm Oil Value Chains'.
This project is being implemented by Traidcraft Exchange in Tanzania. It is funded by The National Lottery Community Fund (project ID: 10328877). The project seeks to reduce household poverty and empower 1,000 people with disabilities and 500 smallholder farmers and/or micro entrepreneurs, engaged in the coffee, cocoa and sustainable palm oil in Mbeya Region of Tanzania and Dar es Salaam. The project seeks inclusion of disabled people in all aspects of the value chains through collective organisation, improved access to finance and business services, improved market access and changes in behaviour and practice towards disabled people. The budget for this project is £682,418.

**Policy and Campaigning Programme**

**JRCT**

Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. In the last year, we continued to call on the government to legislate to hold companies to account for violating human rights through a Business Human Rights and Environment Act (BHREA). A key aspect of this was a submission (written jointly with the Corporate Justice Coalition) and extensive follow-up advocacy to the Law Commission's Corporate Criminal Liability enquiry, around elements which we believe should be included in a new law. Our request that legislation should cover the failure to prevent human rights abuses was included in the Law Commission's options paper in June 2022. In addition, we launched a public campaign in favour of BHREA in December 2021 which received 24,622 signatures.

**Laudes Foundation**

Our policy and advocacy work on textiles in the EU has been supported by Laudes Foundation. In the last year, we have taken forward advocacy on Unfair Trading Practices (UTPs) in the garment sector in the EU, including: holding regular meetings with the European Commission and Members of the European Parliament around the EU's textile strategy, commissioning research on fair and unfair trading practices, and holding parliamentary events to highlight the impact of garment retailers' purchasing practices on working conditions, job security and pay for workers.

## 20. Analysis of net assets between funds

*Year ended 31 March 2024*

| | Unrestricted Funds | Restricted Funds | Total 2024 | Total 2023 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Tangible assets | 12,045 | - | 12,045 | 14,743 |
| Intangible assets | 19,800 | - | 19,800 | - |
| Current assets | 541,385 | 393,493 | 934,878 | 2,016,979 |
| Creditors amounts due within one year | ( 276,638 ) | ( 135,283 ) | ( 411,921 ) | ( 876,345 ) |
| | 296,592 | 258,210 | 554,802 | 1,155,107 |

*Year ended 31 March 2023*

| | Unrestricted Funds | Restricted Funds | Total 2023 | Total 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Tangible assets | 14,473 | - | 14,473 | 16,293 |
| Intangible assets | - | - | - | 4,342 |
| Current assets | 916,413 | 1,100,566 | 2,016,979 | 3,139,064 |
| Creditors amounts due within one year | ( 274,814 ) | ( 601,531 ) | ( 876,345 ) | ( 1,090,827 ) |
| | 656,072 | 499,035 | 1,155,107 | 2,068,872 |

## 21. Related Party Transactions

During the year the Charity had transactions with the following related parties:
The Traidcraft Exchange – subsidiary company.
Traidcraft plc – a company with several trustees in common and in which the Traidcraft Foundation controls a protective Guardian Share.
Trustees – the trustees donated £nil (2023 - £nil) during the year.

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **The Traidcraft Exchange** | | |
| Reimbursement of expenditure | 3,000 | 3,000 |

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Traidcraft plc** | | |
| Purchase of goods and services (e.g. rent and building costs) | - | 15,832 |
| Sale of services | - | 30,850 |

## 22. Controlling Party

The charity is under the control of the Traidcraft Foundation (charity number 294953), a registered charity with the same place of business, being the founder member and having, in general meetings, the number of votes that exceeds by one the number of all other votes cast.

## 23. Pension Commitments

The group operates a defined benefit pension scheme.

Until 31 March 2001 Traidcraft operated a defined benefit funded pension scheme covering the pension arrangements of employees of Traidcraft plc and Traidcraft Exchange, providing a pension linked to final salary. This scheme is now closed but not wound-up and Traidcraft plc and Traidcraft Exchange continued to make contributions to it, working with the scheme trustees to agree appropriate contribution levels. Traidcraft plc has been the principal employer within the combined Traidcraft defined benefit pension scheme and Traidcraft Exchange is the participating employer.

In January 2023 Traidcraft plc entered into administration. The scheme actuary has split the assets and liabilities of the original scheme into a Traidcraft plc scheme and a Traidcraft Exchange scheme. Traidcraft Exchange is solely responsible for the Traidcraft Exchange part of scheme and is responsible for meeting the ongoing costs of the Traidcraft Exchange scheme.

The triennial actuarial valuation prepared as at 1 September 2019 indicated that the scheme was in technical surplus.

The charity expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2024. It should be noted that the surplus calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

Effective January 2025 Traidcraft Exchange assumed principal employer for the defined benefit pension scheme. The insolvency of Traidcraft plc was scheduled to end by 31st Jan 2025. As at start of Jan 2025, the portion of the pension scheme relating to Traidcraft plc had not yet been transferred to the Pension Protection Fund (PPF). Given the Traidcraft Plc portion of the scheme was still under PPF review, it would not be wound up when the insolvency of Traidcraft Plc was finalized. However, the Traidcraft Exchange portion of the pension scheme ran the risk of being wound up as it did not enjoy similar exemption. To avoid triggering the winding up of the scheme and consequent Section 75 debt being served on Traidcraft Exchange, the Trustees passed a resolution on 17th January 2025 for Traidcraft Exchange to cease to be participating employer and instead take on the prinicpal employer role in the pension scheme.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2024.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | At 31 March 2024 % | At 31 March 2023 % | At 31 March 2022 % |
|---|---|---|---|
| Discount rate | 4.7 | 4.6 | 2.6 |
| Expected rate of inflation (CPI) | 3.05 | 2.75 | 3.15 |
| Rate of increase of pensions accrued post 5 April 1997 | 2.9 | 2.75 | 3.15 |
| Rate of revaluation of deferred pensions | 3.05 | 2.75 | 3.15 |

| | At 31 March 2024 | At 31 March 2023 | At 31 March 2022 |
|---|---|---|---|
| **Mortality rates (in years)** | | | |
| For a male aged 65 now | 21.3 | 22.1 | 21.3 |
| At 65 for a male aged 45 now | 22.6 | 23.5 | 22.3 |
| For a female aged 65 now | 23.7 | 24.5 | 23.2 |
| At 65 for a female aged 45 now | 25.2 | 26 | 24.4 |

The group's share of the assets in the scheme was:

| | At 31 March 2024 £ | At 31 March 2023 £ |
|---|---|---|
| Equities | 253,000 | 233,000 |
| Property | 76,000 | - |
| Gilts | 398,000 | 319,000 |
| Bonds | 721,000 | 858,000 |
| Cash | 52,000 | 33,000 |
| Other | - | - |
| Total fair value of assets | **1,500,000** | **1,443,000** |

The actual return on scheme assets was £.32,000 (2023: 202,000).
The amounts recognised in the Consolidated statement of financial activities are as follows:

| | At 31 March 2024 | At 31 March 2023 |
|---|---|---|
| | £ | £ |
| Opening defined benefit obligation | 1,382,000 | 1,651,000 |
| Interest cost | 63,000 | 42,000 |
| Benefits paid | ( 42,000 ) | ( 66,000 ) |
| Actuarial gain/(losses) | 60,000 | ( 245,000 ) |
| **Closing defined benefit obligation** | 1,463,000 | 1,382,000 |

Reconciliation of fair value of plan assets were as follows:

| | £ | £ |
|---|---|---|
| Opening fair value of scheme assets | 1,443,000 | 1,711,000 |
| Interest income | 65,000 | 44,000 |
| Return on plan assets excluding interest | ( 33,000 ) | ( 246,000 ) |
| Benefits paid | ( 42,000 ) | ( 66,000 ) |
| Other income/(expenses) | 67,000 | - |
| | 1,500,000 | 1,443,000 |

Amounts included in the balance sheet arising from the charity's obligation in respect of defined benefit plans:

| | At 31 March 2024 | At 31 March 2023 |
|---|---|---|
| | £ | £ |
| Present value of defined benefit obligations | ( 1,463,000 ) | ( 1,382,000 ) |
| Fair value of plan assets | 1,500,000 | 1,443,000 |
| Restriction of scheme asset | ( 37,000 ) | ( 61,000 ) |
| **Deficit in the scheme** | - | - |

In the year ended 31 March 2024 the actuarial valuation for ac counting purposed showed a surplus of assets over liabilities at that date of £37,000 (2023: £61,000). In accordance with FRS102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the susplus was not recognised.

**Defined contribution scheme:**

At 31 March 2001 Traidcraft closed entry to the defined benefit scheme and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme (a type of defined contribution scheme) which now has an employer's contribution rate of 7.5% (2023: 7.5%). Traidcraft Exchange made contributions of £.105,743 during the past year (2023: £.70,011) and this cost, together with administration charges of £.Nil (2023: Nil) relating to the closed scheme comprise the pension cost of £.105,743 (2023: £.70,011) shown in Note 10 to these accounts.

## 24. Reconciliation of net income to net cash flow from operating activities

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Net deficit for the year | ( 544,357 ) | ( 900,535 ) |
| Depreciation on tangible assets | 1,605 | 17,051 |
| Loss on disposal of fixed assets | ( 2,707 ) | - |
| Interest received | ( 15,058 ) | ( 2,738 ) |
| Prior year non cash adjustment | ( 16,000 ) | ( 230,143 ) |
| Decrease in debtors | 66,861 | 13,369 |
| (Decrease)/Increase in creditors | ( 464,424 ) | 2,058 |
| Net cash flow from operating activities | ( 974,079 ) | ( 1,100,938 ) |

**THE TRAIDCRAFT FOUNDATION**

England & Wales - Charity number 294953

# Accounts

Charity number: 294953

# The Traidcraft Foundation

## Annual Report

## 31 March 2023

# The Traidcraft Foundation

## Contents


| | Page |
|---|---|
| Reference and administrative details | 1 |
| Trustees' report | 2 - 7 |
| Trustees' responsibilities statement | 8 |
| Independent auditor's report on the financial statements | 9 - 12 |
| Consolidated statement of financial activities | 13 |
| Consolidated balance sheet | 14 |
| Charity balance sheet | 15 |
| Consolidated statement of cash flows | 16 |
| Notes to the financial statements | 17 - 46 |

# The Traidcraft Foundation

## Reference and administrative details
**Year ended 31 March 2023**

| | |
|---|---|
| **Trustees** | Stephen Timms MP (Chair)<br>Rosemary Kempsell (resigned 22 September 2022)<br>David Nussbaum (resigned 27 January 2024)<br>Rev Tariro Matsveru (resigned 27 January 2024)<br>Alison Inglis-Jones (resigned 27 January 2024)<br>Jane Cotton (resigned 27 January 2024)<br>Jeremy Lefroy<br>Stephen Bonnick (appointed 26 January 2024)<br>Clive Osmond (appointed 26 January 2024)<br>Alison Margaret Coutts (appointed 26 January 2024) |
| **Charity registered number** | 294953 |
| **Registered office** | Kingsway<br>Team Valley Trading Estate<br>Gateshead<br>NE11 0NE |
| **Independent auditor** | UNW LLP<br>Chartered Accountants<br>Citygate<br>St James' Boulevard<br>Newcastle upon Tyne<br>NE1 4JE |
| **Bankers** | HSBC Bank Plc<br>110 Grey Street<br>Newcastle upon Tyne<br>NE1 6JG |

# The Traidcraft Foundation

## Trustees' report
**Year ended 31 March 2023**

The trustees present their annual report together with the audited financial statements of the charity for the 1 April 2022 to 31 March 2023. The trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

### Objectives and activities

### Policies and objectives

The Traidcraft Foundation was established in 1979.

The aim of the Traidcraft Foundation has been to deliver its mission through the complementary activities of its charity, Traidcraft Exchange, and of its sister organisation, the trading company, Traidcraft plc, until it ceased to trade. The Foundation's task is to ensure that all parts of the Traidcraft family remain focused on the founding principles, vision and mission of Traidcraft, as set out below, and to support the Boards of Traidcraft plc (now in administration) and Traidcraft Exchange (now Transform Trade) as they implement their respective activities for the benefit of poor producers in the developing world.

Traidcraft plc entered into administration in January 2023 as the business was no longer viable. The Foundation engaged regularly with the administrators and with the board of Traidcraft Exchange to support both parties and to facilitate an orderly windup of the affairs of Traidcraft plc and to ensure the vital work of Traidcraft Exchange could continue effectively.

The trustees of the Foundation are very grateful to the board, Chief Executive, management and staff of Traidcraft Exchange as well as to the administrators for their work during this difficult time.

The trustees of the Foundation also express their deep appreciation for the work of board members and staff of Traidcraft plc over more than four decades and their sadness at the loss of employment resulting from its ceasing to trade. This work has helped to establish the UK as the largest market for fairly traded products. It has also led to the involvement of the major supermarkets in fairly traded products which, while welcome, made business more difficult for smaller ‘fair trade only’ businesses such as Traidcraft plc.

Traidcraft Foundation will continue to support Traidcraft Exchange as it works closely with producers to reduce the inevitable impact of Traidcraft plc ceasing to trade.

Traidcraft Foundations principles:

Traidcraft is a Christian response to poverty.
Our mission is fighting poverty through trade.
We respect all people and the environment.
We abide by and promote fair business practices.
We strive to be transparent and accountable.

**Traidcraft's vision:** A world freed from the scandal of poverty, where trade is just and people and communities can flourish.

**Traidcraft's mission:** We fight poverty through trade, pioneering, practising and promoting approaches to trade that help poor people in developing countries transform their lives.

A Christian response to poverty, Traidcraft seeks to work with people of all faiths and none.

The Foundation is a trust comprising five or more trustees who meet periodically. It has neither staff nor any place of business and does not undertake any fundraising activities. The Traidcraft Foundation is a registered charity, whose formal objectives are:

**Objectives and activities (continued)**

The prevention and relief of poverty and sickness in those countries included in the list of Developing Countries as agreed from time to time by the trustees, Traidcraft Exchange and Traidcraft plc, until it ceased to trade, in accordance with the Deed of Covenant;

The promotion for the benefit of the public and studies in theological, political, social, technical and economic subjects and other educational subjects;

The promotion for the benefit of the public of education and dissemination of knowledge in these subjects with particular (but not exclusive) reference to the problems of economic and social developing in Developing Countries arising from national and international trading practices;

The advancement of the Christian religion by commending that religion to persons in Developing Countries and elsewhere;

The promotion of other charitable purposes in Developing Countries in particular (by using any means available to it including its rights as members or shareholders) by defending the Christian basis underlying the operations of Traidcraft plc and Traidcraft Exchange, promoting the connections between the Christian faith and the principles of fair trade, stimulating, challenging and helping those bodies to develop distinctively Christian approaches to their work and representing to the boards of Traidcraft plc, until the point it ceased to trade, and Traidcraft Exchange the interests and opinions of stakeholders, especially of those overseas producer groups and partners.

**Strategies for achieving objectives**

The Foundation is the founder member of Traidcraft Exchange and appoints the trustees of Traidcraft Exchange. It also held the Guardian Share in Traidcraft plc, until it ceased to trade, to enable it to protect the vision and mission of that organisation. The Foundation seeks to encourage all parts of the Traidcraft group to carry forward its work in accordance with the Traidcraft Foundation Principles.

Our aims fully reflect the purposes that the Foundation was set up to further. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

Our main activities are described below. All our charitable activities are undertaken to further our charitable purposes and for the public benefit.

**Principal activities**

The Traidcraft Foundation trustees met periodically during the year to review the work of Traidcraft. The Chair of the Foundation trustees has continued to meet new recruits to the Boards of Traidcraft Exchange and Traidcraft plc, until the point it ceased to trade, ahead of their appointments.

The Traidcraft Foundation does not carry out any fundraising activities.

We continued to support Traidcraft Exchange following its review and rework of its organisational strategy and its commitment to following a different approach to its work.

Please refer to the Traidcraft Exchange published accounts for more detail on activities during the year.

### Objectives and activities (continued)

Discussions are underway between the Foundation and the board of Traidcraft Exchange about a more streamlined structure, to reflect the closure of Traidcraft plc.

### Financial review

### Financial review

The consolidated results for the year ended 31 March 2023 are set out in detail in the financial statements below. The net incoming resources for the Foundation (before consolidation) for the year was £nil (2022: £nil).

The Foundation (before consolidation) has gross incoming resources of £nil (2022: £nil). The Foundation is funded by Traidcraft Exchange. The trustees believe that the assets of the Foundation are available and adequate to fulfil its obligations.

Traidcraft Exchange's board approved a deficit budget of £442,039 for 22/23. This reflected the strong unrestricted reserves position of £1,715,991 as at 31 March 2022, which had been built up through surpluses in the previous two years. It also supported Traidcraft Exchange's shift in strategy and an increasing in portfolio funding to support that.

In reality, challenges in the fundraising environment and the problems experienced by Traidcraft plc led to Traidcraft Exchange recording an unrestricted deficit of £1,078,249, which was over £600,000 worse than had been budgeted.

This has reduced Traidcraft Exchange's general unrestricted reserves to just above the target level, (see the section on reserves policy below).

### Reserves policy

The trustees have endorsed the view of the trustees of Traidcraft Exchange that they consider it prudent that Traidcraft Exchange should seek to maintain unrestricted reserves at a level sufficient:

a. To meet matched funding requirements. Our minimum level is that we should hold 50% of the requirement for contracts to be implemented over the next 12 months. The maximum acceptable level would be to cover 100% of matched funding required for contracts to be implemented over the next 12 months;

b. To cover a minimum of three months and a maximum of four months budgeted staff, overheads and fundraising costs; and

c. To cover pension liabilities; a range of between a minimum of one year's contributions and a maximum of 100% of the liability is recommended.

When calculating unrestricted reserves, fixed assets and investments are excluded due to their illiquid nature.

The policy and target range of reserves are monitored and reviewed annually during the budget approval process to reflect risks and changes in income, financial obligations and expenditure. The target range for general unrestricted reserves, excluding pension reserves, set for 22/23 was £617,819 - £910,005 (21/22 £591,000 - £842,000). At 31 March 2023, unrestricted reserves (excluding fixed assets and investments) stood at £622,999, which is £5k above the minimum target level.

As Traidcraft Exchange guarantees to cover reasonable expenses of the Traidcraft Foundation, its reserves are kept at approximately £nil.

### Principal risks and uncertainties

We through Traidcraft Exchange;

Continued to embed our new strategy and to transform as an organisation in line with our commitment to shifting power and delivered a number of significant milestones.

Launched our new brand and are now called Transform Trade. The name enables us to be more effective in reaching out to new supporters and better reflects the boldness of our vision for change.

Continued to pilot new approaches, in particular our participatory grant-making pilot in Kenya, which has evidenced the power of the process to shift mindsets and to enable longer term sustainable change.

Invested heavily in internal cultural change to mirror our commitment externally to do more to shift power and to become locally-led.

The second half of the year was however dominated by the collapse of Traidcraft plc. This had a devastating impact on Traidcraft Exchange and we worked with the charity to manage the impact financially, to respond to confusion amongst our supporter base, to protect assets and the brand name, and to navigate through our governance structures to secure the best possible future for the charity.

We launched a Producer Fund shortly after the plc went into administration and with the generous support of long term givers, were able to provide grants and accompaniment support to producers who lost their market with Traidcraft and needed to pivot.

The trustees have assessed the major risks to which the group and the charity are exposed, in particular those related to the operations and finances of the group and the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The key financial risks that Traidcraft Exchange faces are around our less predictable income streams, such as legacies and public appeals.

The situation around Traidcraft plc has been a significant source of financial risk in 22/23 and 23/24, but since Traidcraft plc closed in January 2023, the liabilities are known and there will be less risk in future in this regard.

Another key risk is the challenges in finding match funding in relation to some of Traidcraft Exchange's institutional grants. This is mitigated by calculating a specific part of the minimum reserves target that needs to held in respect of any funds that are yet to be raised.

The final area of risk is related to the shift in Traidcraft Exchange's strategy and finding new sources of more flexible funding to support that shift. This creates a financial risk as well as a risk that we might not fully achieve our objectives. This is being mitigated by management adopting more adaptive approaches to planning and budgeting in 24/25 and beyond.

### Going concern

After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future. They have paid particular attention to the likely impact of a further unrestricted deficit in 2024.

In view of the deficit in 22/23 and predicted deficit for 23/24, the trustees have therefore taken particular care in reviewing the going concern basis. When reviewing their decision, they have taken the following factors into account:

Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Traidcraft Exchange has not encountered any difficulty in paying its

trade creditors within agreed payment terms. In general, most of our institutional donors provide their grants in advance of spending. Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due.

As at 31 March 2023, Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £622,999 compared to our target minimum reserve level of £617,819. The trustees feel the charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections.

Traidcraft Exchange has set an achievable budget for the year 24/25 which should return a modest unrestricted surplus.

For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**Structure, governance and management**

**Constitution**

The Traidcraft Foundation is registered as a charity set up by a Trust deed (updated 2002).

The Foundation has also entered into a Deed of Mutual Covenant with Traidcraft plc and Traidcraft Exchange, dated December 2002.

The Foundation controls the composition of the board of Traidcraft Exchange and the accounts of Traidcraft Exchange are consolidated with those of the Foundation.

The Foundation also controlled the Guardian Share in Traidcraft plc, until it ceased to trade, which conferred certain protective powers. For example, the trustees had to give specific assent to change the Articles of Association of Traidcraft plc, wind up the company, appoint a director or Chair of the Board, or make any fundamental change to the operation of the company.

The trustees considered carefully whether or not to consolidate the results of Traidcraft plc, until it ceased to trade, into those of the Foundation. Legal advice taken by the trustees indicated that given the nature and purpose of the Guardian Share and that there is no intended or actual control of Traidcraft plc by the Foundation trustees, consolidation is not necessary or appropriate.

**Methods of appointment or election of trustees**

The management of the group and the charity is the responsibility of the trustees who are elected and co opted under the terms of the Trust deed.

Rosemary Kempsell retired as a trustee in September 2022 after serving for ten years. Since the year end, three new trustees have been appointed. Appointments are made following the recommendations of a nominations committee, which currently comprises Sir Stephen Timms (Chair of the Traidcraft Foundation), David Pain (Chair of the board of Transform Trade (previously Traidcraft Exchange as discussed further within the plans for future periods section of this report)) and David Neale (Chair of the board of Traidcraft plc).

Training is available for new trustees and other trustees as necessary. A detailed induction pack and process is provided for each new trustee.

## Trustees' report (continued)
**Year ended 31 March 2023**

### Structure, governance and management (continued)

#### Plans for future periods

The Traidcraft Foundation will work closely with the board of Traidcraft Exchange to ensure any changes in structure and strategy remain focused on the founding principles, vision and mission of Traidcraft.

Since March 2023 we have continued to engage with the administrators and the Traidcraft Exchange to navigate the winding up of Traidcraft plc. Traidcraft Exchange successfully bid for and secured the license to the Traidcraft brand and have been developing a portfolio of business partnerships that deliver impact and continue the legacy of Traidcraft.

We continue to support Traidcraft Exchange as they move forward with their new strategy and the shift of approach to become a participatory grant-maker, facilitator and advocate.

As Traidcraft plc no longer exists, we have reviewed the role of the Traidcraft Foundation and are in the process of merging the Foundation into Traidcraft Exchange. This will simplify the governance structure and enable greater accountability to the charity's primary stakeholders.

#### Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

#### Auditor

Following a tender process, the tender committee recommended the appointment of Haines Watts as auditors for the 2024 financial year. This recommendation will be formally proposed at the next AGM.

Approved by order of the members of the board of trustees on 9 May 2024 and signed on their behalf by:

**Stephen Timms MP (Chair)**
9 May 2024

## Statement of trustees' responsibilities
**Year ended 31 March 2023**

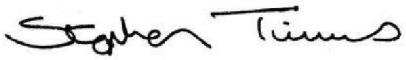
The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 9 May 2024 and signed on its behalf by:



**Stephen Timms MP (Chair)**
9 May 2024

## Independent auditor's report to the members of The Traidcraft Foundation

### Opinion

We have audited the financial statements of The Traidcraft Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charityfinancial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable charity's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

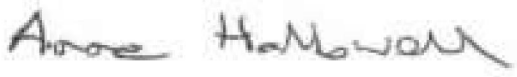
Secondly the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of employment laws, recognising the nature of the charity's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)**
**for and on behalf of UNW LLP, Statutory Auditor**
Chartered Accountants
Newcastle upon Tyne

9 May 2024

# The Traidcraft Foundation

## Consolidated statement of financial activities (incorporating income and expenditure account)
## Year ended 31 March 2023

| | Note | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 4 | **1,423,883** | **-** | **1,423,883** | 2,251,287 |
| Charitable activities | 5 | **101,820** | **1,697,949** | **1,799,769** | 1,992,485 |
| **Total income** | | **1,525,703** | **1,697,949** | **3,223,652** | 4,243,772 |
| **Expenditure on:** | | | | | |
| Raising funds: | 6 | | | | |
| Voluntary income | | **726,603** | **-** | **726,603** | 586,778 |
| Institutional sources | | **215,963** | **-** | **215,963** | 166,373 |
| Charitable activities: | 7 | | | | |
| Development programmes | | **946,455** | **1,767,300** | **2,713,755** | 2,285,146 |
| Policy and campaigning | | **676,970** | **21,039** | **698,009** | 503,940 |
| **Total expenditure** | | **2,565,991** | **1,788,339** | **4,354,330** | 3,542,237 |
| **Net (expenditure)/income** | | **(1,040,288)** | **(90,390)** | **(1,130,678)** | 701,535 |
| Transfers between funds | 19 | **(22,401)** | **22,401** | **-** | - |
| **Net movement in funds before other recognised gains/(losses)** | | **(1,062,689)** | **(67,989)** | **(1,130,678)** | 701,535 |
| **Other recognised gains/(losses):** | | | | | |
| Unrealised gains/(losses) | | **(15,560)** | **-** | **(15,560)** | 9,855 |
| **Net movement in funds** | | **(1,078,249)** | **(67,989)** | **(1,146,238)** | 711,390 |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | | **1,715,991** | **352,881** | **2,068,872** | 1,357,482 |
| Net movement in funds | | **(1,078,249)** | **(67,989)** | **(1,146,238)** | 711,390 |
| **Total funds carried forward** | | **637,742** | **284,892** | **922,634** | 2,068,872 |

The consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 46 form part of these financial statements.

# The Traidcraft Foundation

## Consolidated balance sheet
## At 31 March 2023

| | Note | | 2023<br>£ | | 2022<br>£ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **-** | | 4,342 |
| Tangible assets | 13 | | **14,743** | | 16,293 |
| | | | **14,743** | | 20,635 |
| **Current assets** | | | | | |
| Debtors | 15 | **381,755** | | 395,124 | |
| Cash at bank and in hand | | **1,618,954** | | 2,743,940 | |
| | | **2,000,709** | | 3,139,064 | |
| Creditors: amounts falling due within one year | 16 | **(1,092,818)** | | (1,090,827) | |
| **Net current assets** | | | **907,891** | | 2,048,237 |
| **Total net assets** | | | **922,634** | | 2,068,872 |
| **Charity funds** | | | | | |
| Restricted funds | 19 | | **284,892** | | 352,881 |
| Unrestricted funds | 19 | | **637,742** | | 1,715,991 |
| **Total funds** | | | **922,634** | | 2,068,872 |

The trustees acknowledge their responsibilities for complying with the requirements of the Charities Act 2011 with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 09 May 2024 and signed on their behalf by:

**Stephen Timms MP (Chair)**
9 May 2024

The notes on pages 17 to 46 form part of these financial statements.

# The Traidcraft Foundation

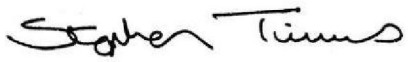
## Balance sheet
**At 31 March 2023**

| | Note | | 2023 £ | | 2022 £ |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash at bank and in hand | | **2,330** | | 2,397 | |
| | | **2,330** | | 2,397 | |
| Creditors: amounts falling due within one year | 16 | **(2,330)** | | (2,397) | |
| **Net current assets** | | | **-** | | - |
| **Total assets less current liabilities** | | | **-** | | - |
| **Total net assets** | | | **-** | | - |
| **Total funds** | | | **-** | | - |

The charity's net movement in funds for the year was £nil (2022: £nil).

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 09 May 2024 and signed on their behalf by:



**Stephen Timms MP (Chair)**
9 May 2024

The notes on pages 17 to 46 form part of these financial statements.

# The Traidcraft Foundation

## Consolidated statement of cash flows
## Year ended 31 March 2023

| | Note | 2023 £ | 2022 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net cash generated from operating activities | 21 | **(1,101,005)** | 482,637 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | | **(11,159)** | (2,255) |
| Interest received | | **2,738** | 1,880 |
| **Net cash used in investing activities** | | **(8,421)** | **(375)** |
| **Change in cash and cash equivalents in the year** | | **(1,109,426)** | **482,262** |
| Cash and cash equivalents at the beginning of the year | | **2,743,940** | 2,251,823 |
| Change in cash and cash equivalents due to exchange rate movements | | **(15,560)** | 9,855 |
| **Cash and cash equivalents at the end of the year** | 22 | **1,618,954** | 2,743,940 |

The notes on pages 17 to 46 form part of these financial statements

## Notes to the financial statements
## Year ended 31 March 2023

### 1. General information

The Traidcraft Foundation ('the company') is a charity limited by guarantee, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the reference and administration page of these financial statements. The members of the company are the trustees named on page 1.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Traidcraft Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The principal accounting policies of the charity have remained unchanged from the previous year. The accounts are presented in £'000.

#### 2.2 Going concern

After making enquiries, the board of trustees has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please refer to the trustees' report for further details.

#### 2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside at the discretion of the trustees for a particular purpose. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## 2. Accounting policies (continued)

### 2.4 Income

All incoming resources becoming available to the charity during the year are recognised in the Statement of Financial Activities. Income is deferred where incoming resources are received in advance of the service being provided. No incoming resources are stated net of expenditure.

Institutional grants, where related to performance and specific deliverables, are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued and included in debtors.

Government grants are recognised when the charity has entitlement to the income, receipt is probable and the amount can be measured reliably.

Listed shares donated during the year are included in donations and valued at estimated market value. Unlisted shares donated during the year are included in donations and valued at estimated market value.

Legacies are recognised as income, in the accounting period, once the Charity has been informed of the amount of a bequest and it can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

The total incoming resources for the year and the movement in Restricted Funds are detailed in the Statement of Financial Activities.

### 2.5 Expenditure

Expenditure is brought into the financial statements as it is incurred. Overheads (including management and administration costs) and other non-specific expenditure are allocated between charitable activities and generating funds in proportion to the number of staff employed within each area. This is shown as "overhead allocation" in the notes and apportioned on the basis of staff headcount.

Costs of generating funds are those incurred in seeking voluntary income and grants from institutional sources and do not include the costs of disseminating information in support of the charitable activities. These costs include the salaries, direct expenditure and overhead costs of the staff who promote fundraising.

Costs of charitable activities represent the salaries and overhead costs of staff directly working in International Programmes and the Policy Unit together with expenditure directly attributable to these activities.

Support costs represent the costs incurred by finance, IT and human resources attributable to the management of the Charity's assets and organisational administration.

Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

### 2.6 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date.

## 2. Accounting policies (continued)

### 2.7 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

| | | |
|---|---|---|
| IT systems | - | 25 % of cost per annum |

### 2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Office equipment | - | 10% of cost per annum |
| Computer equipment | - | 25% of cost per annum |

### 2.9 Investments

Unlisted investments are valued by the trustees as their best estimate of market value at the year-end.

### 2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

### 2.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## 2. Accounting policies (continued)

### 2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### 2.13 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### 2.14 Leased assets

The group only has operating leases and the payments made under them are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### 2.15 Taxation

The group's charitable activities fall within the exemption afforded by section 505 of the Income Corporation Taxes Act 1988. Accordingly, there is no provision in these accounts.

## 2. Accounting policies (continued)

### 2.16 Pensions

For the defined contribution pension scheme, the pension costs charged to the Statement of Financial Activities represent the amount of the contributions payable in respect of the accounting period.

For the defined benefit schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

The administration costs of running the closed defined contribution scheme are charged to the Statement of Financial Activities. Further details are provided in the notes to the accounts.

## 3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements requires management to make judgments, assumptions and estimates that affect the application of accounting policies and amounts reported in the Statement of Financial Activity and balance sheet. Such decisions are made at the time of the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Key estimates included within these financial statements include assumptions regarding discount rates and mortality in calculating the value of retirement benefits. Trustees keep these assumptions under review and employ the services of qualified actuaries to calculate the resulting expected asset or liability to the charity in respect of retirement benefits.

None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year however ongoing uncertainties within financial markets may increase the risk subsequent to the year end, and lead to material uncertainties in pension assumptions for future periods.

In preparing these financial statements, no significant judgments were required in the process of applying the charity's accounting policies.

## 4. Income from donations and legacies

| | **Unrestricted funds 2023 £** | **Total funds 2023 £** | Total funds 2022 £ |
|---|---|---|---|
| Donations | 1,267,691 | **1,267,691** | 1,601,499 |
| Legacies | 131,920 | **131,920** | 576,388 |
| Grants from trusts and charities | 24,272 | **24,272** | 73,400 |
| | 1,423,883 | **1,423,883** | 2,251,287 |

All income from donations and legacies in the prior year was unrestricted.

## 5. Income from charitable activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ |
|---|---|---|---|
| Grants from institutional sources | - | 1,697,949 | **1,697,949** |
| Consultancy and other income | 101,820 | - | **101,820** |
| | 101,820 | 1,697,949 | **1,799,769** |

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|---|---|---|---|
| Grants from institutional sources | - | 1,862,234 | 1,862,234 |
| Consultancy and other income | 130,251 | - | 130,251 |
| | 130,251 | 1,862,234 | 1,992,485 |

The activities giving rise to other income are all carried out in furtherance of the objects of the charity.

| | 2023 £ | 2022 £ |
|---|---|---|
| **Split of income** | | |
| UK | **719,379** | 534,087 |
| Rest of World | **978,570** | 1,328,147 |
| | **1,697,949** | 1,862,234 |

## 6. Costs of generating funds

### Voluntary income

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---|---|---|---|
| Travel and accommodation | 544 | **544** | 154 |
| Direct costs | 241,814 | **241,814** | 187,107 |
| Support costs (note 9) | 167,400 | **167,400** | 126,216 |
| Direct salaries | 316,845 | **316,845** | 273,301 |
| | 726,603 | **726,603** | 586,778 |

### Institutional sources

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---|---|---|---|
| Support costs (note 9) | 145,530 | **145,530** | 109,726 |
| Direct salaries | 70,433 | **70,433** | 56,647 |
| | 215,963 | **215,963** | 166,373 |

All expenditure relating to generating funds in the prior year was unrestricted.

## 7. Charitable activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ |
|---|---|---|---|
| **Development Programmes** | | | |
| Direct salaries | 449,588 | 333,055 | **782,643** |
| Travel and accommodation | 68,124 | 42,958 | **111,082** |
| Direct programme costs | 345,333 | 1,310,488 | **1,655,821** |
| Support costs (Note 9) | 83,410 | 80,799 | **164,209** |
| | 946,455 | 1,767,300 | **2,713,755** |
| **Policy Unit and Campaigning** | | | |
| Direct salaries | 387,601 | 18,676 | **406,277** |
| Travel and accommodation | 603 | 148 | **751** |
| Direct programme costs | 20,060 | 2,215 | **22,275** |
| Support costs (Note 9) | 268,706 | - | **268,706** |
| | 676,970 | 21,039 | **698,009** |
| | 1,623,425 | 1,788,339 | **3,411,764** |

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|---|---|---|---|
| **Development Programmes** | | | |
| Direct salaries | 329,797 | 280,097 | 609,894 |
| Travel and accommodation | 11,783 | 29,315 | 41,098 |
| Direct programme costs | 179,203 | 1,339,834 | 1,519,037 |
| Support costs (Note 9) | 44,998 | 70,119 | 115,117 |
| | 565,781 | 1,719,365 | **2,285,146** |
| **Policy Unit and Campaigning** | | | |
| Direct salaries | 267,200 | 36,412 | 303,612 |
| Travel and accommodation | - | 345 | 345 |
| Direct programme costs | 2,975 | 13,366 | 16,341 |
| Support costs (Note 9) | 183,642 | - | 183,642 |
| | 453,817 | 50,123 | **503,940** |
| | 1,019,598 | 1,769,488 | 2,789,086 |

## 8. Resources expended

Total resources expended include the following amounts:

| | 2023<br>£ | 2022<br>£ |
|---|---|---|
| Depreciation | **12,709** | 19,906 |
| Amortisation | **4,342** | 5,539 |
| Operating leases | **53,890** | 47,000 |
| Unrealised exchange rate losses/(gains) | **15,560** | (9,855) |
| Auditor's remuneration | **15,500** | 8,500 |

## 9. Support costs

| | Voluntary income 2023 £000 | Institutional sources 2023 £000 | Development programmes 2023 £000 | Policy and Campaigning 2023 £000 | Total 2023 £000 |
|---|---|---|---|---|---|
| Management and admin salaries | 108,171 | 94,038 | 98,658 | 161,441 | 462,308 |
| Governance | 21,003 | 18,259 | 19,156 | 31,347 | 89,765 |
| Office services | 23,241 | 20,205 | 32,727 | 53,553 | 129,726 |
| Office machinery and consumables | 3,657 | 3,180 | 3,336 | 5,459 | 15,632 |
| Financial services | 11,328 | 9,848 | 10,332 | 16,906 | 48,414 |
| **Total** | 167,400 | 145,530 | 164,209 | 268,706 | 745,845 |

| | Voluntary income 2022 £000 | Institutional sources 2022 £000 | Development programmes 2022 £000 | Policy and Campaigning 2022 £000 | Total 2022 £000 |
|---|---|---|---|---|---|
| Management and admin salaries | 79,375 | 69,004 | 72,394 | 118,464 | 339,237 |
| Governance | 13,524 | 11,757 | 12,335 | 20,184 | 57,800 |
| Office services | 16,959 | 14,744 | 15,468 | 25,311 | 72,482 |
| Office machinery and consumables | 7,260 | 6,312 | 6,622 | 6,105 | 26,299 |
| Financial services | 9,098 | 7,909 | 8,298 | 13,578 | 38,883 |
| Total | 126,216 | 109,726 | 115,117 | 183,642 | 534,701 |

Support costs have been apportioned based on the number of full-time staff equivalents in each department.

Management and administration salaries include the salaries of staff working in Finance, HR, Public Relations and Communications and general management. It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables include depreciation and non-capital office furniture, fittings and equipment. Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. PR & Comms is the cost of preparing communications for the charity and includes the cost of trips to visit projects to provide reports to our supporters.

## 10. Staff costs

| | 2023 £ | 2022 £ |
|---|---|---|
| Salaries | **1,015,691** | 858,846 |
| Social security costs | **105,206** | 88,042 |
| Pension costs (excluding contributions to defined benefit scheme - FRS102) | **70,011** | 61,701 |
| Overseas salaries and staff costs | **801,044** | 542,084 |
| | **1,991,952** | 1,550,673 |

The charity has no employees (2022: nil).

The average number of persons employed by the charity during the year was as follows:

| | Group 2023 No. | Group 2022 No. |
|---|---|---|
| Development programmes and Policy Unit | **39** | 37 |
| Fundraising | **12** | 12 |
| Management and administration | **6** | 6 |
| | **57** | 55 |

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | Group 2023 No. | Group 2022 No. |
|---|---|---|
| In the band £60,001 - £70,000 | **1** | 1 |
| In the band £70,001 - £80,000 | **1** | - |
| In the band £90,001 - £100,000 | **1** | - |

For the year ended 31 March 2023, key management personnel comprised the trustees, the Chief Executive, and members of the Senior Management Team. The total employee benefits of the key management personnel were £640,990 (2022: £426,687).

## 11. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2022: £nil). There are no trustees to whom retirement benefits are accruing under the defined benefit pension scheme.

During the year ended 31 March 2023, no trustee expenses have been incurred (2022: no expenses were paid to trustees).

## 12. Intangible assets

**Group**

| | IT systems £ |
|---|---|
| **Cost** | |
| At 1 April 2022 | **33,245** |
| At 31 March 2023 | **33,245** |
| **Amortisation** | |
| At 1 April 2022 | **28,903** |
| Charge for the year | **4,342** |
| At 31 March 2023 | **33,245** |
| **Net book value** | |
| At 31 March 2023 | **-** |
| At 31 March 2022 | 4,342 |

## 13. Tangible fixed assets

### Group

| | Furniture and equipment £ |
|---|---|
| **Cost** | |
| At 1 April 2022 | **131,831** |
| Additions | **11,159** |
| At 31 March 2023 | **142,990** |
| **Depreciation** | |
| At 1 April 2022 | **115,538** |
| Charge for the year | **12,709** |
| At 31 March 2023 | **128,247** |
| **Net book value** | |
| At 31 March 2023 | **14,743** |
| At 31 March 2022 | 16,293 |

## 14. Investments

The investment includes shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. As at the 31 March 2023, the Traidcraft plc shares were not being traded so the trustees valued the shares at £nil. The trustees intend to sell these shares once their liquidity improves. Due to the illiquid nature of these shares the trustees believe it is appropriate to classify them as a fixed asset investment. At 31 March 2023, the Traidcraft plc was in administration and so the shares have been written off in the year.

## 15. Debtors

| | Group 2023 £ | Group As restated 2022 £ |
|---|---|---|
| Trade debtors | **19,168** | 67,812 |
| Amounts owed by related parties | **-** | 14,353 |
| Other debtors | **41,673** | 24,262 |
| Prepayments and accrued income | **320,914** | 288,697 |
| | **381,755** | 395,124 |

Trade debtors and prepayments have been split out from the other debtors balance as the trustees believe this provides better information for the users of the financial statements. This restatement is for presentational purposes only.

## 16. Creditors: amounts falling due within one year

| | Group 2023 £ | Group 2022 £ | Charity 2023 £ | Charity 2022 £ |
|---|---|---|---|---|
| Trade creditors | **57,937** | 34,236 | **-** | - |
| Other taxation and social security | **34,326** | 43,636 | **-** | - |
| Other creditors | **40,275** | 10,007 | **-** | - |
| Accruals and deferred income | **960,280** | 1,002,948 | **2,330** | 2,397 |
| | **1,092,818** | 1,090,827 | **2,330** | 2,397 |

| | Group 2023 £ | Group 2022 £ |
|---|---|---|
| Deferred income at 1 April 2022 | **852,708** | 1,116,985 |
| Deferred during the year | **815,674** | 1,539,113 |
| Amounts released | **(852,708)** | (1,803,390) |
| | **815,674** | 852,708 |

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 23/24. Income will be recognised as the monies are utilised, in line with the funding agreements.

## 17. Restricted funds

The table on page 38 analyses the restricted funds at the year-end. In each case income is received from a funder or funders and programme expenditure (including staff time where appropriate) is charged against this. At any point in time any sums held which have not been spent in accordance with the terms of the agreement of the funder are held in a Restricted Fund or as Deferred Income and are identified by the name of the project or piece of work to which they relate.

**South Asia Programme**

'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia':
Ref No. COOP-RS/D (2018) 6764770) is a four year project funded by the European Commission. It was planned in order to address the systemic and structural vulnerabilities of agricultural communities to forced, bonded, and child labour in two districts of Northern Bangladesh and four districts of Madhya Pradesh, India. It worked on multiple fronts, namely rescuing and rehabilitating communities from bonded labour conditions; preventing future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy interventions. 8,000 households and 20,000 children were to benefit directly from this project. The project received a no-cost extension until the end of June 2022 and currently work is being to complete the evaluation and final reporting. The total cost is €1,131,809.

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains (Homeworkers):
Ref No EuropeAid/157515/dh/act/Multi is a project that started in April 2019. The objective is to improve the working conditions of informal and home based workers in Nepal, Pakistan and India, who work in global value chains in the apparel and footwear sectors. It is expected to impact the lives of 20,000 home based workers in this country through improved working conditions, access to social entitlements and policy change at the national level. The project is progressing well, though has to undergo some changes due to the impact of covid on home workers. A no-cost extension is now proposed and the details are being worked out. The total cost is €1,308,922.

**Bangladesh**

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub district associations, and 788 village level Self help Groups (SHGs). The project planned to empower these organisations, representing 20,000 marginal famers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42 month project is €1,653,149.

Empowering women's CSOs to ensure good governance (WEE):
Ref No EuropeAid/168903/DD/ACT/BD is a 42 month project starting February 2021 and will impact the lives of 15,000 women in 5 districts of Bangladesh, in partnership with Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroot organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's collective voice through their own organisations. The total cost is €2,592,595.

**17. Restricted funds (continued)**

**India**

Addressing vulnerabilities among the Pahariya community through market led Interventions (OAK):
Ref No OFIL 19 003 is a 4 year project aims to "reduce vulnerability and improve sustainable livelihoods and food sovereignty among 3000 Pahariya households, particularly women, in two blocks of Jharkhand". The 90 villages targeted are comprised of extremely vulnerable Pahariya tribal households alone. This is sought to be achieved by organising and enabling communities to adopt sustainable and productive resource (forest, land and water) management regimes, empowering communities to access their entitlements and engage with the market with a view to sustainably enhance livelihood, income base and nutritional status. The total cost of the project is £631,172 and is funded by the Oak Foundation.

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices (Supporting tea workers):
The goal of this 3-year project is to reduce socio economic vulnerability, improve livelihoods and resilience of 9,000 Tea worker communities in 5 districts of North Bengal and Assam. The work will be undertaken across 35 gardens of which 25 gardens in North Bengal and 10 gardens in Assam. The project will facilitate building of community voices and create opportunities and choices for tea worker households. The primary focus will be to improve livelihoods and safety nets through a participatory process of assessing needs, resources, skills and opportunities leading to diversification and improvement in incomes. Secondly, collectivisation of women and youth in the gardens and enhancing their knowledge, skills and sense of agency will improve their negotiation and dialogue capacities with officials within and outside the gardens enabling them to access entitlements from the Government. The project will also establish a model of climate adaptive practices through establishing small scale innovations. The total cost of the project is £972,572 and is funded by the Oak Foundation.

Halcrow Foundation - Climate resilient sustainable livelihoods for female small holder farmers, (Birbhum, West Bengal):
Ref: HF185 is a project in India funded by the Halcrow Foundation. The project aims to organize vulnerable women farmers, improve food security and increase household incomes through livelihood diversification, enhanced water use efficiency, and building resilience through social security safety nets for 2,500 vulnerable families. The project is now in year 2. There are 80 Women Livelihood Committees formed now and work is on to build capacity around governance, micro savings, and resource mapping. Linkages have been built with various government departments to access extension services for a variety of crops as well starting nurseries to benefit other families. The cost of the project is £99,948.

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices (Oak - Tea): The project's goal is to reduce socio economic vulnerability and to improve the livelihoods and resilience of 9,000 tea worker communities in 5 districts of North Bengal and Assam. The work will be undertaken across 35 gardens of which 25 gardens are in North Bengal and 10 gardens in Assam. This is a project funded by the Oak Foundation. The project was initiated in 2021-22, so the first year has been completed. The project is being implemented in partnership with two local organisations and besides the partnership agreements and team being recruited, the set of the project has been completed. Work is ongoing to map relevant government institutions that could provide services and resources and preparations have been completed to begin the baseline study.

**17. Restricted funds (continued)**

**East Africa Programme**

**Senegal**

In 2016/17, 'Juicing Justice project for Farmers', started in Senegal, has worked in partnership with two small Senegalese enterprises called Zena and BDS. The project, funded by Comic Relief (Grant ID 1324191 – total cost £625,489), has worked with 2,200 forest fruit farmers to acquire environmentally sustainable forest fruit harvesting knowledge and skills, increase their income from sales of exotic forest fruits and improve their livelihoods. It also aims to strengthen the capacity of the two small businesses to trade with the farmers in ethical practices that ensure equitable sharing of risks and benefits as well as develop their capacity to access European markets with innovative juice brands. The project has now ended.

**Kenya**

Sustainable Agriculture & Women's Advancement (SAWA):
Project is a three year project being implemented by Traidcraft Exchange in Meru, Kenya with funding from UK Government's Department for International Development. The project, which ended in January 2022, aimed to improve the sustainable livelihoods of over 2,000 smallholder farmers (particularly women) in Meru, Kenya. It focused on vegetables for the local market and sought to increase access to markets, improve agricultural production, increase women's voice and participation in the value chains and forge partnerships with the private sector and government. The project ended in January 2022. The total budget was £548,530

Participatory Approach Pilot on Women empowerment (PAPOWE):
This small project (£17,429) works with farmers & traders, particularly women farmers and traders in Kenya (SAWA project participants), who were hard hit by the Covid 19 pandemic to enable them to recover from the crisis. Besides immediate relief support, we are also supporting women with vegetable seeds for the immediate crop cycle, along with fertilisers and affordable finance through group saving and lending scheme. We are also supporting women traders with umbrellas and canvas to protect their agricultural produce in the market to ensure they stay fresh and not lose on prices. The plan is also to help women access solar lighting panels with match contribution from themselves. Besides the support will include large water tanks to harvest rainwater and help them with their vegetable gardens. The project is being supported by Trusts.

**Tanzania**

Promoting the Inclusion of People with Disabilities in Cocoa, Coffee and Palm Oil Value Chains' (Tanzania - Disability main) is being implemented by Traidcraft Exchange in Tanzania. It is funded by The National Lottery Community Fund (project ID: 10328877). The project seeks to reduce household poverty and empower 1,000 people with disabilities and 500 smallholder farmers and/or micro entrepreneurs, engaged in the coffee, cocoa and sustainable palm oil in Mbeya Region of Tanzania and Dar es Salaam. The project seeks inclusion of disabled people in all aspects of the value chains through collective organisation, improved access to finance and business services, improved market access and changes in behaviour and practice towards disabled people. The budget for this project is £682,418.

People, Prosperity, Planet: Reduced poverty and climate resilience for coastal communities in Tanzania (UKAM): Traidcraft Exchange in partnership with Tanzania Gender and Sustainable Energy Network (TANGSEN) are implementing a three-year project titled, People, Prosperity, Planet Project (PPP) - Reduced poverty and climate resilience for coastal communities in Rufiji and Kisarawe districts in Tanzania, which are vulnerable to climate xtremes. Launched in April 2022, the project aims to improve Natural Resource Management (NRM) and livelihoods for 2,200 (1,300 women; 800 men; 100 people with disabilities) vulnerable people through climate resilient practices & market led approaches along 5 value chains. The selected value chains include honey, sunflower, fruit trees, poultry & vegetables.

## 17. Restricted funds (continued)

**Policy and Campaigning Programme**

JRCT: Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. In the last year, we continued to call on the government to legislate to hold companies to account for violating human rights through a Business Human Rights and Environment Act (BHREA). A key aspect of this was a submission (written jointly with the Corporate Justice Coalition) and extensive follow-up advocacy to the Law Commission's Corporate Criminal Liability enquiry, around elements which we believe should be included in a new law. Our request that legislation should cover the failure to prevent human rights abuses was included in the Law Commission's options paper in June 2022. In addition, we launched a public campaign in favour of BHREA in December 2021 which received 24,622 signatures.

In the 2021 financial statements restricted funds for JRCT were attributed to 'Social Change' and 'JRCT and Network for Social Change' in error. This has been corrected in the current year to correctly attribute the funds to JRCT.

Laudes Foundation (Laudes Garment Work): Our policy and advocacy work on textiles in the EU has been supported by Laudes Foundation. In the last year, we have taken forward advocacy on Unfair Trading Practices (UTPs) in the garment sector in the EU, including: holding regular meetings with the European Commission and Members of the European Parliament around the EU's textile strategy, commissioning research on fair and unfair trading practices, and holding parliamentary events to highlight the impact of garment retailers' purchasing practices on working conditions, job security and pay for workers.

**Catalyst Programme**

Catalyst was a fund resourced by Ceniarth. The resource was used by programme teams to develop concepts, build evidence and fund research and scoping, laying the foundations for larger pieces of work. No further funding was sought for the Catalyst Fund from 2019 due to a change in strategy from 2020.

## 18. Summary of funds

**Summary of funds - current year**

| | Balance at 1 April 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2023 £ |
|---|---|---|---|---|---|---|
| Designated funds | **269,000** | **-** | **-** | **-** | **-** | **269,000** |
| General funds | **1,446,991** | **1,525,703** | **(2,565,991)** | **(22,401)** | **(15,560)** | **368,742** |
| Restricted funds | **352,881** | **1,697,949** | **(1,788,339)** | **22,401** | **-** | **284,892** |
| | **2,068,872** | **3,223,652** | **(4,354,330)** | **-** | **(15,560)** | **922,634** |

**18. Summary of funds (continued)**

**Summary of funds - prior year**

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2022 £ |
|---|---|---|---|---|---|
| Designated funds | 269,000 | - | - | - | 269,000 |
| General funds | 828,347 | 2,381,538 | (1,772,749) | 9,855 | 1,446,991 |
| Restricted funds | 260,135 | 1,862,234 | (1,769,488) | - | 352,881 |
| | 1,357,482 | 4,243,772 | (3,542,237) | 9,855 | 2,068,872 |

## 19. Statement of funds

### Statement of funds - current year

| | Balance at 1 April 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2023 £ |
|---|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | | |
| **Designated funds** | | | | | | |
| Portfolio work | **269,000** | **-** | **-** | **-** | **-** | **269,000** |
| **General funds** | | | | | | |
| General funds | **1,446,991** | **1,525,703** | **(2,565,991)** | **(22,401)** | **(15,560)** | **368,742** |
| **Total Unrestricted funds** | **1,715,991** | **1,525,703** | **(2,565,991)** | **(22,401)** | **(15,560)** | **637,742** |

Funds have been designated by the trustees to fund foundational work on portfolios following the shift to a new strategy where our work is organised around three portfolios of Tea, Garments and Small Scale Agriculture. The funds will cover costs related to the development of portfolio plans, joint workshops, and pilot projects.

19. Statement of funds (continued)

| | Balance at 1 April 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2023 £ |
|---|---|---|---|---|---|---|
| **Restricted funds** | | | | | | |
| JRCT | **8,678** | **-** | **(2,215)** | **-** | **-** | **6,463** |
| Khamatayan | **2,754** | **-** | **-** | **-** | **-** | **2,754** |
| Muktee | **104,738** | **63,535** | **(122,446)** | **(45,827)** | **-** | **-** |
| OAK | **69,369** | **166,008** | **(158,586)** | **-** | **-** | **76,791** |
| Homeworkers | **2,944** | **220,261** | **(205,261)** | **-** | **-** | **17,944** |
| Tanzania - Disability main | **29,563** | **88,572** | **(118,135)** | **-** | **-** | **-** |
| Catalyst | **95,000** | **-** | **(95,000)** | **-** | **-** | **-** |
| PAPOWE | **65,512** | **5,000** | **-** | **(70,512)** | **-** | **-** |
| Supporting tea workers | **3,271** | **-** | **(6,533)** | **-** | **-** | **(3,262)** |
| Laudes foundation | **5,418** | **-** | **-** | **-** | **-** | **5,418** |
| Halcrow foundation | **13,719** | **-** | **(9,980)** | **-** | **-** | **3,739** |
| WEE | **-** | **590,038** | **(585,038)** | **-** | **-** | **5,000** |
| SAWA | **(50,875)** | **36,036** | **14,839** | **-** | **-** | **-** |
| Muktee 2 | **-** | **-** | **(28,334)** | **45,827** | **-** | **17,493** |
| UKAM | **-** | **238,356** | **(238,356)** | **-** | **-** | **-** |
| Oak - Tea | **-** | **147,906** | **(142,434)** | **-** | **-** | **5,472** |
| Laudes Garment Work | **-** | **83,288** | **-** | **-** | **-** | **83,288** |
| Strengthening Farmers Association | **-** | **-** | **(22,401)** | **22,401** | **-** | **-** |
| PGM Pilot | **-** | **-** | **(32,036)** | **70,512** | **-** | **38,476** |
| Other small funds | **2,790** | **58,949** | **(36,423)** | **-** | **-** | **25,316** |
| | **352,881** | **1,697,949** | **(1,788,339)** | **22,401** | **-** | **284,892** |
| **Total of funds** | **2,068,872** | **3,223,652** | **(4,354,330)** | **-** | **(15,560)** | **922,634** |

## 19. Statement of funds (continued)

### Statement of funds - prior year

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2022 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| Portfolio work | 269,000 | - | - | - | 269,000 |
| **General funds** | | | | | |
| General funds | 828,347 | 2,381,538 | (1,772,749) | 9,855 | 1,446,991 |
| **Total Unrestricted funds** | 1,097,347 | 2,381,538 | (1,772,749) | 9,855 | 1,715,991 |

## 19. Statement of funds (continued)

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2022 £ |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| JRCT | 11,000 | 4,730 | (7,052) | - | 8,678 |
| Khamatayan | 18,000 | 309,889 | (325,135) | - | 2,754 |
| Muktee | 81,000 | 311,916 | (288,178) | - | 104,738 |
| OAK | 79,000 | 135,884 | (145,515) | - | 69,369 |
| Homeworkers | (15,000) | 224,048 | (206,104) | - | 2,944 |
| Juice | (10,000) | 26,986 | (16,986) | - | - |
| Tanzania - Disability main | 7,135 | 181,505 | (159,077) | - | 29,563 |
| Catalyst | 95,000 | - | - | - | 95,000 |
| PAPOWE | 2,000 | 63,512 | - | - | 65,512 |
| Supporting tea workers | 12,000 | 12,579 | (21,308) | - | 3,271 |
| Laudes foundation | - | 42,174 | (36,756) | - | 5,418 |
| Matrix fund | 5,000 | - | - | - | 5,000 |
| WEE | (1,000) | 346,410 | (345,410) | - | - |
| SAWA | (24,000) | 178,695 | (205,570) | - | (50,875) |
| Halcrow Foundation | - | 21,950 | (8,231) | - | 13,719 |
| CCP Extra | - | 1,956 | (4,166) | - | (2,210) |
| | 260,135 | 1,862,234 | (1,769,488) | - | 352,881 |
| **Total of funds** | 1,357,482 | 4,243,772 | (3,542,237) | 9,855 | 2,068,872 |

## 20. Analysis of net assets between funds

### Analysis of net assets between funds - current year

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ |
|---|---|---|---|
| Tangible fixed assets | 14,743 | - | **14,743** |
| Current assets | 897,813 | 1,100,566 | **1,998,379** |
| Creditors due within one year | (274,814) | (815,674) | **(1,090,488)** |
| **Total** | 637,742 | 284,892 | **922,634** |

### Analysis of net assets between funds - prior year

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|---|---|---|---|
| Tangible fixed assets | 16,293 | - | 16,293 |
| Intangible fixed assets | 4,342 | - | 4,342 |
| Current assets | 1,908,451 | 1,230,613 | 3,139,064 |
| Creditors due within one year | (213,095) | (877,732) | (1,090,827) |
| **Total** | 1,715,991 | 352,881 | 2,068,872 |

## 21. Reconciliation of net movement in funds to net cash flow from operating activities

| | Group 2023 £ | Group 2022 £ |
|---|---|---|
| Net income/expenditure for the year (as per Statement of Financial Activities) | **(1,130,678)** | 701,535 |
| **Adjustments for:** | | |
| Depreciation charges | **17,051** | 25,445 |
| Decrease/(increase) in debtors | **13,369** | (41,695) |
| Increase/(decrease) in creditors | **1,991** | (200,768) |
| Interest received | **(2,738)** | (1,880) |
| **Net cash (used in)/provided by operating activities** | **(1,101,005)** | 482,637 |

## 22. Analysis of cash and cash equivalents

| | Group 2023 £ | Group 2022 £ |
|---|---|---|
| Cash in hand | **1,618,954** | 2,743,940 |

## 23. Analysis of changes in net debt

| | At 1 April 2022 £ | Cash flows £ | Changes in market value and exchange rate movements £ | At 31 March 2023 £ |
|---|---|---|---|---|
| Cash in hand | **2,743,940** | **(1,109,426)** | **(15,560)** | **1,618,954** |

## 24. Pension commitments

The group, via the subsidiary entity The Traidcraft Exchange, operates a defined benefit pension scheme.

Until 31 March 2001 Traidcraft operated a defined benefit funded pension scheme covering the pension arrangements of employees of Traidcraft plc and Traidcraft Exchange, providing a pension linked to final salary. This scheme is now closed but not wound-up and Traidcraft plc and Traidcraft Exchange continue to make contributions to it, working with the scheme trustees to agree appropriate contribution levels. Traidcraft plc is the principal employer within the combined Traidcraft defined benefit pension scheme and Traidcraft Exchange is the participating employer.

In January 2023 Traidcraft plc entered into administration. The scheme actuary has split the assets and liabilities of the original scheme into a Traidcraft plc scheme and a Traidcraft Exchange scheme. Traidcraft Exchange is solely responsible for the Traidcraft Exchange part of scheme and is responsible for meeting the ongoing costs of the Traidcraft Exchange scheme.

The triennial actuarial valuation prepared as at 1 September 2019 indicated that the scheme was in technical surplus.

The charity expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2024. It should be noted that the surplus calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2023.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | **At 31 March 2023 %** | At 31 March 2022 % |
|---|---|---|
| Discount rate | **4.60** | 2.60 |
| Expected rate of inflation (CPI) | **2.75** | 3.15 |
| Rate of increase of pensions accrued post 5 April 1997 | **2.75** | 3.15 |
| Rate of revaluation of deferred pensions | **2.75** | 3.15 |

| | **At 31 March 2023 Years** | At 31 March 2022 Years |
|---|---|---|
| Mortality rates (in years) | | |
| - for a male aged 65 now | **22.1** | 21.3 |
| - at 65 for a male aged 45 now | **23.5** | 22.3 |
| - for a female aged 65 now | **24.5** | 23.2 |
| - at 65 for a female aged 45 now | **26.0** | 24.4 |

**24. Pension commitments (continued)**

The group's share of the assets in the scheme was:

| | **At 31 March 2023 £** | At 31 March 2022 £ |
|---|---|---|
| Equities | **233,000** | 262,000 |
| Gilts | **319,000** | - |
| Bonds | **858,000** | 1,426,000 |
| Cash | **33,000** | - |
| Other | **-** | 23,000 |
| Value recognised limited under FRS102 | **(61,000)** | (60,000) |
| **Total fair value of assets** | **1,382,000** | 1,651,000 |

The actual return on scheme assets was £(202,000) (2022 - £(75,000)).

The amounts recognised in the Consolidated statement of financial activities are as follows:

Movements in the present value of the defined benefit obligation were as follows:

| | **2023 £** | 2022 £ |
|---|---|---|
| Opening defined benefit obligation | **(1,651,000)** | (1,650,000) |
| Benefits paid | **(42,000)** | 55,000 |
| Interest cost | **66,000** | (32,000) |
| Actuarial gain/(losses) | **245,000** | (24,000) |
| **Closing defined benefit obligation** | **(1,382,000)** | (1,651,000) |

Movements in the fair value of the group's share of scheme assets were as follows:

| | **2023 £** | 2022 £ |
|---|---|---|
| Opening fair value of scheme assets | **1,711,000** | 1,841,000 |
| Interest income | **44,000** | 35,000 |
| Return on plan assets excluding interest | **(246,000)** | (110,000) |
| Benefits paid | **(66,000)** | (55,000) |
| Value recognised limited under FRS102 | **(61,000)** | (60,000) |
| | **1,382,000** | 1,651,000 |

## 24. Pension commitments (continued)

Amounts included in the balance sheet arising from the charity's obligation in respect of defined benefit plans:

| | **2023** | 2022 |
|---|---|---|
| | **£** | £ |
| Present value of defined benefit obligations | **(1,382,000)** | (1,651,000) |
| Fair value of plan assets | **1,382,000** | 1,651,000 |
| **Deficit in the scheme** | **-** | - |

In the year ended 31 March 2023 the actuarial valuation for accounting purposed showed a surplus of assets over liabilities at that date of £61,000 (2022: £60,000). In accordance with FRS 102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the surplus was not recognised.

**Defined contribution scheme:**

At 31 March 2001 Traidcraft closed entry to the defined benefit scheme and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme (a type of defined contribution scheme) which now has an employer's contribution rate of 7.5% (2022: 7.5%). Traidcraft Exchange made contributions of £70,011 during the past year (2022: £60,701) and this cost, together with administration charges of £nil (2022: £1,000) relating to the closed scheme comprise the pension cost of £70,011 (2022: £61,701) shown in Note 10 to these accounts.

## 25. Operating lease commitments

At 31 March 2023 the group had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | **Group 2023** | Group 2022 | **Charity 2023** | Charity 2022 |
|---|---|---|---|---|
| | **£** | £ | **£** | £ |
| Not later than 1 year | **24,901** | 23,711 | **24,901** | 23,711 |
| Later than 1 year and not later than 5 years | **15,805** | - | **15,805** | - |
| | **40,706** | 23,711 | **40,706** | 23,711 |

## 26. Related party transactions

**Group**
During the year the group undertook transactions with Traidcraft plc, a company with a number of trustees in common and in which the Traidcraft Foundation controls a protective Guardian Share. During the year the group made sales of services totalling £30,850 (2022: £244,955) and purchases of goods and services totalling £15,832 (2022: £18,428).

The total amounts due from Traidcraft plc as at the balance sheet date, held within debtors, totalled £nil (2022: £14,353).

**Charity**
The company had no related party transactions in the current or prior year.

## 27. Controlling party

The trustees do not consider there to be an ultimate controlling party.

**THE TRAIDCRAFT FOUNDATION**

England & Wales - Charity number 294953

# Accounts

**Charity number: 294953**

# The Traidcraft Foundation

## Annual Report

## 31 March 2022

# The Traidcraft Foundation

## Contents


| | Page |
|---|---|
| Reference and administrative details | 1 |
| Trustees' report | 2 - 8 |
| Trustees' responsibilities statement | 9 |
| Independent auditor's report on the financial statements | 10 - 13 |
| Consolidated statement of financial activities | 14 |
| Consolidated balance sheet | 15 |
| Charity balance sheet | 16 |
| Consolidated statement of cash flows | 17 |
| Notes to the financial statements | 18 - 46 |

# The Traidcraft Foundation

## Reference and administrative details
**For the year ended 31 March 2022**

| | |
|---|---|
| **Trustees** | Stephen Timms MP (Chair)<br>Rosemary Kempsell<br>David Nussbaum<br>Rev Tariro Matsveru<br>Alison Inglis-Jones<br>Jane Cotton<br>Jeremy Lefroy |
| **Charity registered number** | 294953 |
| **Registered office** | Kingsway<br>Team Valley Trading Estate<br>Gateshead<br>NE11 0NE |
| **Independent auditor** | UNW LLP<br>Chartered Accountants<br>Citygate<br>St James' Boulevard<br>Newcastle upon Tyne<br>NE1 4JE |
| **Bankers** | HSBC Bank Plc<br>110 Grey Street<br>Newcastle upon Tyne<br>NE1 6JG |

# The Traidcraft Foundation

## Trustees' report
**For the year ended 31 March 2022**

The trustees present their annual report together with the audited financial statements of the charity for the 1 April 2021 to 31 March 2022. The trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

### Objectives and activities

### Policies and objectives

The Traidcraft Foundation was established in 1979.

The Traidcraft Foundation seeks to deliver its mission through the complementary activities of its charity, Traidcraft Exchange, and of its sister organisation, the trading company, Traidcraft plc. The Foundation's task is to ensure that all parts of the Traidcraft family remain focused on the founding principles, vision and mission of Traidcraft, as set out below, and to support the Boards of Traidcraft plc and Traidcraft Exchange as they implement their respective activities for the benefit of poor producers in the developing world.

Traidcraft Foundations principles:

Traidcraft is a Christian response to poverty.
Our mission is fighting poverty through trade.
We respect all people and the environment.
We abide by and promote fair business practices.
We strive to be transparant and accountable.

**Traidcraft's vision:** A world freed from the scandal of poverty, where trade is just and people and communities can flourish.

**Traidcraft's mission:** We fight poverty through trade, pioneering, practising and promoting approaches to trade that help poor people in developing countries transform their lives.

A Christan response to poverty, Traidcraft seeks to work with people of all faiths and none.

The Foundation is a trust comprising five or more trustees who meet periodically. It has neither staff nor any place of business and does not undertake any fundraising activities. The Traidcraft Foundation is a registered charity, whose formal objectives are:

The prevention and relief of poverty and sickness in those countries included in the list of Developing Countries as agreed from time to time by the trustees, Traidcraft Exchange and Traidcraft plc in accordance with the Deed of Covenant;

The promotion for the benefit of the public and studies in theological, political, social, technical and economic subjects and other educational subjects;

The promotion for the benefit of the public of education and dissemination of knowledge in these subjects with particular (but not exclusive) reference to the problems of economic and social developing in Developing Countries arising from national and international trading practices;

The advancement of the Christian religion by commending that religion to persons in Developing Countries and elsewhere;

**Objectives and activities (continued)**

The promotion of other charitable purposes in Developing Countries in particular (by using any means available to it including its rights as members or shareholders) by defending the Christian basis underlying the operations of Traidcraft plc and Traidcraft Exchange, promoting the connections between the Christian faith and the principles of fair trade, stimulating, challenging and helping those bodies to develop distinctively Christian approaches to their work and representing to the Boards of Traidcraft plc and Traidcraft Exchange the interests and opinions of stakeholders, especially of those overseas producer groups and partners.

**Strategies for achieving objectives**

The Foundation is the founder member of Traidcraft Exchange and appoints the trustees of Traidcraft Exchange. It also holds the Guardian Share in Traidcraft plc, to enable it to protect the vision and mission of that organisation. The Foundation seeks to encourage all parts of the Traidcraft group to carry forward its work in accordance with the Traidcraft Foundation Principles.

Our aims fully reflect the purposes that the Foundation was set up to further. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

Our main activities are described below. All our charitable activities are undertaken to further our charitable purposes and for the public benefit.

**Principal activities**

The Traidcraft Foundation trustees met virtually on 12 September 2021, and then with representatives of the other Traidcraft boards on 16 September, for a discussion about governance changes to adapt Traidcraft's structures to the organisation's new shape. Further discussions are expected in 2023, ahead of some governance restructuring. The Chair of the Foundation trustees has continued to meet new recruits to the Boards of Traidcraft Exchange and Traidcraft plc ahead of their appointments.

The Traidcraft Foundation does not carry out any fundraising activities.

In the last year, Traidcraft Exchange has reviewed and reworked its organisational strategy and has committed to following a different approach to its work. Working on the principles of shifting power, it is beginning to engage more with farmers, artisans and workers to support them to lead their own development journey, with a focus on 3 sectors – Small scale Agriculture, Garments, and Tea. These will form the three 'portfolios' for Traidcraft's work and all teams are developing their plans on this front. While Traidcraft begins to make their shift in strategy, it will need to complete all of its current commitments to project participants and existing donors.

Please refer to the Traidcraft Exchange published accounts for more detail on activities during the year.

### Financial review

### Financial review

The consolidated results for the year ended 31 March 2022 are set out in detail in the financial statements below. The net incoming resources for the Foundation (before consolidation) for the year was £nil (2021: £nil).

The Foundation (before consolidation) has gross incoming resources of £nil (2021: £nil). The Foundation is jointly funded by Traidcraft Exchange and Traidcraft plc. The trustees believe that the assets of the Foundation are available and adequate to fulfil its obligations.

For Traidcraft Exchange, performance during 2021/22 was much better than anticipated. At the beginning of the year Traidcraft Exchange had budgeted an unrestricted deficit of circa £13k, however due to increased income (£2.381m actual vs £1.541m budgeted) finished the year with an unrestricted surplus of £619k. Overall, it ended the year with a surplus of £711k which was much greater than the budgeted surplus of £6k.This has been a year of transformation with a change in strategy, but Traidcraft Exchange has a 5 year forecast in place which shows a sustainable future for the organisation as well as a planned reduction in excess reserves through investment in our portfolio work.

In comparison to previous years total income for the charity has increased to £4.2m (2020/21: £3.8m). This increase was mainly due to better than anticipated performance within our fundraising including some large legacy donations. Other income areas remained largely consistent with previous years.

### Reserves policy

The trustees have endorsed the view of the trustees of Traidcraft Exchange that they consider it prudent that Traidcraft Exchange should seek to maintain unrestricted reserves at a level sufficient:

a. To meet matched funding requirements. Our minimum level is that we should hold 50% of the requirement for contracts to be implemented over the next 12 months. The maximum acceptable level would be to cover 100% of matched funding required for contracts to be implemented over the next 12 months;

b. To cover a minimum of three months and a maximum of four months budgeted staff, overheads and fundraising costs; and

c. To cover pension liabilities; a range of between a minimum of one year’s contributions and a maximum of 100% of the liability is recommended.

When calculating unrestricted reserves, fixed assets and investments are excluded due to their illiquid nature. The policy and target range of reserves are monitored and reviewed annually during the budget approval process to reflect risks and changes in income, financial obligations and expenditure. The target range for general unrestricted reserves, excluding pension reserves, set for 2021/22 was £591,000 - £842,000 (2022/23 £753,900 - £1.089m). At 31 March 2022, unrestricted reserves (excluding fixed assets and investments) stood at £1.7m.

As Traidcraft plc and Traidcraft Exchange guarantee to cover reasonable expenses of the Traidcraft Foundation, its reserves are kept at approximately £nil.

**Principal risks and uncertainties**

We, through the work of Traidcraft Exchange, have had a very strong fundraising year again. Our public supporters have continued to show extraordinary generosity, particularly in responding to the UK Aid Match appeal and our Christmas appeal. This year we have also received an exceptional number of legacies, reflecting again the enduring commitment of our supporters and the hard work our fundraising teams have done to continue to engage and nurture supporters who are passionate about our work. We are in the process of shifting our funding to increase unrestricted and more flexible funding, and over time, anticipate reducing our restricted funding. The figures on unrestricted funding this year are a positive indication that we can grow these income sources with the right investment. This year, we have not met our target on funding from foundations which is a result of both a challenging external environment and internal restructuring affecting our ability to offer compelling propositions.

We won the grant from Oak Foundation for our work in the tea sector but did not bring in any new institutional grants. This was in part due to our decision to become much more focused in our approach and more selective in what restricted funding we go for, and in part due to reduced opportunities available.

We continue to plan for a phased transition away from restricted project grants in line with our new strategic direction to be more community led,and to prioritise flexible, longer-term relationships and solidarity.

We do face a number of risks that we are mitigating. The first, the performance of Traidcraft PLC and how a poor year of sales will impact directly on our income but also a wider risk around loss of support to our cause as the business navigates some challenging times and make difficult decisions about its future. We are also mindful of the rising cost of living and inflation putting pressure on staffing and overhead costs, alongside reduced funding available to international NGO’s within the development sector. We are investing our surplus reserves wisely to pilot and demonstrate the impact of alternative approaches that do not rely on traditional project funding and continue to build relationships with new funders who value the principles of shifting power that we are committed to. Our five-year forecasts show that we are in a sustainable position in the medium term.

### Going concern

After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future. They have paid particular attention to the likely impact of the cost-of-living crisis on the organisation's income and ability to deliver its work.

In view of the continuing pressure on fundraising, the trustees are aware of the general concern affecting the assessment of the going concern basis for all charities and have therefore taken particular care in reviewing the going concern basis. When reviewing their decision, they have taken the following factors into account:

Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due;

As at 31 March 2022 Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £1.7m. Our reserves policy sets the target minimum reserve level at £753,900 and a maximum level of £1.089m. The trustees feel the Charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections;

Traidcraft Exchange has set an achievable budget for the year 2022/23 and expects to post an unrestricted deficit of £363k due to its investment in its portfolio work which would reduce reserves to £1.3m;

Traidcraft Exchange has not encountered any difficulty in paying its trade creditors within agreed payment terms.

For this reason, we continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

### Structure, governance and management

### Constitution

The Traidcraft Foundation is registered as a charity set up by a Trust deed (updated 2002).

The Foundation has also entered into a Deed of Mutual Covenant with Traidcraft plc and Traidcraft Exchange, dated December 2002.

The Foundation controls the composition of the board of Traidcraft Exchange and the accounts of Traidcraft Exchange are consolidated with those of the Foundation.

The Foundation also controls the Guardian Share in Traidcraft plc, which confers certain protective powers. For example, the trustees must give specific assent to change the Articles of Association of Traidcraft plc, wind up the company, appoint a director or Chair of the Board, or make any fundamental change to the operation of the company.

The trustees considered carefully whether or not to consolidate the results of Traidcraft plc into those of the Foundation. Legal advice taken by the trustees indicated that given the nature and purpose of the Guardian Share and that there is no intended or actual control of Traidcraft plc by the Foundation trustees, consolidation is not necessary or appropriate.

**Structure, governance and management (continued)**

**Methods of appointment or election of trustees**

The management of the group and the charity is the responsibility of the trustees who are elected and co opted under the terms of the Trust deed.

Rosemary Kempsell retired as a trustee in September 2022 after serving for ten years. No new Trustees have been appointed since March 2021. Appointments are made following the recommendations of a nominations committee, which currently comprises Sir Stephen Timms (Chair of the Traidcraft Foundation), David Pain (Chair of the Board of Transform Trade (previously Traidcraft Exchange as discussed further within the plans for future periods section of this report)) and David Neale (Chair of the Board of Traidcraft plc).

Training is available for new trustees and other trustees as necessary. A detailed induction pack and process is provided for each new trustee.

**Financial risk management**

The trustees have assessed the major risks to which the group and the charity are exposed, in particular those related to the operations and finances of the group and the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

**Plans for future periods**

The Traidcraft Foundation will work closely with the Board of Traidcraft Plc and Traidcraft Exchange to ensure any changes in structure and strategy remain focused on the founding principles, vision and mission of Traidcraft.

As Traidcraft Exchange continue to embed our new strategy and to transform as an organisation in line with our commitment to shifting power and decolonising, there are a number of significant milestones on the horizon. We have launched our new brand and are now called Transform Trade, which will enable us to be more effective in reaching out to new supporters and better reflects the boldness of our vision for change. The strategic shift to work in 3 sectors, tea, garments and farming, joining our advocacy, campaigns and programmatic work together, to more effectively challenge systemic issues is now beginning to take off and with a new strategic narrative, theory of change and a stronger proposition, we believe we will be able to bring on board new funders who are committed to bottom up, rights based approaches to change. We have been investing designated reserves into a participatory grant making pilot in East Africa and in the upcoming year, expect to be able to evidence our learning and impact and plan for a greater shift to a more participatory approach across our wider work.

The political context in the UK and the contexts where we work remains challenging. Civil society space is shrinking and we may well be entering a global recession. All these factors will make our work harder and more needed than ever. We continue to work closely with partners and communities to navigate the challenging context and to seek to bring about transformative change together.

**Disclosure of information to auditor**

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

## Trustees' report (continued)
**For the year ended 31 March 2022**

### Auditor

The auditor, UNW LLP, has indicated his willingness to continue in office. The designated trustees will propose a motion reappointing the auditor at a meeting of the trustees.

Approved by order of the members of the board of trustees on 17 January 2023 and signed on their behalf by:

**Stephen Timms MP (Chair)**

## Statement of trustees' responsibilities
**For the year ended 31 March 2022**

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 17 January 2023 and signed on its behalf by:

**Stephen Timms MP (Chair)**

## Independent Auditor's Report to the members of The Traidcraft Foundation

### Opinion

We have audited the financial statements of The Traidcraft Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charityfinancial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable charity's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of employment laws, recognising the nature of the charity's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Independent Auditor's Report to the members of The Traidcraft Foundation (continued)

**Use of our report**

This report is made solely to the charity's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)**
**for and on behalf of UNW LLP, Statutory Auditor**
Chartered Accountants
Newcastle upon Tyne

17 January 2023

# The Traidcraft Foundation

## Consolidated Statement of financial activities (incorporating income and expenditure account)
## For the year ended 31 March 2022

| | Note | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 4 | **2,251,287** | **-** | **2,251,287** | 2,155,864 |
| Charitable activities | 5 | **130,251** | **1,862,234** | **1,992,485** | 1,669,105 |
| **Total income** | | **2,381,538** | **1,862,234** | **4,243,772** | 3,824,969 |
| **Expenditure on:** | | | | | |
| Raising funds: | 6 | | | | |
| Voluntary income | | **586,778** | **-** | **586,778** | 633,304 |
| Institutional sources | | **166,373** | **-** | **166,373** | 319,934 |
| Charitable activities: | | | | | |
| Development programmes | | **565,781** | **1,719,365** | **2,285,146** | 1,962,685 |
| Policy and campaigning | | **453,817** | **50,123** | **503,940** | 420,215 |
| **Total expenditure** | | **1,772,749** | **1,769,488** | **3,542,237** | 3,336,138 |
| **Net movement in funds before other recognised gains/(losses)** | | **608,789** | **92,746** | **701,535** | 488,831 |
| **Other recognised gains/(losses):** | | | | | |
| Unrealised gains/(losses) | | **9,855** | **-** | **9,855** | (59,469) |
| **Net movement in funds** | | **618,644** | **92,746** | **711,390** | 429,362 |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | | **1,097,347** | **260,135** | **1,357,482** | 928,120 |
| Net movement in funds | | **618,644** | **92,746** | **711,390** | 429,362 |
| **Total funds carried forward** | | **1,715,991** | **352,881** | **2,068,872** | 1,357,482 |

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 18 to 46 form part of these financial statements.

# The Traidcraft Foundation

## Consolidated balance sheet
## As at 31 March 2022

| | Note | | 2022 £ | | 2021 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | **4,342** | | 9,881 |
| Tangible assets | 13 | | **16,293** | | 33,944 |
| | | | **20,635** | | 43,825 |
| **Current assets** | | | | | |
| Debtors | 15 | **395,124** | | 353,429 | |
| Cash at bank and in hand | | **2,743,940** | | 2,251,823 | |
| | | **3,139,064** | | 2,605,252 | |
| Creditors: amounts falling due within one year | 16 | **(1,090,827)** | | (1,291,595) | |
| **Net current assets** | | | **2,048,237** | | 1,313,657 |
| **Total assets less current liabilities** | | | **2,068,872** | | 1,357,482 |
| **Total net assets** | | | **2,068,872** | | 1,357,482 |
| **Charity funds** | | | | | |
| Restricted funds | 18 | | **352,881** | | 260,135 |
| Unrestricted funds | 18 | | **1,715,991** | | 1,097,347 |
| **Total funds** | | | **2,068,872** | | 1,357,482 |

The trustees acknowledge their responsibilities for complying with the requirements of the Charities Act 2011 with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 17 January 2023 and signed on their behalf by:

**Stephen Timms MP (Chair)**

The notes on pages 18 to 46 form part of these financial statements.

# The Traidcraft Foundation

## Balance sheet
**As at 31 March 2022**

| | Note | | 2022 £ | | 2021 £ |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash at bank and in hand | | **2,397** | | 2,435 | |
| | | **2,397** | | 2,435 | |
| Creditors: amounts falling due within one year | 16 | **(2,397)** | | (2,435) | |
| **Net current assets** | | | **-** | | - |
| **Total assets less current liabilities** | | | **-** | | - |
| **Total net assets** | | | **-** | | - |
| **Total funds** | | | **-** | | - |

The charity's net movement in funds for the year was £nil (2021: £nil).

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 17 January 2023 and signed on their behalf by:

**Stephen Timms MP (Chair)**

The notes on pages 18 to 46 form part of these financial statements.

# The Traidcraft Foundation

## Consolidated statement of cash flows
## For the year ended 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net cash generated from operating activities | 21 | **482,637** | 905,305 |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | | **(2,255)** | (10,559) |
| Interest received | | **1,880** | 1,849 |
| **Net cash used in investing activities** | | **(375)** | **(8,710)** |
| **Change in cash and cash equivalents in the year** | | **482,262** | **896,595** |
| Cash and cash equivalents at the beginning of the year | | **2,251,823** | 1,414,697 |
| Change in cash and cash equivalents due to exchange rate movements | | **9,855** | (59,469) |
| **Cash and cash equivalents at the end of the year** | 22 | **2,743,940** | 2,251,823 |

The notes on pages 18 to 46 form part of these financial statements

## Notes to the financial statements
## For the year ended 31 March 2022

### 1. General information

The Traidcraft Foundation ('the company') is a charity limited by guarantee, incorporated and domiciled in the United Kingdom. The address of the registered office is given in the reference and administration page of these financial statements. The members of the company are the trustees named on page 1.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Traidcraft Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

The principal accounting policies of the charity have remained unchanged from the previous year. The accounts are presented in £'000.

#### 2.2 Going concern

After making enquiries, the Board of Trustees has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please refer to the Trustees' Report for further details.

#### 2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside at the discretion of the trustees for a particular purpose. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## 2. Accounting policies (continued)

### 2.4 Income

All incoming resources becoming available to the charity during the year are recognised in the Statement of Financial Activities. Income is deferred where incoming resources are received in advance of the service being provided. No incoming resources are stated net of expenditure.

Institutional grants, where related to performance and specific deliverables, are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued and included in debtors.

Government grants are recognised when the charity has entitlement to the income, receipt is probable and the amount can be measured reliably.

Listed shares donated during the year are included in donations and valued at estimated market value. Unlisted shares donated during the year are included in donations and valued at estimated market value.

Legacies are recognised as income, in the accounting period, once the Charity has been informed of the amount of a bequest and it can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

The total incoming resources for the year and the movement in Restricted Funds are detailed in the Statement of Financial Activities.

### 2.5 Expenditure

Expenditure is brought into the financial statements as it is incurred. Overheads (including management and administration costs) and other non-specific expenditure are allocated between charitable activities and generating funds in proportion to the number of staff employed within each area. This is shown as "overhead allocation" in the notes and apportioned on the basis of staff headcount.

Costs of generating funds are those incurred in seeking voluntary income and grants from institutional sources and do not include the costs of disseminating information in support of the charitable activities. These costs include the salaries, direct expenditure and overhead costs of the staff who promote fundraising.

Costs of charitable activities represent the salaries and overhead costs of staff directly working in International Programmes and the Policy Unit together with expenditure directly attributable to these activities.

Support costs represent the costs incurred by finance, IT and human resources attributable to the management of the Charity's assets and organisational administration.

Irrecoverable VAT is charged as a cost to the Statement of Financial Activities.

## 2. Accounting policies (continued)

### 2.6 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date.

### 2.7 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

| | | |
|---|---|---|
| IT systems | - | 25 % of cost per annum |

### 2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Office equipment | - | 10% of cost per annum |
| Computer equipment | - | 25% of cost per annum |

### 2.9 Investments

Unlisted investments are valued by the trustees as their best estimate of market value at the year-end.

### 2.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2. Accounting policies (continued)**

**2.11 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**2.12 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**2.13 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2.14 Leased assets**

The group only has operating leases and the payments made under them are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

**2.15 Taxation**

The group's charitable activities fall within the exemption afforded by section 505 of the Income Corporation Taxes Act 1988. Accordingly, there is no provision in these accounts.

**2. Accounting policies (continued)**

**2.16 Pensions**

For the defined contribution pension scheme, the pension costs charged to the Statement of Financial Activities represent the amount of the contributions payable in respect of the accounting period.

For the defined benefit schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

The administration costs of running the closed defined contribution scheme are charged to the Statement of Financial Activities. Further details are provided in the notes to the accounts.

## 3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the Statement of Financial Activity and balance sheet. Such decisions are made at the time of the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Key estimates included within these financial statements include assumptions regarding discount rates and mortality in calculating the value of retirement benefits. Trustees keep these assumptions under review and employ the services of qualified actuaries to calculate the resulting expected asset or liability to the charity in respect of retirement benefits.

None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year however ongoing uncertainties within financial markets may increase the risk subsequent to the year end, and lead to material uncertainties in pension assumptions for future periods.

In preparing these financial statements, no significant judgements were required in the process of applying the charity's accounting policies.

## 4. Income from donations and legacies

| | **Unrestricted funds 2022 £** | **Total funds 2022 £** | Total funds 2021 £ |
|---|---|---|---|
| Donations | 1,601,499 | **1,601,499** | 1,873,499 |
| Legacies | 576,388 | **576,388** | 237,603 |
| Grants from trusts and charities | 73,400 | **73,400** | 44,762 |
| | 2,251,287 | **2,251,287** | 2,155,864 |

All income from donations and legacies in the prior year was unrestricted.

## 5. Income from charitable activities

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|---|---|---|---|
| Grants from institutional sources | - | 1,862,234 | **1,862,234** |
| Consultancy and other income | 130,251 | - | **130,251** |
| | 130,251 | 1,862,234 | **1,992,485** |

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total funds 2021 £ |
|---|---|---|---|
| Grants from institutional sources | - | 1,482,776 | 1,482,776 |
| Consultancy and other income | 186,329 | - | 186,329 |
| | 186,329 | 1,482,776 | 1,669,105 |

The activities giving rise to other income are all carried out in furtherance of the objects of the charity.

| | **2022 £** | 2021 £ |
|---|---|---|
| **Split of income** | | |
| UK | **534,087** | 2,773,000 |
| Rest of World | **1,328,147** | 1,052,000 |
| | **1,862,234** | 3,825,000 |

## 6. Costs of generating funds

### Voluntary income

| | Unrestricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|---|---|---|---|
| Travel and accommodation | 154 | **154** | 321 |
| Direct costs | 187,107 | **187,107** | 148,067 |
| Support costs (note 9) | 126,216 | **126,216** | 212,818 |
| Direct salaries | 273,301 | **273,301** | 272,098 |
| | 586,778 | **586,778** | 633,304 |

### Institutional sources

| | Unrestricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|---|---|---|---|
| Direct costs | - | **-** | 140,712 |
| Support costs (note 9) | 109,726 | **109,726** | 68,985 |
| Direct salaries | 56,647 | **56,647** | 110,237 |
| | 166,373 | **166,373** | 319,934 |

All expenditure relating to generating funds in the prior year was unrestricted.

## 7. Charitable activities

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|---|---|---|---|
| **Development Programmes** | | | |
| Direct salaries | 329,797 | 280,097 | **609,894** |
| Travel and accommodation | 11,783 | 29,315 | **41,098** |
| Direct programme costs | 179,203 | 1,339,834 | **1,519,037** |
| Support costs (note 9) | 44,998 | 70,119 | **115,117** |
| | 565,781 | 1,719,365 | **2,285,146** |
| **Policy Unit and Campaigning** | | | |
| Direct salaries | 274,454 | 36,412 | **-** |
| Travel and accommodation | - | 345 | **-** |
| Direct programme costs | 2,975 | 13,366 | **-** |
| Support costs (note 9) | 183,642 | - | **-** |
| | 461,071 | 50,123 | **-** |
| | 1,026,852 | 1,769,488 | **2,796,340** |

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total funds 2021 £ |
|---|---|---|---|
| **Development Programmes** | | | |
| Direct salaries | 454,686 | 337,465 | 792,151 |
| Travel and accommodation | 11,231 | 32,790 | 44,021 |
| Direct programme costs | 173,575 | 814,969 | 988,544 |
| Support costs (note 9) | 107,194 | 30,775 | 137,969 |
| | 746,686 | 1,215,999 | **1,962,685** |
| **Policy Unit and Campaigning** | | | |
| Direct salaries | 113,457 | 88,656 | - |
| Travel and accommodation | 11 | 1,025 | - |
| Direct programme costs | 7,016 | 25,516 | - |
| Support costs (note 9) | 182,734 | 1,799 | - |
| | 303,218 | 116,996 | **-** |
| | 1,049,904 | 1,332,995 | 2,382,899 |

## 8. Resources expended

Total resources expended include the following amounts:

| | 2022 £ | 2021 £ |
|---|---|---|
| Depreciation | **19,906** | 15,000 |
| Amortisation | **5,539** | 5,539 |
| Operating leases | **47,000** | 52,000 |
| Unrealised exchange rate losses/(gains) | **(9,855)** | 59,469 |
| Auditor's remuneration | **8,500** | 7,000 |

## 9. Support costs

| | Voluntary income 2022 £000 | Institutional sources 2022 £000 | Development programmes 2022 £000 | Policy and Campaigning 2022 £000 | Total 2022 £000 |
|---|---|---|---|---|---|
| Management and admin salaries | 79,375 | 69,004 | 72,394 | 118,464 | 339,237 |
| Governance | 13,524 | 11,757 | 12,335 | 20,184 | 57,800 |
| Office services | 16,959 | 14,744 | 15,468 | 25,311 | 72,482 |
| Office machinery and consumables | 7,260 | 6,312 | 6,622 | 6,105 | 26,299 |
| Financial services | 9,098 | 7,909 | 8,298 | 13,578 | 38,883 |
| **Total** | 126,216 | 109,726 | 115,117 | 183,642 | 534,701 |

| | Voluntary income 2021 £000 | Institutional sources 2021 £000 | Development programmes 2021 £000 | Policy and Campaigning 2021 £000 | Total 2021 £000 |
|---|---|---|---|---|---|
| Management and admin salaries | 140,391 | 45,508 | 91,015 | 121,732 | 398,648 |
| Governance | 11,355 | 3,681 | 7,362 | 9,846 | 32,244 |
| Office services | 36,473 | 11,823 | 23,645 | 31,626 | 103,567 |
| Office machinery and consumables | 7,756 | 2,514 | 5,028 | 6,724 | 22,022 |
| Financial services | 9,083 | 2,944 | 5,888 | 7,876 | 25,791 |
| PR and comms | 7,760 | 2,515 | 5,031 | 6,729 | 22,035 |
| Total | 212,818 | 68,985 | 137,969 | 184,533 | 604,307 |

Support costs have been apportioned based on the number of full-time staff equivalents in each department.

Management and administration salaries include the salaries of staff working in Finance, HR, Public Relations and Communications and general management (£299,964, 2021: £373,445). It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables include depreciation and non-capital office furniture, fittings and equipment. Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. PR & Comms is the cost of preparing communications for the group and includes the cost of trips to visit projects to provide reports to our supporters.

## 10. Staff costs

| | 2022 £ | 2021 £ |
|---|---|---|
| Salaries | **858,846** | 981,054 |
| Social security costs | **88,042** | 92,337 |
| Pension costs (excluding contributions to defined benefit scheme - FRS102) | **61,701** | 68,576 |
| Overseas salaries and staff costs | **542,084** | 336,248 |
| | **1,550,673** | 1,478,215 |

The charity has no employees (2021: nil).

The average number of persons employed by the charity during the year was as follows:

| | Group 2022 No. | Group 2021 No. |
|---|---|---|
| Development programmes and Policy Unit | **37** | 40 |
| Fundraising | **12** | 10 |
| Management and administration | **6** | 4 |
| | **55** | 54 |

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | Group 2022 No. | Group 2021 No. |
|---|---|---|
| In the band £60,001 - £70,000 | **1** | 1 |

For the year ended 31 March 2022, key management personnel comprised the trustees, the Chief Executive, and members of the Senior Management Team. The total employee benefits of the key management personnel were £426,687 (2021: £346,000).

## 11. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2021: £nil).

During the year ended 31 March 2022, no trustee expenses have been incurred (2021: £nil).

## 12. Intangible assets

### Group

| | IT systems £ |
|---|---|
| **Cost** | |
| At 1 April 2021 | **33,245** |
| At 31 March 2022 | **33,245** |
| **Amortisation** | |
| At 1 April 2021 | **23,364** |
| Charge for the year | **5,539** |
| At 31 March 2022 | **28,903** |
| **Net book value** | |
| At 31 March 2022 | **4,342** |
| At 31 March 2021 | 9,881 |

## 13. Tangible fixed assets

**Group**

| | Furniture and equipment £ |
|---|---|
| **Cost or valuation** | |
| At 1 April 2021 | **129,576** |
| Additions | **2,255** |
| At 31 March 2022 | **131,831** |
| **Depreciation** | |
| At 1 April 2021 | **95,632** |
| Charge for the year | **19,906** |
| At 31 March 2022 | **115,538** |
| **Net book value** | |
| At 31 March 2022 | **16,293** |
| At 31 March 2021 | 33,944 |

## 14. Investments

The investment includes shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. As at the 31 March 2022, the Traidcraft plc shares were not being traded so the trustees valued the shares at nil. The trustees intend to sell these shares once their liquidity improves. Due to the illiquid nature of these shares the trustees believe it is appropriate to classify them as a fixed asset investment.

## 15. Debtors

| | Group 2022 £ | Group 2021 £ |
|---|---|---|
| Amounts owed by related parties | **14,353** | 50,713 |
| Other debtors | **117,872** | 74,115 |
| Prepayments and accrued income | **262,899** | 228,601 |
| | **395,124** | 353,429 |

## 16. Creditors: amounts falling due within one year

| | Group 2022 £ | Group 2021 £ | Charity 2022 £ | Charity 2021 £ |
|---|---|---|---|---|
| Trade creditors | **34,236** | 19,895 | **-** | - |
| Other taxation and social security | **43,636** | 30,551 | **-** | - |
| Other creditors | **10,007** | 2,724 | **-** | - |
| Accruals and deferred income | **1,002,948** | 1,238,425 | **2,397** | 2,435 |
| | **1,090,827** | 1,291,595 | **2,397** | 2,435 |

| | Group 2022 £ | Group 2021 £ |
|---|---|---|
| Deferred income at 1 April 2021 | **1,116,985** | 537,081 |
| Deferred during the year | **1,539,113** | 1,567,904 |
| Amounts released | **(1,803,390)** | (988,000) |
| | **852,708** | 1,116,985 |

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 2022/23. Income will be recognised as the monies are utilised, in line with the funding agreements.

### 17. Restricted funds

The table on page 36 shows the restricted funds at the year-end. In each case income is received from a funder or funders and programme expenditure (including staff time where appropriate) is charged against this. At any point in time any sums held which have not been spent in accordance with the terms of the agreement of the funder are held in a Restricted Fund or as Deferred Income and are identified by the name of the project or piece of work to which they relate.

**South Asia Programme**

'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia':
Ref No. COOP-RS/D (2018) 6764770) is a four year project funded by the European Commission. It was planned in order to address the systemic and structural vulnerabilities of agricultural communities to forced, bonded, and child labour in two districts of Northern Bangladesh and four districts of Madhya Pradesh, India. It worked on multiple fronts, namely rescuing and rehabilitating communities from bonded labour conditions; preventing future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy interventions. 8,000 households and 20,000 children were to benefit directly from this project. The project received a no-cost extension until the end of June 2022 and currently work is being to complete the evaluation and final reporting. The total cost is €1,131,809.

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains:
Ref No EuropeAid/157515/dh/act/Multi is a project that started in April 2019. The objective is to improve the working conditions of informal and home based workers in Nepal, Pakistan and India, who work in global value chains in the apparel and footwear sectors. It is expected to impact the lives of 20,000 home based workers in this country through improved working conditions, access to social entitlements and policy change at the national level. The project is progressing well, though has to undergo some changes due to the impact of covid on home workers. A no-cost extension is now proposed and the details are being worked out. The total cost is €1,308,922.

**Bangladesh**

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub district associations, and 788 village level Self help Groups (SHGs). The project planned to empower these organisations, representing 20,000 marginal famers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42 month project is €1,653,149.

Empowering women's CSOs to ensure good governance (WEE):
Ref No EuropeAid/168903/DD/ACT/BD is a 42 month project starting February 2021 and will impact the lives of 15,000 women in 5 districts of Bangladesh, in partnership with Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroot organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's collective voice through their own organisations. The total cost is €2,592,595.

**India**

Addressing vulnerabilities among the Pahariya community through market led Interventions:
Ref No OFIL 19 003 is a 4 year project aims to "reduce vulnerability and improve sustainable livelihoods and food sovereignty among 3000 Pahariya households, particularly women, in two blocks of Jharkhand". The 90 villages targeted are comprised of extremely vulnerable Pahariya tribal households alone. This is sought to be achieved by organising and enabling communities to adopt sustainable and productive resource (forest, land and water) management regimes, empowering communities to access their entitlements and engage with the market with a view to sustainably enhance livelihood, income base and nutritional status. The total cost of the project is £631,172 and is funded by the Oak Foundation.

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices:
The goal of this 3-year project is to reduce socio economic vulnerability, improve livelihoods and resilience of 9,000 Tea worker communities in 5 districts of North Bengal and Assam. The work will be undertaken across 35 gardens of which 25 gardens in North Bengal and 10 gardens in Assam. The project will facilitate building of community voices and create opportunities and choices for tea worker households. The primary focus will be to improve livelihoods and safety nets through a participatory process of assessing needs, resources, skills and opportunities leading to diversification and improvement in incomes. Secondly, collectivisation of women and youth in the gardens and enhancing their knowledge, skills and sense of agency will improve their negotiation and dialogue capacities with officials within and outside the gardens enabling them to access entitlements from the Government. The project will also establish a model of climate adaptive practices through establishing small scale innovations. The total cost of the project is £972,572 and is funded by the Oak Foundation.

Climate resilient sustainable livelihoods for female small holder farmers, (Birbhum, West Bengal):
Ref: HF185 is a project in India funded by the Halcrow Foundation. The project aims to organize vulnerable women farmers, improve food security and increase household incomes through livelihood diversification, enhanced water use efficiency, and building resilience through social security safety nets for 2,500 vulnerable families. The project is now in year 2. There are 80 Women Livelihood Committees formed now and work is on to build capacity around governance, micro savings, and resource mapping. Linkages have been built with various government departments to access extension services for a variety of crops as well starting nurseries to benefit other families. The cost of the project is £99,948.

**East Africa Programme**

**Senegal**

In 2016/17, 'Juicing Justice project for Farmers', started in Senegal, has worked in partnership with two small Senegalese enterprises called Zena and BDS. The project, funded by Comic Relief (Grant ID 1324191 – total cost £625,489), has worked with 2,200 forest fruit farmers to acquire environmentally sustainable forest fruit harvesting knowledge and skills, increase their income from sales of exotic forest fruits and improve their livelihoods. It also aims to strengthen the capacity of the two small businesses to trade with the farmers in ethical practices that ensure equitable sharing of risks and benefits as well as develop their capacity to access European markets with innovative juice brands. The project has now ended.

**Kenya**

Sustainable Agriculture & Women's Advancement (SAWA):
Project is a three year project being implemented by Traidcraft Exchange in Meru, Kenya with funding from UK Government's Department for International Development. The project, which ended in January 2022, aimed to improve the sustainable livelihoods of over 2,000 smallholder farmers (particularly women) in Meru, Kenya. It focused on vegetables for the local market and sought to increase access to markets, improve agricultural production, increase women's voice and participation in the value chains and forge partnerships with the private sector and government. The project ended in January 2022. The total budget was £548,530

Participatory Approach Pilot on Women empowerment (PAPOWE):
This small project (£17,429) works with farmers & traders, particularly women farmers and traders in Kenya (SAWA project participants), who were hard hit by the Covid 19 pandemic to enable them to recover from the crisis. Besides immediate relief support, we are also supporting women with vegetable seeds for the immediate crop cycle, along with fertilisers and affordable finance through group saving and lending scheme. We are also supporting women traders with umbrellas and canvas to protect their agricultural produce in the market to ensure they stay fresh and not lose on prices. The plan is also to help women access solar lighting panels with match contribution from themselves. Besides the support will include large water tanks to harvest rainwater and help them with their vegetable gardens. The project is being supported by Trusts.

**Tanzania**

'Promoting the Inclusion of People with Disabilities in Cocoa, Coffee and Palm Oil Value Chains' is being implemented by Traidcraft Exchange in Tanzania. It is funded by The National Lottery Community Fund (project ID: 10328877). The project seeks to reduce household poverty and empower 1,000 people with disabilities and 500 smallholder farmers and/or micro entrepreneurs, engaged in the coffee, cocoa and sustainable palm oil in Mbeya Region of Tanzania and Dar es Salaam. The project seeks inclusion of disabled people in all aspects of the value chains through collective organisation, improved access to finance and business services, improved market access and changes in behaviour and practice towards disabled people. The budget for this project is £682,418.

**Policy and Campaigning Programme**

JRCT: Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. In the last year, we continued to call on the government to legislate to hold companies to account for violating human rights through a Business Human Rights and Environment Act (BHREA). A key aspect of this was a submission (written jointly with the Corporate Justice Coalition) and extensive follow-up advocacy to the Law Commission's Corporate Criminal Liability enquiry, around elements which we believe should be included in a new law. Our request that legislation should cover the failure to prevent human rights abuses was included in the Law Commission's options paper in June 2022. In addition, we launched a public campaign in favour of BHREA in December 2021 which received 24,622 signatures.

In the 2021 financial statements restricted funds for JRCT were attributed to 'Social Change' and 'JRCT and Network for Social Change' in error. This has been corrected in the current year to correctly attribute the funds to JRCT.

Laudes Foundation: Our policy and advocacy work on textiles in the EU has been supported by Laudes Foundation. In the last year, we have taken forward advocacy on Unfair Trading Practices (UTPs) in the garment sector in the EU, including: holding regular meetings with the European Commission and Members of the European Parliament around the EU's textile strategy, commissioning research on fair and unfair trading practices, and holding parliamentary events to highlight the impact of garment retailers' purchasing practices on working conditions, job security and pay for workers.

## 18. Statement of funds

### Statement of funds - current year

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2022 £ |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| **Designated funds** | | | | | |
| Portfolio work | **269,000** | **-** | **-** | **-** | **269,000** |
| **General funds** | | | | | |
| General funds | **828,347** | **2,381,538** | **(1,772,749)** | **9,855** | **1,446,991** |
| **Total Unrestricted funds** | **1,097,347** | **2,381,538** | **(1,772,749)** | **9,855** | **1,715,991** |

**18. Statement of funds (continued)**

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2022 £ |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| JRCT | **11,000** | **4,730** | **(7,052)** | **-** | **8,678** |
| Khamatayan | **18,000** | **309,889** | **(325,135)** | **-** | **2,754** |
| Muktee | **81,000** | **311,916** | **(288,178)** | **-** | **104,738** |
| OAK | **79,000** | **135,884** | **(145,515)** | **-** | **69,369** |
| Homeworkers | **(15,000)** | **224,048** | **(206,104)** | **-** | **2,944** |
| Juice | **(10,000)** | **26,986** | **(16,986)** | **-** | **-** |
| Tanzania - Disability main | **7,135** | **181,505** | **(159,077)** | **-** | **29,563** |
| Catalyst | **95,000** | **-** | **-** | **-** | **95,000** |
| PAPOWE | **2,000** | **63,512** | **-** | **-** | **65,512** |
| Supporting tea workers | **12,000** | **12,579** | **(21,308)** | **-** | **3,271** |
| Laudes foundation | **-** | **42,174** | **(36,756)** | **-** | **5,418** |
| Matrix fund | **5,000** | **-** | **-** | **-** | **5,000** |
| WEE | **(1,000)** | **346,410** | **(345,410)** | **-** | **-** |
| SAWA | **(24,000)** | **178,695** | **(205,570)** | **-** | **(50,875)** |
| Halcrow Foundation | **-** | **21,950** | **(8,231)** | **-** | **13,719** |
| CCP Extra | **-** | **1,956** | **(4,166)** | **-** | **(2,210)** |
| | **260,135** | **1,862,234** | **(1,769,488)** | **-** | **352,881** |
| **Total of funds** | **1,357,482** | **4,243,772** | **(3,542,237)** | **9,855** | **2,068,872** |

**18. Statement of funds (continued)**

**Statement of funds - prior year**

| | Balance at 1 April 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2021 £ |
|---|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | | |
| Portfolio work | - | - | - | 269,000 | - | 269,000 |
| **General funds** | | | | | | |
| General funds | 818,120 | 2,341,834 | (2,003,138) | (269,000) | (59,469) | 828,347 |
| **Total Unrestricted funds** | 818,120 | 2,341,834 | (2,003,138) | - | (59,469) | 1,097,347 |

**18. Statement of funds (continued)**

| | Balance at 1 April 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2021 £ |
|---|---|---|---|---|---|---|
| **Restricted funds** | | | | | | |
| DEAR | (13,000) | 93,000 | (80,000) | - | - | - |
| JRCT | 18,000 | 19,000 | (26,000) | - | - | 11,000 |
| Khamatayan | (22,000) | 242,000 | (202,000) | - | - | 18,000 |
| Shamerto | (26,000) | 1,000 | 25,000 | - | - | - |
| JEWEL | (1,000) | 7,000 | (6,000) | - | - | - |
| Muktee | 77,000 | 234,000 | (230,000) | - | - | 81,000 |
| OAK | (2,000) | 218,000 | (137,000) | - | - | 79,000 |
| Homeworkers | (19,000) | 209,000 | (205,000) | - | - | (15,000) |
| Juice | (9,000) | 51,000 | (52,000) | - | - | (10,000) |
| Tanzania - Disability main | 10,000 | 139,135 | (142,000) | - | - | 7,135 |
| Catalyst | 95,000 | - | - | - | - | 95,000 |
| Producer support | 2,000 | - | (2,000) | - | - | - |
| PAPOWE | - | 2,000 | - | - | - | 2,000 |
| Supporting tea workers | - | 77,000 | (65,000) | - | - | 12,000 |
| Laudes foundation | - | 51,000 | (51,000) | - | - | - |
| Matrix fund | - | 5,000 | - | - | - | 5,000 |
| WEE | - | 6,000 | (7,000) | - | - | (1,000) |
| SAWA | - | 108,000 | (132,000) | - | - | (24,000) |
| Halcrow Foundation | - | 21,000 | (21,000) | - | - | - |
| | 110,000 | 1,483,135 | (1,333,000) | - | - | 260,135 |
| **Total of funds** | 928,120 | 3,824,969 | (3,336,138) | - | (59,469) | 1,357,482 |

## 19. Analysis of net assets between funds

### Analysis of net assets between funds - current year

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|---|---|---|---|
| Tangible fixed assets | 16,293 | - | **16,293** |
| Intangible fixed assets | 4,342 | - | **4,342** |
| Current assets | 1,908,451 | 1,230,613 | **3,139,064** |
| Creditors due within one year | (213,095) | (877,732) | **(1,090,827)** |
| **Total** | 1,715,991 | 352,881 | **2,068,872** |

### Analysis of net assets between funds - prior year

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total funds 2021 £ |
|---|---|---|---|
| Tangible fixed assets | 33,944 | - | 33,944 |
| Intangible fixed assets | 9,881 | - | 9,881 |
| Current assets | 1,228,132 | 1,377,120 | 2,605,252 |
| Creditors due within one year | (174,610) | (1,116,985) | (1,291,595) |
| **Total** | 1,097,347 | 260,135 | 1,357,482 |

## 20. Summary of funds

### Summary of funds - current year

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2022 £ |
|---|---|---|---|---|---|
| Designated funds | **269,000** | **-** | **-** | **-** | **269,000** |
| General funds | **828,347** | **2,381,538** | **(1,772,749)** | **9,855** | **1,446,991** |
| Restricted funds | **260,135** | **1,862,234** | **(1,769,488)** | **-** | **352,881** |
| | **1,357,482** | **4,243,772** | **(3,542,237)** | **9,855** | **2,068,872** |

## 20. Summary of funds (continued)

**Summary of funds - prior year**

| | Balance at 1 April 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 March 2021 £ |
|---|---|---|---|---|---|---|
| Designated funds | - | - | - | 269,000 | - | 269,000 |
| General funds | 818,120 | 2,341,834 | (2,003,138) | (269,000) | (59,469) | 828,347 |
| Restricted funds | 110,000 | 1,483,135 | (1,333,000) | - | - | 260,135 |
| | 928,120 | 3,824,969 | (3,336,138) | - | (59,469) | 1,357,482 |

## 21. Reconciliation of net movement in funds to net cash flow from operating activities

| | **Group 2022 £** | Group 2021 £ |
|---|---|---|
| Net income for the year (as per Statement of Financial Activities) | **701,535** | 488,831 |
| **Adjustments for:** | | |
| Depreciation charges | **25,445** | 26,525 |
| Increase in debtors | **(41,695)** | (149,752) |
| Increase/(decrease) in creditors | **(200,768)** | 541,550 |
| Interest received | **(1,880)** | (1,849) |
| **Net cash provided by operating activities** | **482,637** | 905,305 |

## 22. Analysis of cash and cash equivalents

| | **Group 2022 £** | Group 2021 £ |
|---|---|---|
| Cash in hand | **2,743,940** | 2,251,823 |

## 23. Analysis of changes in net debt

| | At 1 April 2021 | Cash flows | Changes in market value and exchange rate movements | At 31 March 2022 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash in hand | **2,251,823** | **482,262** | **9,855** | **2,743,940** |

## 24. Pension commitments

The group, via the subsidiary entity The Traidcraft Exchange, operates a defined benefit pension scheme.

Until 31 March 2001 Traidcraft operated a defined benefit funded pension scheme covering the pension arrangements of employees of Traidcraft plc and Traidcraft Exchange, providing a pension linked to final salary. This scheme is now closed but not wound-up and Traidcraft plc and Traidcraft Exchange continue to make contributions to it, working with the scheme trustees to agree appropriate contribution levels. Traidcraft plc is the principal employer within the combined Traidcraft defined benefit pension scheme and Traidcraft Exchange is the participating employer.

The triennial actuarial valuation prepared as at 1 September 2019 indicated that the scheme was in technical surplus. The agreed ongoing cost to be funded by the employer covers administration costs borne by Traidcraft plc to the value of approximately £66,000. The total charge for the year paid by Traidcraft relating to this scheme, shown below, is divided between Traidcraft plc and Traidcraft Exchange according to the prevailing advice about the split of liabilities in the scheme.

The group expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2023. It should be noted that the surplus calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2022.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | **At 31 March 2022 %** | At 31 March 2021 % |
|---|---|---|
| Discount rate | **2.60** | 1.95 |
| Expected rate of inflation (CPI) | **3.15** | 2.25 |
| Rate of increase of pensions accrued post 5 April 1997 | **3.15** | 2.25 |
| Rate of revaluation of deferred pensions | **3.15** | 2.25 |

| | **At 31 March 2022 Years** | At 31 March 2021 Years |
|---|---|---|
| Mortality rates (in years) | | |
| - for a male aged 65 now | **21.3** | 21.3 |
| - at 65 for a male aged 45 now | **22.3** | 22.3 |
| - for a female aged 65 now | **23.2** | 23.2 |
| - at 65 for a female aged 45 now | **24.4** | 24.4 |

**24. Pension commitments (continued)**

The group's share of the assets in the scheme was:

| | **At 31 March 2022 £** | At 31 March 2021 £ |
|---|---|---|
| Equities | **262,000** | 309,000 |
| Bonds | **1,426,000** | 1,519,000 |
| Other | **23,000** | 13,000 |
| Value recognised limited under FRS102 | **(60,000)** | (191,000) |
| **Total fair value of assets** | **1,651,000** | 1,650,000 |

The actual return on scheme assets was £(75,000) (2021 - £177,000).

The amounts recognised in the Consolidated statement of financial activities are as follows:

Movements in the present value of the defined benefit obligation were as follows:

| | **2022 £** | 2021 £ |
|---|---|---|
| Opening defined benefit obligation | **(1,650,000)** | (1,538,000) |
| Expenses | **-** | 4,000 |
| Benefits paid | **55,000** | 59,000 |
| Interest cost | **(32,000)** | (35,000) |
| Actuarial gain/(losses) | **(24,000)** | (140,000) |
| **Closing defined benefit obligation** | **(1,651,000)** | (1,650,000) |

Movements in the fair value of the group's share of scheme assets were as follows:

| | **2022 £** | 2021 £ |
|---|---|---|
| Opening fair value of scheme assets | **1,841,000** | 1,727,000 |
| Interest income | **35,000** | 39,000 |
| Return on plan assets excluding interest | **(110,000)** | 138,000 |
| Expenses | **-** | (4,000) |
| Benefits paid | **(55,000)** | (59,000) |
| Value recognised limited under FRS102 | **(60,000)** | (191,000) |
| | **1,651,000** | 1,650,000 |

## 24. Pension commitments (continued)

Amounts included in the balance sheet arising from the charity's obligation in respect of defined benefit plans:

| | **2022** | 2021 |
|---|---|---|
| | **£** | £ |
| Present value of defined benefit obligations | **(1,651,000)** | (1,650,000) |
| Fair value of plan assets | **1,651,000** | 1,650,000 |
| **Deficit in the scheme** | **-** | - |

In the year ended 31 March 2022 the actuarial valuation for accounting purposed showed a surplus of assets over liabilities at that date of £60,000 (2021: £191,000). In accordance with FRS102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the susplus was not recognised.

**Defined contribution scheme:**

At 31 March 2001 Traidcraft closed entry to the defined benefit scheme and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme (a type of defined contribution scheme) which now has an employer's contribution rate of 7.5% (2021: 7.5%). Traidcraft Exchange made contributions of £60,701 during the past year (2021: £67,576) and this cost, together with administration charges of £1,000 (2021: £1,000) relating to the closed scheme comprise the pension cost of £61,701 (2021: £68,576) shown in Note 10 to these accounts.

## 25. Operating lease commitments

At 31 March 2022 the group had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | **Group 2022** | Group 2021 | **Charity 2022** | Charity 2021 |
|---|---|---|---|---|
| | **£** | £ | **£** | £ |
| Not later than 1 year | **23,711** | 36,296 | **23,711** | 36,296 |
| Later than 1 year and not later than 5 years | **-** | 31,828 | **-** | 31,828 |
| | **23,711** | 68,124 | **23,711** | 68,124 |

## 26. Related party transactions

**Group**
During the year the group undertook transactions with Traidcraft plc a company with a number of trustees in common and in which the Traidcraft Foundation controls a protective Guardian Share. During the year the group made sales of services totalling £244,955 (2021: £177,000), purchases of goods and servicies totalling £18,428 (2021: £30,000) and recharged redundancy costs of £nil (2021: £22,000) to Traidcraft plc.

The total amounts due from Traidcraft plc as at the balance sheet date, held within debtors, totalled £14,353 (2021: £50,713).

**Company**
The company had no related party transactions in the current or prior year.

## 27. Controlling party

The trustees do not consider there to be an ultimate controlling party.

**THE TRAIDCRAFT FOUNDATION**

England & Wales - Charity number 294953

# Accounts

Charity number: 294953

# The Traidcraft Foundation

## Annual Report

## 31 March 2021

# The Traidcraft Foundation

## Contents


| | Page |
|---|---|
| Reference and administrative details | 1 |
| Trustees' report | 2 - 7 |
| Trustees' responsibilities statement | 8 |
| Independent auditor's report | 9 - 12 |
| Consolidated statement of financial activities | 13 |
| Consolidated balance sheet | 14 |
| Charity balance sheet | 15 |
| Consolidated statement of cash flows | 16 |
| Notes to the financial statements | 17 - 42 |

# The Traidcraft Foundation

## Reference and administrative details
## Year Ended 31 March 2021

| | |
|---|---|
| **Trustees** | Stephen Timms MP (Chair)<br>Rosemary Kempsell<br>David Nussbaum<br>Rev Tariro Matsveru (appointed 18 March 2021)<br>Alison Inglis-Jones<br>Jane Cotton (appointed 13 March 2021)<br>Jeremy Lefroy (appointed 18 March 2021) |
| **Charity registered number** | 294953 |
| **Registered office** | Kingsway<br>Team Valley Trading Estate<br>Gateshead<br>NE11 0NE |
| **Independent auditor** | UNW LLP<br>Chartered Accountants<br>Citygate<br>St James' Boulevard<br>Newcastle upon Tyne<br>NE1 4JE |
| **Bankers** | HSBC Bank Plc<br>110 Grey Street<br>Newcastle upon Tyne<br>NE1 6JG |

# The Traidcraft Foundation

## Trustees' Report
## Year Ended 31 March 2021

The trustees present their annual report together with the audited financial statements of the charity for the year 1 April 2020 to 31 March 2021. The trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charitity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

### Objectives and activities

The Traidcraft Foundation was established in 1979.

The Traidcraft Foundation seeks to deliver its mission through the complementary activities of its charity, Traidcraft Exchange, and of its sister organisation, the trading company, Traidcraft plc. The Foundation's task is to ensure that all parts of the Traidcraft family remain focused on the founding principles, vision and mission of Traidcraft, as set out below, and to support the Boards of Traidcraft plc and Traidcraft Exchange as they implement their respective activities for the benefit of poor producers in the developing world.

Traidcraft Foundations principles:

- Traidcraft is a Christian response to poverty.
- Our mission is fighting poverty through trade.
- We respect all people and the environment.
- We abide by and promote fair business practices.
- We strive to be transparant and accountable.

Traidcraft's vision: A world freed from the scandal of poverty, where trade is just and people and communities can flourish.

Traidcraft's mission: We fight poverty through trade, pioneering, practising and promoting approaches to trade that help poor people in developing countries transform their lives.

A Christan response to poverty, Traidcraft seeks to work with people of all faiths and none.

The Foundation is a trust comprising five or more trustees who meet periodically. It has neither staff nor any place of business and does not undertake any fundraising activities. The Traidcraft Foundation is a registered charity, whose formal objectives are:

- The prevention and relief of poverty and sickness in those countries included in the list of Developing Countries as agreed from time to time by the trustees, Traidcraft Exchange and Traidcraft plc in accordance with the Deed of Covenant.

- The promotion for the benefit of the public and studies in theological, political, social, technical and economic subjects and other educational subjects.

- The promotion for the benefit of the public of education and dissemination of knowledge in these subjects with particular (but not exclusive) reference to the problems of economic and social developing in Developing Countries arising from national and international trading practices.

- The advancement of the Christian religion by commending that religion to persons in Developing Countries and elsewhere.

- The promotion of other charitable purposes in Developing Countries in particular (by using any means available to it including its rights as members or shareholders) by defending the Christian basis underlying the operations of Traidcraft plc and Traidcraft Exchange, promoting the connections between the Christian faith and the principles of fair trade, stumulating, challenging and helping those bodies to develop distinctively Christian approaches to their work and representing to the Boards of Traidcraft plc and Traidcraft Exchange the interests and opinions of stakeholders, especially of those overseas producer groups and partners.

The Foundation is the founder member of Traidcraft Exchange and appoints the trustees of Traidcraft Exchange. It also holds the Guardian Share in Traidcraft plc, to enable it to protect the vision and mission of that organisation. The Foundation seeks to encourage all parts of the Traidcraft group to carry forward its work in accordance with the Traidcraft Foundation Principles.

Our aims fully reflect the purposes that the Foundation was set up to further. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

Our main activities are described below. All our charitable activities are undertaken to further our charitable purposes and for the public benefit.

**Principal activities**

The Traidcraft Foundation trustees were delighted to welcome three new trustees, and met virtually on one occasion in 2020-21. The Chair of the Foundation trustees has continued to meet new recruits to the Boards of Traidcraft Exchange and Traidcraft plc ahead of their appointments. He had a series of discussions with the Chairs of the Boards of Traidcraft Exchange and Traidcraft plc about possible governance changes to make the structures more suited to the new shape of the organisation, in particular the significantly reduced size of Traidcraft plc. These discussions led to a useful meeting between the Foundation trustees and the chairs of the two Boards on 16 September 2021. Further discussion of the Traidcraft basis of faith are planned for 2022, ahead of some governance restructuring.

The Traidcraft Foundation does not carry out any fundraising activities.

In the last year Traidcraft Exchange has been greatly impacted by the Covid-19 pandemic and this has seriously affected all the countries and communities with whom we work. We therefore had to respond to the situation, pause our project work, provide relief and healthcare support, and support recovery measures where this was possible. Some of the countries and regions are still struggling with the pandemic as we write this report, and we are doing our best to continue delivering our work alongside local partners and staff based in project areas. We have also spent a considerable time reviewing our strategy and are bringing together our programmatic and policy and advocacy work into a portfolio approach, which we will develop with our partners.

Refer to the Traidcraft Exchange published accounts for more detail on activities during the year.

### Financial review

The consolidated results for the year ended 31 March 2021 are set out in detail in the financial statements on pages 13 to 42. The net incoming resources for the Foundation (before consolidation) for the year was £nil (2020: £nil).

The Foundation (before consolidation) has gross incoming resources of £nil (2020: £nil). The Foundation is jointly funded by Traidcraft Exchange and Traidcraft plc. The trustees believe that the assets of the Foundation are available and adequate to fulfil its obligations.

Traidcraft Exchange saw its total charitable expenditure decrease to £2,383,000 from £2,697,000 due to the ongoing pandemic causing delays in projects which meant less money was spent. Expenditure on fundraising increased from £679,000 to £953,000 with more spent on public fundraising. Total expenditure on activities decreased from £3.4 million to £3.3 million.

Total income increased from £3.1 million to £3.8 million mainly due to a better than anticipated performance within fundraising. There has been sucess in raising additional funds to support projects in the wake of the Covid-19 pandemic.

Unrestricted reserves stand at £1,097,000, which is discussed further below.

### Reserves policy

The trustees have endorsed the view of the trustees of Traidcraft Exchange that they consider it prudent that Traidcraft Exchange should seek to maintain unrestricted reserves at a level sufficient:

a. To meet matched funding requirements. Our minimum level is that we should hold 50% of the requirement for contracts to be implemented over the next 12 months. The maximum acceptable level would be to cover 100% of matched funding required for contracts to be implemented over the next 12 months;
b. To cover a minimum of three months and a maximum of four months budgeted staff, overheads and fundraising costs; and
c. To cover pension liabilities; a range of between a minimum of one year's contributions and a maximum of 100% of the liability is recommended.

When calculating unrestricted reserves, fixed assets and investments are excluded due to their illiquid nature.

The policy and target range of reserves are monitored and reviewed annually during the budget approval process to reflect risks and changes in income, financial obligations and expenditure. The target range for general unrestricted reserves, excluding pension reserves, set for 2019/20 was £547,000 - £885,00 and remains the same for 2020/21. At 31 March 2021, unrestricted reserves (excluding fixed assets and investments) stood at £1,054,000. We excluded the pension reserves as this is a long term liability and instead set reserves to cover a minimum of one year's contribution into the scheme.

As Traidcraft plc and Traidcraft Exchange guarantee to cover reasonable expenses of the Traidcraft Foundation, its reserves are kept at approximately £nil.

### Major risks affecting the group

Traidcraft Exchange has had its strongest fundraising year ever in 2020-21. This has been the result of the extraordinary generosity of our public supporters, the hard work of the fundraising and programmes teams and some substantial new contracts from the European Commission (EC), Oak Foundation and the Foreign, Commonwealth & Development Office (FCDO). These provide a secure income for the organisation in the short to medium term. Longer term however we know we can no longer rely on large institutional grants. A key part of the strategy review we have just undertaken was to identify a new resourcing model that is more resilient and sustainable in future. We are shifting from project implementation to focus on strengthening producer and worker organisations, and other CSOs engaging on trade justice issues, recognising the need for strong movements and collaborations between communities, civil society and businesses if we are to achieve deeper impact. The risk to the organisation is whether we can deliver our new strategic approach and replace a decrease in institutional project grants with other more flexible funding streams.

FCDO has just cut its ODA budget, accelerating the trend we were already seeing in reduced funding available for UK based charities working internationally. Covid-19 is impacting on the UK economy and we are likely to see reduced trust and foundation budgets and potentially less financial support from the UK public, although this has not been the case over the last year.

Last year, we indicated that we were reviewing our supply chain consultancy services. We have decided to stop offering services in the UK as we were struggling to win contracts and to cover our costs. Traidcraft Services India Private Ltd (TSIPL), however, our fully owned social enterprise subsidiary, is doing some excellent work offering advisory services to businesses in India around sustainability and fairer trade, delivering impact and breaking even. We will continue to invest in TSIPL.

In this last year, we regrettably had to make some positions redundant, as part of an exercise to reduce our core staffing and overhead costs. We have saved £180k on operational costs and made 6 positions redundant. In line with the new strategy, we have invested in a number of new roles, however the net impact has been to reduce our costs to a more sustainable level.

### Going concern

After making enquiries, the trustees have a reasonable expectation that Traidcraft Foundation has adequate resources to continue in operational existence for the foreseeable future. They have paid particular attention to the likely impact of Covid-19 on Traidcraft Exchange's income and ability to deliver its work. For this reason, they continue to adopt the going concern basis in preparing the group financial statements.

In view of the continuing pressure on fundraising, the trustees are aware of the general concern affecting the assessment of the going concern basis for all charities and have therefore taken particular care in reviewing the going concern basis. When reviewing their decision, they have taken the following factors into account:

- Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due.

- As at 31 March 2021 Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £1,054,000. Our reserves policy sets the target minimum reserve level at £547,000. The trustees feel the charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections.

- Traidcraft Exchange has set an achievable budget for the year 2021/22 and expects to post an unrestricted deficit of £12,641 which would reduce total unrestricted reserves to £1,084,000. Traidcraft Exchange has also designated £269,000 of its reserves towards implementing its new strategic approach.

- Traidcraft Exchange has not encountered any difficulty in paying its trade creditors within agreed payment terms.

### Plans for future periods

The Traidcraft Foundation will work closely with the Board of Traidcraft Plc and Traidcraft Exchange to ensure any changes in structure and strategy remain focused on the founding principles, vision and mission of Traidcraft.

We have been living through an extremely challenging time, with Covid-19 affecting every member of Traidcraft Exchange's staff, our partners and most of all the communities with whom we work. We raised substantial additional funding to support relief work with partners, enabling us to support, in particular, informal and migrant workers who rely on a daily wage to live. We launched a campaign calling on UK clothing brands to honour their existing contracts, highlighting the devastating impact that UK companies cancelling orders and breaching contracts has had on workers in garment factories across Asia.

We have developed a new strategy for the organisation, that focuses our work on issues of power. We will be investing our resources into grassroots producer and workers groups, and CSOs and businesses that are supporting communities to organise, lead and represent themselves, and to trade sustainably. We recognise the resource, capacity and knowledge that communities already have and their ability to lead their own development. We are piloting and innovating new programmatic approaches, in particular participatory grant making in East Africa and will be learning through doing, as we seek to evolve our approach and ways of working.

We have reduced our core running costs to balance our operational budgets, This has enabled us to invest our excess reserves directly into our support to producers and to develop our new strategic approach.

### Structure, governance and management

Governing Document: Trust Deed (updated 2002).

The Foundation has also entered into a Deed of Mutual Covenant with Traidcraft plc and Traidcraft Exchange, dated December 2002.

The Foundation controls the composition of the board of Traidcraft Exchange and the accounts of Traidcraft Exchange are consolidated with those of the Foundation.

The Foundation also controls the Guardian Share in Traidcraft plc, which confers certain protective powers. For example, the trustees must give specific assent to change the Articles of Association of Traidcraft plc, wind up the company, appoint a director or Chair of the Board, or make any fundamental change to the operation of the company.

The trustees considered carefully whether or not to consolidate the results of Traidcraft plc into those of the Foundation. Legal advice taken by the trustees indicated that given the nature and purpose of the Guardian Share and that there is no intended or actual control of Traidcraft plc by the Foundation trustees, consolidation is not necessary or appropriate.

Trustees are recruited and elected following recommendations made by members of a nominations committee, which during the financial year comprised, Stephen Timms (Chair of the Traidcraft Foundation), Ram Gidoomal (non executive Chair of the Boards of Traidcraft plc and Traidcraft Exchange) and David Neale (non executive director of Traidcraft plc and a trustee of Traidcraft Exchange).

Training is available for new trustees and other trustees as necessary. A detailed induction pack and process is provided for each new trustee.

**Disclosure of information to the auditors**

Each of the persons who are trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustees are aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Approved by order of the members of the board of trustees on 21 January 2022 and signed on their behalf by:

**Stephen Timms MP (Chair)**
Chair

# The Traidcraft Foundation

## Statement of trustees' responsibilities
## Year Ended 31 March 2021

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year. Under charity law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charity. They are also responsible for safeguarding the assets of the group and the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the members of the board of trustees on 21 January 2022 and signed on its behalf by:

**Stephen Timms MP**
Chair

## Independent Auditor's Report to the members of The Traidcraft Foundation

### Opinion

We have audited the financial statements of The Traidcraft Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charityfinancial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by auditing standards) and from inspection of the charity's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout the audit and our team remained alert to any indications of non-compliance throughout the audit.

Firstly, the charitable group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

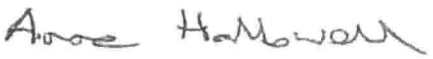
Secondly the charitable group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safeguarding and certain aspects of charity legislation and employment laws, recognising the nature of the charitable group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in any further disclosure within our report or the financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charity's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Anne Hallowell BsC FCA DChA (Senior Statutory Auditor)**
**for and on behalf of UNW LLP, Statutory Auditor**
Chartered Accountants
Newcastle upon Tyne

21 January 2022

# The Traidcraft Foundation

## Consolidated Statement of financial activities
## Year Ended 31 March 2021

| | Note | Unrestricted funds 2021 £000 | Restricted funds 2021 £000 | Total funds 2021 £000 | Total funds 2020 £000 |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 3 | **2,156** | **-** | **2,156** | 1,236 |
| Charitable activities | 4 | **186** | **1,483** | **1,669** | 1,854 |
| **Total income** | | **2,342** | **1,483** | **3,825** | 3,090 |
| **Expenditure on:** | | | | | |
| Raising funds: | 5 | | | | |
| Other raising funds | | **953** | **-** | **953** | 679 |
| Charitable activities: | | | | | |
| Other charitable activities | | **1,050** | **1,333** | **2,383** | 2,697 |
| **Total expenditure** | | **2,003** | **1,333** | **3,336** | 3,376 |
| **Net movement in funds before other recognised gains/(losses)** | | **339** | **150** | **489** | (286) |
| **Other recognised gains/(losses):** | | | | | |
| Unrealised(losses)/gains | | **(59)** | **-** | **(59)** | 12 |
| **Net movement in funds** | | **280** | **150** | **430** | (274) |
| **Reconciliation of funds:** | | | | | |
| Total funds brought forward | | **817** | **110** | **927** | 1,201 |
| Net movement in funds | | **280** | **150** | **430** | (274) |
| **Total funds carried forward** | | **1,097** | **260** | **1,357** | 927 |

The consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 42 form part of these financial statements.

# The Traidcraft Foundation

## Consolidated Balance Sheet
## At 31 March 2021

| | Note | | 2021 £000 | | 2020 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 11 | | **9** | | 14 |
| Tangible assets | 12 | | **34** | | 47 |
| | | | **43** | | 61 |
| **Current assets** | | | | | |
| Debtors | 14 | **353** | | 204 | |
| Cash at bank and in hand | | **2,251** | | 1,413 | |
| | | **2,604** | | 1,617 | |
| Creditors: amounts falling due within one year | 15 | **(1,290)** | | (751) | |
| **Net current assets** | | | **1,314** | | 866 |
| **Total assets less current liabilities** | | | **1,357** | | 927 |
| **Total net assets** | | | **1,357** | | 927 |
| **Charity funds** | | | | | |
| Restricted funds | 16 | | **260** | | 110 |
| Unrestricted funds | 16 | | **1,097** | | 817 |
| **Total funds** | | | **1,357** | | 927 |

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 21 January 2022 and signed on their behalf by:

**Stephen Timms MP**
Chair

The notes on pages 17 to 42 form part of these financial statements.

# The Traidcraft Foundation

## Balance sheet
## At 31 March 2021

| | Note | | 2021 £000 | | 2020 £000 |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Cash at bank and in hand | | **2** | | 2 | |
| | | **2** | | 2 | |
| Creditors: amounts falling due within one year | 15 | **(2)** | | (2) | |
| **Net current assets** | | | **-** | | - |
| **Total assets less current liabilities** | | | **-** | | - |
| **Total net assets** | | | **-** | | - |
| **Total funds** | | | **-** | | - |

The charity's net movement in funds for the year was £nil (2020 - (£2,000)).

The trustees acknowledge their responsibilities for complying with the requirements of the Charity Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 21 January 2022 and signed on their behalf by:

**Stephen Timms MP (Chair)**

The notes on pages 17 to 42 form part of these financial statements.

# The Traidcraft Foundation

## Consolidated Statement of Cash Flows
## Year Ended 31 March 2021

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net cash used in operating activities | **906** | (17) |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **(11)** | (29) |
| Interest received | **2** | 2 |
| **Net cash used in investing activities** | **(9)** | **(27)** |
| **Change in cash and cash equivalents in the year** | **897** | **(44)** |
| Cash and cash equivalents at the beginning of the year | **1,413** | 1,445 |
| Change in cash and cash equivalents due to exchange rate movements | **(59)** | 12 |
| **Cash and cash equivalents at the end of the year** | **2,251** | 1,413 |

The notes on pages 17 to 42 form part of these financial statements

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Traidcraft Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The principal accounting policies of the charity have remained unchanged from the previous year. The accounts are presented in £'000.

### 1.2 Going concern

After making enquiries, the Board of Trustees has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please refer to the trustees' report for further details.

### 1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside at the discretion of the trustees for a particular purpose. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

## 1. Accounting policies (continued)

### 1.4 Income

All incoming resources becoming available to the charity during the year are recognised in the Statement of Financial Activities. Income is deferred where incoming resources are received in advance of the service being provided. No incoming resources are stated net of expenditure.

Institutional grants, where related to performance and specific deliverables, are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued and included in debtors.

Government grants are recognised when the charity has entitlement to the income, receipt is probable and the amount can be measured reliably.

Listed shares donated during the year are included in donations and valued at estimated market value. Unlisted shares donated during the year are included in donations and valued at estimated market value.

Legacies are recognised as income, in the accounting period, once the Charity has been informed of the amount of a bequest and it can be measured with sufficient reliability.

Investment income is recognised on a receivable basis.

The total incoming resources for the year and the movement in Restricted Funds are detailed in the Statement of Financial Activities.

### 1.5 Expenditure

Expenditure is brought into the financial statements as it is incurred. Overheads (including management and administration costs) and other non-specific expenditure are allocated between charitable activities and generating funds in proportion to the number of staff employed within each area. This is shown as "overhead allocation" in the notes and apportioned on the basis of staff headcount.

Costs of generating funds are those incurred in seeking voluntary income and grants from institutional sources and do not include the costs of disseminating information in support of the charitable activities. These costs include the salaries, direct expenditure and overhead costs of the staff who promote fundraising.

Costs of charitable activities represent the salaries and overhead costs of staff directly working in International Programmes and the Policy Unit together with expenditure directly attributable to these activities.

Support costs represent the costs incurred by finance, IT and human resources attributable to the management of the Charity's assets and organisational administration.

Irrecoverable VAT is charged as a cost to the statement of financial activities.

## 1. Accounting policies (continued)

### 1.6 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date.

### 1.7 Intangible assets and amortisation

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

| | | |
|---|---|---|
| IT systems | - | 4 years straight line |

### 1.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.
Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Motor vehicles | - | 20% of cost per annum |
| Office equipment | - | 10% of cost per annum |
| Computer equipment | - | 25% of cost per annum |

### 1.9 Investments

Unlisted investments are valued by the trustees as their best estimate of market value at the year-end.

### 1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid.

1. Accounting policies (continued)

### 1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

### 1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### 1.13 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity intruments. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

### 1.14 Taxation

Traidcraft Exchange's charitable activities fall within the exemption afforded by section 505 of the Income Corporation Taxes Act 1988. Accordingly, there is no provision in these accounts.

### 1.15 Leased assets

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

## 1. Accounting policies (continued)

### 1.16 Pensions

For the defined contribution pension scheme, the pension costs charged to the Statement of Financial Activities represent the amount of the contributions payable in respect of the accounting period.

For the defined benefit schemes the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Financial Activities.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

The administration costs of running the closed defined contribution scheme are charged to the Statement of Financial Activities. Further details are provided in the notes to the accounts.

## 2. Critical accounting estimates and areas of judgment

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the Statement of Financial Activity and balance sheet. Such decisions are made at the time of the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Key estimates included within these financial statements include assumptions regarding discount rates and mortality in calculating the value of retirement benefits. Trustees keep these assumptions under review and employ the services of qualified actuaries to calculate the resulting expected asset or liability to the charity in respect of retirement benefits. None of the other estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements, no significant judgements were required in the process of applying the charity's accounting policies.

## 3. Income from donations and legacies

| | Unrestricted funds 2021 £000 | Total funds 2021 £000 | Total funds 2020 £000 |
|---|---|---|---|
| Donations | 1,873 | **1,873** | 1,008 |
| Legacies | 238 | **238** | 205 |
| Grants from trusts and charities | 45 | **45** | 23 |
| | 2,156 | **2,156** | 1,236 |

All income in the prior year was unrestricted.

## 4. Income from charitable activities

| | Unrestricted funds 2021 £000 | Restricted funds 2021 £000 | Total funds 2021 £000 |
|---|---|---|---|
| Grants from institutional sources | - | 1,483 | **1,483** |
| Consultancy and other income | 186 | - | **186** |
| | 186 | 1,483 | **1,669** |

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 |
|---|---|---|---|
| Grants from institutional sources | - | 1,691 | 1,691 |
| Consultancy and other income | 163 | - | 163 |
| | 163 | 1,691 | 1,854 |

The activities giving rise to other income are all carried out in furtherance of the objects of the group.

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Split of income** | | |
| UK | **2,773** | 2,158 |
| Rest of World | **1,052** | 932 |
| | **3,825** | 3,090 |

## 5. Costs of generating funds

### Voluntary income

| | Unrestricted funds 2021 £000 | Total funds 2021 £000 | Total funds 2020 £000 |
|---|---|---|---|
| Travel and accommodation | - | **-** | 2 |
| Direct costs | 148 | **148** | 105 |
| Support costs (Note 8) | 213 | **213** | 149 |
| Direct salaries | 272 | **272** | 240 |
| | 633 | **633** | 496 |

### Institutional sources

| | Unrestricted funds 2021 £000 | Total funds 2021 £000 | Total funds 2020 £000 |
|---|---|---|---|
| Travel and accommodation | - | **-** | 3 |
| Direct costs | 141 | **141** | 5 |
| Support costs (Note 8) | 69 | **69** | 60 |
| Direct salaries | 110 | **110** | 115 |
| | 320 | **320** | 183 |

All generating funds expenditure in 2020 was unrestricted.

## 6. Charitable activities

| | Restricted funds 2021 £000 | Unrestricted funds 2021 £000 | Total funds 2021 £000 |
|---|---|---|---|
| **Development Programmes** | | | |
| Direct salaries | 337 | 455 | **792** |
| Travel and accommodation | 33 | 11 | **44** |
| Direct programme costs | 815 | 174 | **989** |
| Support costs (Note 8) | 31 | 107 | **138** |
| | 1,216 | **747** | **1,963** |
| **Policy Unit and Campaigning** | | | |
| Direct salaries | 89 | 113 | **202** |
| Travel and accommodation | 1 | - | **1** |
| Direct programme costs | 25 | 7 | **32** |
| Support costs (Note 8) | 2 | 183 | **185** |
| | 117 | **303** | **420** |
| | 1,333 | 1,050 | **2,383** |

| | Restricted funds 2020 £000 | Unrestricted funds 2020 £000 | Total funds 2020 £000 |
|---|---|---|---|
| **Development Programmes** | | | |
| Direct salaries | 401 | 382 | 783 |
| Travel and accommodation | 28 | 33 | 61 |
| Direct programme costs | 1,018 | 199 | 1,217 |
| Support costs (Note 8) | 104 | 45 | 149 |
| | 1,551 | 659 | **2,210** |
| **Policy Unit and Campaigning** | | | |
| Direct salaries | 96 | 72 | 168 |
| Travel and accommodation | 2 | 1 | 3 |
| Direct programme costs | 30 | 16 | 46 |
| Support costs (Note 8) | 4 | 266 | 270 |
| | 132 | 355 | **487** |
| | 1,683 | 1,014 | 2,697 |

## 7. Resources expended

Total resources expended include the following amounts:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Depreciation | **22** | 15 |
| Amortisation | **5** | 8 |
| Operating leases | **47** | 52 |
| Unrealised exchange rate losses/(gains) | **59** | (12) |
| Auditor's remuneration | **7** | 7 |

## 8. Support costs

| | Voluntary income 2021 £000 | Institutional sources 2021 £000 | Development programmes 2021 £000 | Policy and Campaigning 2021 £000 | Total 2021 £000 |
|---|---|---|---|---|---|
| Management and admin salaries | 141 | 46 | 91 | 121 | 399 |
| Governance | 11 | 4 | 7 | 10 | 32 |
| Office services | 36 | 12 | 24 | 32 | 104 |
| Office machinery and consumables | 8 | 2 | 5 | 7 | 22 |
| Financial services | 9 | 3 | 6 | 8 | 26 |
| PR and comms | 8 | 2 | 5 | 7 | 22 |
| **Total** | 213 | 69 | 138 | 185 | 605 |

| | Voluntary income 2020 £000 | Institutional sources 2020 £000 | Development programmes 2020 £000 | Policy and Campaigning 2020 £000 | Total 2020 £000 |
|---|---|---|---|---|---|
| Management and admin salaries | 90 | 36 | 91 | 166 | 383 |
| Governance | 7 | 3 | 6 | 12 | 28 |
| Office services | 27 | 11 | 27 | 47 | 112 |
| Office machinery and consumables | 5 | 2 | 6 | 9 | 22 |
| Financial services | 13 | 5 | 13 | 23 | 54 |
| PR and comms | 7 | 3 | 7 | 13 | 30 |
| Total | 149 | 60 | 150 | 270 | 629 |

Support costs have been apportioned based on the number of full-time staff equivalents in each department.

Management and administration salaries include the salaries of staff working in Finance, HR, Public Relations and Communications and general management (£373,445, 2020: £341,000). It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables include depreciation and non-capital office furniture, fittings and equipment. Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. PR & Comms is the cost of preparing communications for the group and includes the cost of trips to visit projects to provide reports to our supporters.

## 9. Staff costs

| | **2021 £000** | 2020 £000 |
|---|---|---|
| Salaries | **981** | 924 |
| Social security costs | **92** | 88 |
| Pension costs (excluding contributions to defined benefit scheme - FRS102) | **69** | 63 |
| Overseas salaries and staff costs | **336** | 609 |
| | **1,478** | 1,684 |

The average number of persons employed by the group during the year was as follows:

| | Group 2021 No. | Group 2020 No. |
|---|---|---|
| Development programmes and Policy Unit | **40** | 40 |
| Fundraising | **10** | 10 |
| Management and administration | **4** | 4 |
| | **54** | 54 |

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | Group 2021 No. | Group 2020 No. |
|---|---|---|
| In the band £60,001 - £70,000 | **1** | - |

For the year ended 31 March 2021, key management personnel comprised the trustees, the Chief Executive, and members of the Senior Management Team. The total employee benefits of the key management personnel were £346,000 (2020: £250,000).

## 10. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2020 - nil). There are no trustees to whom retirement benefits are accruing under the defined benefit pension scheme.

During the year ended 31 March 2021, no expenses were paid to trustees (2020 - £841 to 7 trustees). These related to the costs of attendance at board and other meetings and costs of the trustee's travel.

## 11. Intangible assets

### Group and charity

| | IT systems £000 |
|---|---|
| **Cost** | |
| At 1 April 2020 | 32 |
| At 31 March 2021 | 32 |
| **Amortisation** | |
| At 1 April 2020 | 18 |
| Charge for the year | 6 |
| At 31 March 2021 | 23 |
| **Net book value** | |
| At 31 March 2021 | 9 |
| At 31 March 2020 | 14 |

## 12. Tangible fixed assets

### Group and charity

| | Furniture and equipment £000 |
|---|---|
| **Cost** | |
| At 1 April 2020 | **119** |
| Additions | **11** |
| At 31 March 2021 | **130** |
| **Depreciation** | |
| At 1 April 2020 | **72** |
| Charge for the year | **24** |
| At 31 March 2021 | **96** |
| **Net book value** | |
| At 31 March 2021 | **34** |
| At 31 March 2020 | 47 |

## 13. Investments

The investment includes shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. As at the 31 March 2021, the Traidcraft plc shares were not being traded so the trustees valued the shares at nil. The trustees intend to sell these shares once their liquidity improves. Due to the illiquid nature of these shares the trustees believe it is appropriate to classify them as a fixed asset investment.

## 14. Debtors

| | Group 2021 £000 | Group 2020 £000 |
|---|---|---|
| Amounts owed by related parties | **51** | - |
| Other debtors | **74** | 61 |
| Prepayments and accrued income | **228** | 143 |
| | **353** | 204 |

## 15. Creditors: amounts falling due within one year

| | Group 2021 £000 | Group 2020 £000 | Charity 2021 £000 | Charity 2020 £000 |
|---|---|---|---|---|
| Trade creditors | **21** | 50 | **-** | - |
| Amounts owed to related parties | **-** | 30 | **-** | - |
| Other taxation and social security | **31** | - | **-** | - |
| Other creditors | **3** | 9 | **-** | - |
| Accruals and deferred income | **1,235** | 662 | **2** | 2 |
| | **1,290** | 751 | **2** | 2 |

| | Group 2021 £000 | Group 2020 £000 |
|---|---|---|
| Deferred income at 1 April 2020 | **537** | 610 |
| Deferred during the year | **1,568** | 1,336 |
| Amounts released | **(988)** | (1,409) |
| | **1,117** | 537 |

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 2021/22. Income will be recognised as the monies are utilised, in line with the funding agreements.

## 16. Statement of funds

### Statement of funds - current year

| | Balance at 1 April 2020 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 March 2021 £000 |
|---|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | | |
| **Designated funds** | | | | | | |
| Portfolio work | - | - | - | 269 | - | 269 |
| **General funds** | | | | | | |
| General funds | 817 | 2,342 | (2,003) | (269) | (59) | 828 |
| **Total Unrestricted funds** | 817 | 2,342 | (2,003) | - | (59) | 1,097 |

16. Statement of funds (continued)

| | Balance at 1 April 2020 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 March 2021 £000 |
|---|---|---|---|---|---|---|
| **Restricted funds** | | | | | | |
| DEAR | (13) | 93 | (80) | - | - | - |
| Social Change | 18 | 19 | (26) | - | - | 11 |
| Khamatayan | (22) | 242 | (202) | - | - | 18 |
| Shamerto | (26) | 1 | 25 | - | - | - |
| JEWEL | (1) | 7 | (6) | - | - | - |
| Muktee | 77 | 234 | (230) | - | - | 81 |
| OAK | (2) | 218 | (137) | - | - | 79 |
| Homeworkers | (19) | 209 | (205) | - | - | (15) |
| Juice | (9) | 51 | (52) | - | - | (10) |
| Tanzania - Disability main | 10 | 139 | (142) | - | - | 7 |
| Catalyst | 95 | - | - | - | - | 95 |
| Producer support | 2 | - | (2) | - | - | - |
| PAPOWE | - | 2 | - | - | - | 2 |
| Supporting tea workers | - | 77 | (65) | - | - | 12 |
| C&A Textiles | - | 51 | (51) | - | - | - |
| Matrix fund | - | 5 | - | - | - | 5 |
| WEE | - | 6 | (7) | - | - | (1) |
| SAWA | - | 108 | (132) | - | - | (24) |
| Equalitea | - | 21 | (21) | - | - | - |
| | 110 | 1,483 | (1,333) | - | - | 260 |
| **Total of funds** | 927 | 3,825 | (3,336) | - | (59) | 1,357 |

## 16. Statement of funds (continued)

| | Balance at 1 April 2019 £000 | Income £000 | Expenditure £000 | Gains/ (Losses) £000 | Balance at 31 March 2020 £000 |
|---|---|---|---|---|---|
| **Unrestricted funds** | | | | | |
| General funds | 1,097 | 1,399 | (1,691) | 12 | 817 |

| | Balance at 1 April 2019 £000 | Income £000 | Expenditure £000 | Gains/ (Losses) £000 | Balance at 31 March 2020 £000 |
|---|---|---|---|---|---|
| **Restricted funds** | | | | | |
| DEAR | - | 109 | (122) | - | (13) |
| C&A Textiles | - | 11 | (11) | - | - |
| JRCT & Network for Social Change | - | 18 | - | - | 18 |
| Khamatayan | 4 | 346 | (372) | - | (22) |
| Shamerto | 8 | 108 | (142) | - | (26) |
| JEWEL | - | 20 | (21) | - | (1) |
| EqualiTea CA | - | 1 | (1) | - | - |
| Muktee | 9 | 337 | (269) | - | 77 |
| TRAID | - | 64 | (64) | - | - |
| OAK | - | 16 | (18) | - | (2) |
| Going Green | - | 10 | (10) | - | - |
| Sust Cotton | - | 10 | (10) | - | - |
| Homeworkers | - | 138 | (157) | - | (19) |
| Tanzania - Disability | - | 5 | (5) | - | - |
| Juice | - | 207 | (216) | - | (9) |
| Tanzania - Disability main | 13 | 145 | (148) | - | 10 |
| SAWA UKM | - | 98 | (98) | - | - |
| Catalyst | 65 | 30 | - | - | 95 |
| Pre-development/National Lottery | - | 18 | (18) | - | - |
| Producer Support | 2 | - | - | - | 2 |
| | 101 | 1,691 | (1,682) | - | 110 |
| **Total of funds** | 1,198 | 3,090 | (3,373) | 12 | 927 |

## 16. Statement of funds (continued)

The tables above analyse the restricted funds at the current and prior year-end. In each case income is received from a funder or funders and programme expenditure (including staff time where appropriate) is charged against this. At any point in time any sums held which have not been spent in accordance with the terms of the agreement of the funder are held in a Restricted Fund or as Deferred Income and are identified by the name of the project or piece of work to which they relate.

**South Asia Programme**

'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia' (Ref No. COOP-RS/D (2018) 6764770) is a four-year project funded by the European Commission. It addresses the systemic and structural vulnerabilities of agricultural communities to forced, bonded, and child labour in two districts of Northern Bangladesh and four districts of Madhya Pradesh, India. It works on multiple fronts, namely rescuing and rehabilitating communities from bonded labour conditions; preventing future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy. 8,000 households and 20,000 children will benefit directly from this project. Both countries have made a lot of progress on this project but greatly affected by the Covid-19 pandemic due to loss of work and migrants having to return home empty handed. We will be working hard with our partners to find sustainable solutions, as the economies pick up.

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains (Ref No EuropeAid/157515/dh/act/Multi) is a project that started in April 2019. The objective is to improve the working conditions of informal and home-based workers in Nepal, Pakistan and India, who work in global value chains in the apparel and footwear sectors. It is expected to impact the lives of 20,000 home-based workers in this country through improved working conditions, access to social entitlements and policy change at the national level. The project is progressing well, though now affected by Covid-19 and loss of work for most home-based workers. We will need to review the approach we are using to deliver impact.

**Bangladesh**

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub-district associations, and 788 village-level Self-help Groups (SHGs). The project will empower these organisations, representing 20,000 marginal famers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42-month project is EUR 1.65 million, of which the European Commission will contribute EUR 1.49 million

Traidcraft Exchange joined a consortium led by Helvetas Swiss Intercooperation to initiate a large project in agro-food processing – 'Sustainable Skills and Employment in Small Scale Agro-Food Processing (SHAMERTO)'. The project is designed to strengthen skills, employability and income of workers and entrepreneurs of small, micro and cottage agro-food processing enterprises (SMCE). Specifically, the project will increase gainful employment of workers, better integrate agro-food SMCEs in selected value chains and overall enable business improvement for agro-food SMCEs. The European Commission awarded EUR 3.92 million for 3 years, of which EUR 0.85 million will be routed through Traidcraft Exchange. This project ends June 2020.

**16. Statement of funds (continued)**

EqualiTEA The final EqualiTEA project funded by Christian Aid finished during the financial year and a follow up project has been submitted to Christian Aid. So far we have worked with over 5000 households to bring them sustainably over the poverty line through the cultivation of tea and other farm and non-farm diversification options. As a result of our work, the average increase in income was about 67%.

Empowering women's CSOs to ensure good governance (WEE): This is a 42-month project starting from February 2021 and funded by the European Commission (EuropeAid/168903/DD/ACT/BD) at a total cost of £2,215,359 and will impact the lives of 15,000 women in 5 districts of Bangladesh. There are two partners Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroots organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's voice via the institutional development of existing women's grassroots organisations.

**India**

The Jharkhand Project: Addressing vulnerabilities among the Pahariya community through market-led Interventions (Ref No OFIL-19-003). This 4-year project aims to "reduce vulnerability and improve sustainable livelihoods and food sovereignty among 3000 Pahariya households, particularly women, in two blocks of Jharkhand". The 90 villages targeted are comprised of extremely vulnerable Pahariya tribal households alone. This is sought to be achieved by organising and enabling communities to adopt sustainable and productive resource (forest, land and water) management regimes, empowering communities to access their entitlements and engage with the market with a view to sustainably enhance livelihood, income base and nutritional status.

Supporting vulnerable tea Garden workers in West Bengal and Assam: Covid-19 triggered a crisis for tea workers in India, leading to loss of income and hardship due to closed operations, lack of awareness on protection/ prevention measures; lack of access of basic PPE material such as masks or access to handwashing facility and in some extreme cases lack of access to food. Oak Foundation therefore approved a grant of £77,000 to support the most vulnerable workers in Tea Gardens including sick and closed tea gardens. This support was provided in partnership with local partners including Prasari (West Bengal) and Pajhra (Assam). A total of 5364 households from 17 tea gardens in both states were supported with relief materials like food rations and PPE supplies.

**East Africa Programme**

**Senegal**

In 2016/17, 'Juicing Justice project for Farmers', started in Senegal, has worked in partnership with two small Senegalese enterprises called Zena and BDS. The project, funded by Comic Relief (Grant ID 1324191), has worked with 2,200 forest fruit farmers to acquire environmentally sustainable forest fruit harvesting knowledge and skills, increase their income from sales of exotic forest fruits and improve their livelihoods. It also aims to strengthen the capacity of the two small businesses to trade with the farmers in ethical practices that ensure equitable sharing of risks and benefits as well as develop their capacity to access European markets with innovative juice brands.

**Tanzania**

With a view to ensure the inclusion of people with disabilities in the Cocoa and Coffee value chains, Traidcraft Exchange received funds from The National Lottery Community Fund. The objective of the study was to investigate the structures and dynamics of specific cocoa and coffee market systems (actors & participants, infrastructure, information, services, relationships, decisions & strategies, legal frameworks & norms), as well as identify potential partners. The study was undertaken in partnership with Shivyawata, our local partner.

**16. Statement of funds (continued)**

'Promoting the Inclusion of People with Disabilities in Cocoa, Coffee and Palm Oil Value Chains' resulted from the above research work and is being implemented by Traidcraft Exchange in partnership with Shivyawata in Tanzania. It is funded by The National Lottery Community Fund (project ID: 10328877). The project seeks to reduce household poverty and empower 1,000 people with disabilities and 500 smallholder farmers and/or micro entrepreneurs, engaged in the coffee, cocoa and sustainable palm oil in Morogoro and Mbeya Regions of Tanzania and Dar es Salaam. The project seeks inclusion of disabled people in all aspects of the value chains through collective organisation, improved access to finance and business services, improved market access and changes in behaviour and practice towards disabled people.

**Kenya**

Sustainable Agriculture & Women's Advancement (SAWA) Project is a three-year project being implemented by Traidcraft Exchange in partnership with Farm Concern International in Meru with funding from UK Government's Department for International Development (under their UKAid matching grant programme). The project aims to improve the sustainable livelihoods of over 2,000 smallholder farmers (particularly women) in Meru, Kenya. It focuses on vegetables for the local market and seeks to increase access to markets, improve agricultural production, increase women's voice and participation in the value chains and forge partnerships with the private sector and government.

Participatory Approach Pilot on Women empowerment (PAPOWE)
This small project (£17,429) works with farmers & traders, particularly women farmers and traders in Kenya (SAWA project participants), who were hard hit by the Covid-19 pandemic to enable them to recover from the crisis. Besides immediate relief support, we are also supporting women with vegetable seeds for the immediate crop cycle, along with fertilisers and affordable finance through group saving and lending scheme. We are also supporting women traders with umbrellas and canvas to protect their agricultural produce in the market to ensure they stay fresh and not lose on prices. The plan is also to help women access solar lighting panels with match contribution from themselves. Besides the support will include large water tanks to harvest rainwater and help them with their vegetable gardens. The project is being supported by Trusts.

**Global Programme**

Our Catalyst Innovation Programme enables us to undertake vital preliminary research, scoping, piloting and consultation work which can subsequently be scaled up into high-impact development projects that impact on some of the poorest across our areas of operation in Asia and Africa by:

- Investing in developing new sectors and approaches to fair trade;
- Developing and testing ways of increasing the flow of benefits of local, regional and international trade to the world's poor;
- Supporting developing world businesses to increase their resilience and sustainability by giving them the business and technical support they need to become investment-ready;
- Funding the incubation stage of our international development projects and
- Developing new projects in line with our new strategic priorities

The main donors in the last year are the Allan & Nesta Ferguson Charitable Trust and the Ceniarth Foundation.

The Producer Support Programme aims to help fair trade producer groups across the developing world to become sustainable, flourishing businesses. The programme focuses on potential or existing Traidcraft suppliers of fair trade products. By assisting them to improve their products, operate more effectively and access more markets, they will be able to grow their businesses and ability to provide income and good working conditions for the thousands of poor people they source from and/or employ. This programme has now ended.

## 16. Statement of funds (continued)

**Policy and Campaigning Programme**

JRCT and Network for Social Change
JRCT - Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. In the last year, this has involved launching a supporter campaign, 'Our Land. Our Rights', bringing attention to the situation of Liberian communities who have had their land stolen by a British palm oil company and calling on the government to legislate to hold companies to account for violating human rights.

Trade Fair Live Fair
This project is funded by the European Union through their Development Education and Awareness Raising scheme. Traidcraft Exchange is working with partners across Europe to make citizens aware of the interdependency of trade between European consumers and producers in the global south, including the role trade has to play in the delivery of the Sustainable Development Goal.

## 17. Analysis of net assets between funds

**Analysis of net assets between funds - current year**

| | **Unrestricted funds 2021 £000** | **Restricted funds 2021 £000** | **Total funds 2021 £000** |
|---|---|---|---|
| Tangible fixed assets | 34 | - | **34** |
| Intangible fixed assets | 9 | - | **9** |
| Current assets | 1,228 | 1,377 | **2,605** |
| Creditors due within one year | (174) | (1,117) | **(1,291)** |
| **Total** | 1,097 | 260 | **1,357** |

**Analysis of net assets between funds - prior year**

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 |
|---|---|---|---|
| Tangible fixed assets | 47 | - | 47 |
| Intangible fixed assets | 14 | - | 14 |
| Current assets | 971 | 646 | 1,617 |
| Creditors due within one year | (215) | (536) | (751) |
| **Total** | 817 | 110 | 927 |

There are sufficient resources held in an appropriate form to enable all funds to be applied in accordance with their restrictions.

## 18. Reconciliation of net movement in funds to net cash flow from operating activities

| | Group 2021 £000 | Group 2020 £000 |
|---|---|---|
| Net income/(expenditure) for the year (as per Statement of Financial Activities) | **489** | (286) |
| **Adjustments for:** | | |
| Depreciation charges | **30** | 22 |
| Decrease/(increase) in debtors | **(149)** | 280 |
| Increase/(decrease) in creditors | **538** | (31) |
| Interest received | **(2)** | (2) |
| **Net cash provided by/(used in) operating activities** | **906** | (17) |

## 19. Analysis of cash and cash equivalents

| | Group 2021 £000 | Group 2020 £000 |
|---|---|---|
| Cash in hand | **2,251** | 1,413 |
| **Total cash and cash equivalents** | **2,251** | 1,413 |

## 20. Analysis of changes in net debt

| | At 1 April 2020 £000 | Cash flows £000 | Changes in market value and exchange rate movements £000 | At 31 March 2021 £000 |
|---|---|---|---|---|
| Cash in hand | **1,413** | **897** | **(59)** | **2,251** |
| | **1,413** | **897** | **(59)** | **2,251** |

## 21. Pension commitments

The group operates a defined benefit pension scheme.

Until 31 March 2001 Traidcraft operated a defined benefit funded pension scheme covering the pension arrangements of employees of Traidcraft plc and Traidcraft Exchange, providing a pension linked to final salary. This scheme is now closed but not wound-up and Traidcraft plc and Traidcraft Exchange continue to make contributions to it, working with the scheme trustees to agree appropriate contribution levels. Traidcraft plc is the principal employer within the combined Traidcraft defined benefit pension scheme and Traidcraft Exchange is the participating employer.

The triennial actuarial valuation prepared as at 1 April 2016 indicated that the scheme is approximately 90.7% funded against technical provisions with a deficit of £690,000. The agreed ongoing funding to be paid by the employers is £220,000 per annum which is intended to bring the scheme up to a fully-funded position by 31 March 2020. The total charge for the year paid by Traidcraft relating to this scheme, shown below, is divided between Traidcraft plc and Traidcraft Exchange according to the prevailing advice about the split of liabilities in the scheme.

The Charity expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2022. It should be noted that the deficit calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2021.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | **At 31 March 2021 %** | At 31 March 2020 % |
|---|---|---|
| Discount rate | **1.95** | 2.30 |
| Expected return on scheme assets | **2.25** | 2.00 |
| Future salary increases | **2.25** | 2.00 |
| Future pension increases | **2.25** | 2.00 |

| | **At 31 March 2021 Years** | At 31 March 2020 Years |
|---|---|---|
| Mortality rates (in years) | | |
| - for a male aged 65 now | **21.3** | 21.3 |
| - at 65 for a male aged 45 now | **22.3** | 22.3 |
| - for a female aged 65 now | **23.2** | 23.2 |
| - at 65 for a female aged 45 now | **24.4** | 24.4 |

## 21. Pension commitments (continued)

The group's share of the assets in the scheme was:

| | **At 31 March 2021 £000** | At 31 March 2020 £000 |
|---|---|---|
| Equities | **309** | 217 |
| Bonds | **1,519** | 1,470 |
| Other | **13** | 40 |
| Value recognised limited under FRS102 | **(191)** | (189) |
| **Total fair value of assets** | **1,650** | 1,538 |

The actual return on scheme assets was £177,000 (2020 - £(9,000)).

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

| | **2021 £000** | 2020 £000 |
|---|---|---|
| Net interest on defined benefit asset | **-** | (4) |

Movements in the present value of the defined benefit obligation were as follows:

| | **2021 £000** | 2020 £000 |
|---|---|---|
| Opening defined benefit obligation | **(1,538)** | (1,611) |
| Interest cost | **(35)** | (37) |
| Benefits paid | **59** | 46 |
| Expenses | **4** | 1 |
| Actuarial gain/(losses) | **(140)** | 63 |
| **Closing defined benefit obligation** | **(1,650)** | (1,538) |

Movements in the fair value of the group's share of scheme assets were as follows:

| | **2021 £000** | 2020 £000 |
|---|---|---|
| Opening fair value of scheme assets | **1,727** | 1,783 |
| Interest income | **39** | 41 |
| Return on plan assets excluding interest | **138** | (50) |
| Expenses | **(4)** | (1) |
| Benefits paid | **(59)** | (46) |
| Value recognised limited under FRS102 | **(191)** | (189) |
| **Closing fair value of scheme assets** | **1,650** | 1,538 |

## 21. Pension commitments (continued)

Amounts included in the balance sheet arising from the group's obligation in respect of defined benefit plans:

| | **2021** | 2020 |
|---|---|---|
| | **£000** | £000 |
| Present value of defined benefit obligations | **(1,650)** | (1,538) |
| Fair value of plan assets | **1,650** | 1,538 |
| **Deficit in the scheme** | **-** | - |

In the year ended 31 March 2021 the actuarial valuation for accounting purposes showed a surplus of assets over liabilities at that date of £191,000 (2020: £189,000). In accordance with FRS102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the surplus was not recognised.

**Defined contribution scheme:**

At 31 March 2021 Traidcraft closed entry to the defined benefit scheme and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme (a type of defined contribution scheme) which not has an employer's contribution rate of 7.5% (2020: 7.5%). Traidcraft Exchange made contributions of £67,576 during the past year (2020: £62,000) and this cost, together with administration charges of £1,000 (2020: £1,000) relating to the closed scheme comprise the pension cost of £68,576 (2020: £63,000) shown in Note 9 in these accounts.

## 22. Operating lease commitments

At 31 March 2021 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | **Group 2021** | Group 2020 |
|---|---|---|
| | **£000** | £000 |
| Not later than 1 year | **36** | 41 |
| Later than 1 year and not later than 5 years | **32** | 12 |
| | **68** | 53 |

## 23. Related party transactions

The following are related parties of the Foundation and the relationship is as follows:

1. Traidcraft Exchange (charity number 1048752) is a company limited by guarantee, a registered charity and a subsidiary of The Traidcraft Foundation. Traidcraft Foundation is the founder member of Traidcraft Exchange and in a general meeting has the number of votes that exceeds by one the number of all other votes cast. All activities of Traidcraft Exchange have been consolidated on a line by line basis in the SOFA.

2. Traidcraft plc is a company of which Traidcraft Foundation owns the one Guardian Share. This confers certain protective powers on the Foundation. Traidcraft plc imports handicrafts, fashion goods and clothing, tea, coffee and foodstuffs from developing countries, which it sells through it's Fair Trader network, by wholesale and by direct mail.

3. Costs of running Traidcraft Foundation are met equally by Traidcraft Exchange and Traidcraft plc.

The following transactions between Traidcraft plc and Traidcraft Exchange were made in the year to March 21:

| | **2021** | 2020 |
|---|---|---|
| | **£000** | £000 |
| **Traidcraft plc** | | |
| Purchase of goods and services (e.g. rent and building costs) | **30** | 14 |
| Sale of services | **177** | 24 |
| Recharge of redundancy costs | **(22)** | - |
| **Balances due (to)/from related parties at 31 March** | | |
| Traidcraft plc | **51** | (30) |