

Charity number: 294953

The Traidcraft Foundation

Annual Report

31 March 2021

The Traidcraft Foundation

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The Traidcraft Foundation

Reference and administrative details Year Ended 31 March 2021

Trustees Stephen Timms MP (Chair)
Rosemary Kempself
David Nussbaum
Rev Tariro Matsveru (appointed 18 March 2021)
Alison Inglis-Jones
Jane Cotton (appointed 13 March 2021)
Jeremy Lefroy (appointed 18 March 2021)

Charity registered number 294953

Registered office Kingsway
Team Valley Trading Estate
Gateshead
NE11 0NE

Independent auditor UNW LLP
Chartered Accountants
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers HSBC Bank Plc
110 Grey Street
Newcastle upon Tyne
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 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

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 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:

- 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 Traidcraft Foundation

Trustees' Report (continued) Year Ended 31 March 2021

- 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.

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.

The Traidcraft Foundation

Trustees' Report (continued) Year Ended 31 March 2021

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 success 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.

The Traidcraft Foundation

Trustees' Report (continued) Year Ended 31 March 2021

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.

The Traidcraft Foundation

Trustees' Report (continued) **Year Ended 31 March 2021**

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.

The Traidcraft Foundation

Trustees' Report (continued) Year Ended 31 March 2021

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.



Independent Auditor's Report to the members of The Traidcraft Foundation (continued)

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 charity financial 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.

Independent Auditor's Report to the members of The Traidcraft Foundation (continued)

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.



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.

A handwritten signature in black ink that reads 'Anne Hallowell'.

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
		<u>43</u>	<u>61</u>
Current assets			
Debtors	14	353	204
Cash at bank and in hand		2,251	1,413
		<u>2,604</u>	<u>1,617</u>
Creditors: amounts falling due within one year	15	(1,290)	(751)
Net current assets		<u>1,314</u>	<u>866</u>
Total assets less current liabilities		<u>1,357</u>	<u>927</u>
Total net assets		<u>1,357</u>	<u>927</u>
Charity funds			
Restricted funds	16	260	110
Unrestricted funds	16	1,097	817
Total funds		<u>1,357</u>	<u>927</u>

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
		<u>2</u>	<u>2</u>
Creditors: amounts falling due within one year	15	(2)	(2)
		<u></u>	<u></u>
Net current assets		-	-
Total assets less current liabilities		<u>-</u>	<u>-</u>
Total net assets		<u>-</u>	<u>-</u>
Total funds		<u><u>-</u></u>	<u><u>-</u></u>

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

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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
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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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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 instruments. 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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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
	<u>2,156</u>	<u>2,156</u>	<u>1,236</u>

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
	<u>186</u>	<u>1,483</u>	<u>1,669</u>

	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
	<u>163</u>	<u>1,691</u>	<u>1,854</u>

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

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

	2021 £000	2020 £000
Split of income		
UK	2,773	2,158
Rest of World	1,052	932
	<u>3,825</u>	<u>3,090</u>

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
	<u>633</u>	<u>633</u>	<u>496</u>

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
	<u>320</u>	<u>320</u>	<u>183</u>

All generating funds expenditure in 2020 was unrestricted.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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
	<u>1,216</u>	<u>747</u>	<u>1,963</u>
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
	<u>117</u>	<u>303</u>	<u>420</u>
	<u>1,333</u>	<u>1,050</u>	<u>2,383</u>
	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
	<u>1,551</u>	<u>659</u>	<u>2,210</u>
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
	<u>132</u>	<u>355</u>	<u>487</u>
	<u>1,683</u>	<u>1,014</u>	<u>2,697</u>

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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
	<u>7</u>	<u>7</u>

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	<u>213</u>	<u>69</u>	<u>138</u>	<u>185</u>	<u>605</u>

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

	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 Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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
	<hr/> 54	<hr/> 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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

11. Intangible assets

Group and charity

	IT systems £000
Cost	
At 1 April 2020	32
At 31 March 2021	<u>32</u>
Amortisation	
At 1 April 2020	18
Charge for the year	6
At 31 March 2021	<u>23</u>
Net book value	
At 31 March 2021	<u><u>9</u></u>
At 31 March 2020	<u><u>14</u></u>

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

12. Tangible fixed assets

Group and charity

	Furniture and equipment £000
Cost	
At 1 April 2020	119
Additions	11
At 31 March 2021	<u>130</u>
Depreciation	
At 1 April 2020	72
Charge for the year	24
At 31 March 2021	<u>96</u>
Net book value	
At 31 March 2021	<u><u>34</u></u>
At 31 March 2020	<u><u>47</u></u>

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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)	-	-	-
	<u>110</u>	<u>1,483</u>	<u>(1,333)</u>	<u>-</u>	<u>-</u>	<u>260</u>
Total of funds	<u>927</u>	<u>3,825</u>	<u>(3,336)</u>	<u>-</u>	<u>(59)</u>	<u>1,357</u>

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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 farmers (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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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.

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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
	<hr/>	<hr/>
	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
	<hr/>	<hr/>

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

21. Pension commitments (continued)

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

	2021 £000	2020 £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 £000	Group 2020 £000
Not later than 1 year	36	41
Later than 1 year and not later than 5 years	32	12
	68	53

The Traidcraft Foundation

Notes to the Financial Statements Year Ended 31 March 2021

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 its 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 £000	2020 £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)