

Charity number: 294953

The Traidcraft Foundation

Annual Report

31 March 2022

The Traidcraft Foundation

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The Traidcraft Foundation

Reference and administrative details

For the year ended 31 March 2022

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

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 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)

For the year ended 31 March 2022

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.

The Traidcraft Foundation

Trustees' report (continued) For the year ended 31 March 2022

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.

The Traidcraft Foundation

Trustees' report (continued)

For the year ended 31 March 2022

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.

The Traidcraft Foundation

Trustees' report (continued) For the year ended 31 March 2022

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.

The Traidcraft Foundation

Trustees' report (continued) For the year ended 31 March 2022

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 Kempself 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.

The Traidcraft Foundation

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:

A handwritten signature in black ink, appearing to read 'Stephen Timms', is written over a light grey rectangular background.

Stephen Timms MP (Chair)

The Traidcraft Foundation

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:

A handwritten signature in dark ink, appearing to read 'Stephen Timms', is written over a light grey rectangular background.

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.



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 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 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
		<u>20,635</u>	<u>43,825</u>
Current assets			
Debtors	15	395,124	353,429
Cash at bank and in hand		2,743,940	2,251,823
		<u>3,139,064</u>	<u>2,605,252</u>
Creditors: amounts falling due within one year	16	(1,090,827)	(1,291,595)
Net current assets		<u>2,048,237</u>	<u>1,313,657</u>
Total assets less current liabilities		<u>2,068,872</u>	<u>1,357,482</u>
Total net assets		<u><u>2,068,872</u></u>	<u><u>1,357,482</u></u>
Charity funds			
Restricted funds	18	352,881	260,135
Unrestricted funds	18	1,715,991	1,097,347
Total funds		<u><u>2,068,872</u></u>	<u><u>1,357,482</u></u>

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
		<u>2,397</u>	<u>2,435</u>
Creditors: amounts falling due within one year	16	(2,397)	(2,435)
		<u></u>	<u></u>
Net current assets		-	-
		<u></u>	<u></u>
Total assets less current liabilities		-	-
		<u></u>	<u></u>
Total net assets		-	-
		<u></u>	<u></u>
Total funds		<u>-</u>	<u>-</u>

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

The Traidcraft Foundation

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
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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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
	<u>2,251,287</u>	<u>2,251,287</u>	<u>2,155,864</u>

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
	<u>130,251</u>	<u>1,862,234</u>	<u>1,992,485</u>
	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
	<u>186,329</u>	<u>1,482,776</u>	<u>1,669,105</u>

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
	<u>1,862,234</u>	<u>3,825,000</u>

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
	<u>586,778</u>	<u>586,778</u>	<u>633,304</u>

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
	<u>166,373</u>	<u>166,373</u>	<u>319,934</u>

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
	<hr/> 565,781	<hr/> 1,719,365	<hr/> 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	-	-
	<hr/> 461,071	<hr/> 50,123	<hr/> -
	<hr/> <hr/> 1,026,852	<hr/> <hr/> 1,769,488	<hr/> <hr/> 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
	<hr/> 746,686	<hr/> 1,215,999	<hr/> 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	-
	<hr/> 303,218	<hr/> 116,996	<hr/> -
	<hr/> <hr/> 1,049,904	<hr/> <hr/> 1,332,995	<hr/> <hr/> 2,382,899

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
	<u>8,500</u>	<u>7,000</u>

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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).

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

12. Intangible assets

Group

	IT systems £
Cost	
At 1 April 2021	33,245
At 31 March 2022	<u>33,245</u>
Amortisation	
At 1 April 2021	23,364
Charge for the year	5,539
At 31 March 2022	<u>28,903</u>
Net book value	
At 31 March 2022	<u><u>4,342</u></u>
At 31 March 2021	<u><u>9,881</u></u>

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

13. Tangible fixed assets

Group

	Furniture and equipment £
Cost or valuation	
At 1 April 2021	129,576
Additions	2,255
At 31 March 2022	<u>131,831</u>
Depreciation	
At 1 April 2021	95,632
Charge for the year	19,906
At 31 March 2022	<u>115,538</u>
Net book value	
At 31 March 2022	<u><u>16,293</u></u>
At 31 March 2021	<u><u>33,944</u></u>

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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 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 collective voice through their own organisations. The total cost is €2,592,595.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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.

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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)	-	-	-
	<u>110,000</u>	<u>1,483,135</u>	<u>(1,333,000)</u>	<u>-</u>	<u>-</u>	<u>260,135</u>
Total of funds	<u>928,120</u>	<u>3,824,969</u>	<u>(3,336,138)</u>	<u>-</u>	<u>(59,469)</u>	<u>1,357,482</u>

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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
	<u>928,120</u>	<u>3,824,969</u>	<u>(3,336,138)</u>	<u>-</u>	<u>(59,469)</u>	<u>1,357,482</u>

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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

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Notes to the financial statements For the year ended 31 March 2022

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

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Notes to the financial statements For the year ended 31 March 2022

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

The Traidcraft Foundation

Notes to the financial statements For the year ended 31 March 2022

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 purposes 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 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% (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

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Notes to the financial statements For the year ended 31 March 2022

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 services 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.