

Charity number: 294953

The Traidcraft Foundation

Annual Report

31 March 2023

The Traidcraft Foundation

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The Traidcraft Foundation

Reference and administrative details

Year ended 31 March 2023

Trustees	Stephen Timms MP (Chair) Rosemary Kempself (resigned 22 September 2022) David Nussbaum (resigned 27 January 2024) Rev Tariro Matsveru (resigned 27 January 2024) Alison Inglis-Jones (resigned 27 January 2024) Jane Cotton (resigned 27 January 2024) Jeremy Lefroy Stephen Bonnick (appointed 26 January 2024) Clive Osmond (appointed 26 January 2024) Alison Margaret Coutts (appointed 26 January 2024)
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 2023

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

Objectives and activities

Policies and objectives

The Traidcraft Foundation was established in 1979.

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

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

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

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

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

Traidcraft Foundations principles:

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

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

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

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

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

The Traidcraft Foundation

Trustees' report (continued)

Year ended 31 March 2023

Objectives and activities (continued)

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

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

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

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

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

Strategies for achieving objectives

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

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

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

Principal activities

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

The Traidcraft Foundation does not carry out any fundraising activities.

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

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

The Traidcraft Foundation

Trustees' report (continued)

Year ended 31 March 2023

Objectives and activities (continued)

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

Financial review

Financial review

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

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

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

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

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

Reserves policy

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

- a. To meet matched funding requirements. Our minimum level is that we should hold 50% of the requirement for contracts to be implemented over the next 12 months. The maximum acceptable level would be to cover 100% of matched funding required for contracts to be implemented over the next 12 months;
- b. To cover a minimum of three months and a maximum of four months budgeted staff, overheads and fundraising costs; and
- c. To cover pension liabilities; a range of between a minimum of one year's contributions and a maximum of 100% of the liability is recommended.

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

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

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

The Traidcraft Foundation

Trustees' report (continued)

Year ended 31 March 2023

Principal risks and uncertainties

We through Traidcraft Exchange;

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

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

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

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

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

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

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

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

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

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

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

Going concern

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

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

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

The Traidcraft Foundation

Trustees' report (continued)

Year ended 31 March 2023

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

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

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

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

Structure, governance and management

Constitution

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

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

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

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

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

Methods of appointment or election of trustees

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

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

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

The Traidcraft Foundation

Trustees' report (continued)

Year ended 31 March 2023

Structure, governance and management (continued)

Plans for future periods

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

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

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

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

Disclosure of information to auditor

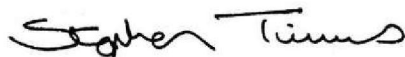
Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

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

Auditor

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

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



Stephen Timms MP (Chair)

9 May 2024

The Traidcraft Foundation

Statement of trustees' responsibilities

Year ended 31 March 2023

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

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

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

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

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



Stephen Timms MP (Chair)

9 May 2024



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

Opinion

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

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

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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



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

9 May 2024

The Traidcraft Foundation

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

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

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

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

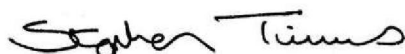
The Traidcraft Foundation

Consolidated balance sheet At 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	-	4,342
Tangible assets	13	14,743	16,293
		<u>14,743</u>	<u>20,635</u>
Current assets			
Debtors	15	381,755	395,124
Cash at bank and in hand		1,618,954	2,743,940
		<u>2,000,709</u>	<u>3,139,064</u>
Creditors: amounts falling due within one year	16	(1,092,818)	(1,090,827)
Net current assets		<u>907,891</u>	<u>2,048,237</u>
Total net assets		<u><u>922,634</u></u>	<u><u>2,068,872</u></u>
Charity funds			
Restricted funds	19	284,892	352,881
Unrestricted funds	19	637,742	1,715,991
Total funds		<u><u>922,634</u></u>	<u><u>2,068,872</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 09 May 2024 and signed on their behalf by:



Stephen Timms MP (Chair)
9 May 2024

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

The Traidcraft Foundation

Balance sheet

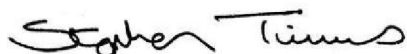
At 31 March 2023

	Note	2023 £	2022 £
Current assets			
Cash at bank and in hand		2,330	2,397
		<u>2,330</u>	<u>2,397</u>
Creditors: amounts falling due within one year	16	(2,330)	(2,397)
		<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 (2022: £nil).

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

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



Stephen Timms MP (Chair)

9 May 2024

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

The Traidcraft Foundation

Consolidated statement of cash flows Year ended 31 March 2023

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

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

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

2.2 Going concern

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

2.3 Fund accounting

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

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

2. Accounting policies (continued)

2.4 Income

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

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

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

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

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

Investment income is recognised on a receivable basis.

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

2.5 Expenditure

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

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

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

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

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

2.6 Foreign currencies

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

2. Accounting policies (continued)

2.7 Intangible assets and amortisation

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

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

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

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

IT systems	- 25 % of cost per annum
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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.

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.

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

2. Accounting policies (continued)

2.12 Liabilities and provisions

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

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

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

2.13 Financial instruments

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

2.14 Leased assets

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

2.15 Taxation

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

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 Year ended 31 March 2023

3. Critical accounting estimates and areas of judgment

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

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

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

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

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

4. Income from donations and legacies

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

5. Income from charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Grants from institutional sources	-	1,697,949	1,697,949
Consultancy and other income	101,820	-	101,820
	<u>101,820</u>	<u>1,697,949</u>	<u>1,799,769</u>
	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>

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

	2023 £	2022 £
Split of income		
UK	719,379	534,087
Rest of World	978,570	1,328,147
	<u>1,697,949</u>	<u>1,862,234</u>

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

6. Costs of generating funds

Voluntary income

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

Institutional sources

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Support costs (note 9)	145,530	145,530	109,726
Direct salaries	70,433	70,433	56,647
	<u>215,963</u>	<u>215,963</u>	<u>166,373</u>

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

7. Charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Development Programmes			
Direct salaries	449,588	333,055	782,643
Travel and accommodation	68,124	42,958	111,082
Direct programme costs	345,333	1,310,488	1,655,821
Support costs (Note 9)	83,410	80,799	164,209
	<u>946,455</u>	<u>1,767,300</u>	<u>2,713,755</u>
Policy Unit and Campaigning			
Direct salaries	387,601	18,676	406,277
Travel and accommodation	603	148	751
Direct programme costs	20,060	2,215	22,275
Support costs (Note 9)	268,706	-	268,706
	<u>676,970</u>	<u>21,039</u>	<u>698,009</u>
	<u><u>1,623,425</u></u>	<u><u>1,788,339</u></u>	<u><u>3,411,764</u></u>
	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
	<u>565,781</u>	<u>1,719,365</u>	<u>2,285,146</u>
Policy Unit and Campaigning			
Direct salaries	267,200	36,412	303,612
Travel and accommodation	-	345	345
Direct programme costs	2,975	13,366	16,341
Support costs (Note 9)	183,642	-	183,642
	<u>453,817</u>	<u>50,123</u>	<u>503,940</u>
	<u><u>1,019,598</u></u>	<u><u>1,769,488</u></u>	<u><u>2,789,086</u></u>

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

8. Resources expended

Total resources expended include the following amounts:

	2023 £	2022 £
Depreciation	12,709	19,906
Amortisation	4,342	5,539
Operating leases	53,890	47,000
Unrealised exchange rate losses/(gains)	15,560	(9,855)
Auditor's remuneration	15,500	8,500
	<u>112,001</u>	<u>71,090</u>

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

9. Support costs

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

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

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

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

10. Staff costs

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

The charity has no employees (2022: nil).

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

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

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

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

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

The Traidcraft Foundation

Notes to the financial statements

Year ended 31 March 2023

11. Trustees' remuneration and expenses

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

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

12. Intangible assets

Group

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

13. Tangible fixed assets

Group

	Furniture and equipment £
Cost	
At 1 April 2022	131,831
Additions	11,159
At 31 March 2023	<u>142,990</u>
Depreciation	
At 1 April 2022	115,538
Charge for the year	12,709
At 31 March 2023	<u>128,247</u>
Net book value	
At 31 March 2023	<u><u>14,743</u></u>
At 31 March 2022	<u><u>16,293</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 2023, the Traidcraft plc shares were not being traded so the trustees valued the shares at £nil. The trustees intend to sell these shares once their liquidity improves. Due to the illiquid nature of these shares the trustees believe it is appropriate to classify them as a fixed asset investment. At 31 March 2023, the Traidcraft plc was in administration and so the shares have been written off in the year.

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

15. Debtors

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

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

16. Creditors: amounts falling due within one year

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

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

17. Restricted funds

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

South Asia Programme

'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia':

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

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains (Homeworkers):

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

Bangladesh

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub district associations, and 788 village level Self help Groups (SHGs). The project planned to empower these organisations, representing 20,000 marginal 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 €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 Year ended 31 March 2023

17. Restricted funds (continued)

India

Addressing vulnerabilities among the Pahariya community through market led Interventions (OAK):

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

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices (Supporting tea workers):

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

Halcrow Foundation - Climate resilient sustainable livelihoods for female small holder farmers. (Birbhum, West Bengal):

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

17. Restricted funds (continued)

East Africa Programme

Senegal

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

Kenya

Sustainable Agriculture & Women's Advancement (SAWA):

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

Participatory Approach Pilot on Women empowerment (PAPOWE):

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

Tanzania

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

17. Restricted funds (continued)

Policy and Campaigning Programme

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

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

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

Catalyst Programme

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

18. Summary of funds

Summary of funds - current year

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

18. Summary of funds (continued)

Summary of funds - prior year

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds

Statement of funds - current year

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

Statement of funds - prior year

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

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

Analysis of net assets between funds - prior year

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

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

22. Analysis of cash and cash equivalents

	Group 2023 £	Group 2022 £
Cash in hand	<u>1,618,954</u>	<u>2,743,940</u>

23. Analysis of changes in net debt

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

24. Pension commitments

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

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

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

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

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

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

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

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

24. Pension commitments (continued)

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

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

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

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

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

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

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

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

The Traidcraft Foundation

Notes to the financial statements Year ended 31 March 2023

24. Pension commitments (continued)

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

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

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

Defined contribution scheme:

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

25. Operating lease commitments

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

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

The Traidcraft Foundation

Notes to the financial statements

Year ended 31 March 2023

26. Related party transactions

Group

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

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

Charity

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

27. Controlling party

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