

THE TRAIDCRAFT EXCHANGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

Charity number: 1048752

Company number: 03031674

THE TRAIDCRAFT EXCHANGE

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The trustees believe that it is right to account for the fulfilment of Traidcraft's mission within the context of its overall impact on stakeholders. In addition to these financial statements the Charity publishes an Impact Report and routinely shares stories of impact through our website (www.traidcraft.org.uk), as well as using social media.

THE TRAIDCRAFT EXCHANGE

REPORT OF THE TRUSTEES

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees of Traidcraft Exchange

Ram Gidoomal - *Chair*
Robin Roth - *Chief Executive until 31st October 2018*
Jenny Borden
Matt Edmundson
Sarah Hughes
David Neale
Chris Moorhouse
Laurence Sewell - *appointed 31st August 2018*

Key Management Personnel (Senior Management Team during 2018/19)

Esther Stevenson - *Interim Chief Executive (appointed 1st November 2018)*
Charlotte Timson – *Director of Traidcraft Exchange*
Maveen Pereira – *Director of Programmes*
Liz May - *Director of Policy & Advocacy*
Mary Milne - *Head of Campaigns and Communications*
Amy Wilson – *Head of Fundraising*
Nicki Davies Jones – *Director of HR*
Sally Thompson – *Head of Finance*

PRINCIPAL PROFESSIONAL ADVISERS

The Traidcraft Exchange Ltd (Traidcraft Exchange) is a registered charity and also a company limited by guarantee registered in England.

Registered charity number	1048752
Registered company number	03031674
Registered Office:	Kingsway, Gateshead, NE11 0NE, UK
Auditor:	UNW LLP, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE
Banker:	HSBC Bank Plc, 110 Grey Street, Newcastle upon Tyne, NE1 6JG
Principal legal adviser:	Muckle LLP, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF

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REPORT OF THE TRUSTEES

The trustees present their annual report together with the audited financial statements of the company for the year 1 April 2018 to 31 March 2019. The trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015). The financial statements comprise the accounts of the Traidcraft Exchange and Traidcraft Services India Private Limited, a subsidiary of Traidcraft Exchange. In these accounts "Charity" means Traidcraft Exchange or the charitable group comprising The Traidcraft Exchange and Traidcraft Services India Private Limited.

OUR PURPOSES AND ACTIVITIES

Trade has the potential to generate wealth, support livelihoods and create lasting solutions to poverty. However most mainstream trade relies on cheap labour and assumes unlimited natural resources. It is not fair or sustainable and urgently needs to be transformed. Traidcraft Exchange challenges injustice in trade and works with poor and vulnerable people to help them get a fair share of the rewards. With the UK government's renewed focus on trade, and the Sustainable Development Goals calling for businesses to play a role in ending poverty, there has never been a greater opportunity to change trade for good.

Our vision: A world without poverty, where all trade is fair.

Our mission: To use the power of trade to change the lives of people living in poverty. We challenge injustice in trade and work with others to make it fair and sustainable.

Traidcraft Exchange was founded on Christian principles. Our deep-rooted belief in justice for the poor and the value and dignity of all human beings is grounded in the Christian faith. We work with people of all faiths and none, and our values resonate far beyond the Christian community.

Traidcraft Exchange was set up over thirty years ago to work in partnership with Traidcraft plc, demonstrating that alternatives to mainstream trade are possible. It operates for the public benefit through the charity's following purposes:

- 1) To deliver development projects across the developing world that enable poor producers to grow their businesses, find markets and engage in local and international trade - helping people to build the skills, knowledge and confidence to work their way out of poverty.
- 2) To raise public awareness of injustice and build public support for trade justice and corporate accountability through policy advocacy and campaigning.

Our ambition is to use our experience and expertise to scale up our work; deepen our impact; support more women and other groups who are disadvantaged in trade; and build the understanding and practice required to help make trade more environmentally sustainable.

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REPORT OF THE TRUSTEES

INTERNATIONAL DEVELOPMENT ACTIVITIES

Our international programmes are mainly based in East Africa (and Senegal) and South Asia (India and Bangladesh) where we have regional offices. We have a wide range of projects that work in different sectors and we aim to identify and remedy many of the issues that small-scale producers face in trading effectively and receiving fair terms of trade. Through our projects we:

- Help farmers and artisans to form groups and work collectively;
- Improve the provision of business services to poor producers;
- Build the skills and capacity of small enterprises to develop viable businesses and increase their income;
- Enable small-scale farmers to increase productivity, decrease costs and make the most from their landholdings;
- Enable farmers and artisans to find new markets for their crops or products;
- Support farmers and artisans to cope better with climate change;
- Encourage small businesses to adopt more responsible practices;
- Enhance the policy environment in favour of poor people.

POLICY AND CAMPAIGN ACTIVITIES

Our policy and campaign programme influences policy makers in the UK, the European Union and within large companies by promoting trade justice and responsible corporate practices. We also seek to promote the effective development of thinking and practice within the global fair trade movement. We do this by:

- Conducting research and monitoring developments in trade investment and business practice;
- Lobbying those with the power to make a difference;
- Encouraging our supporters to campaign for change.

Current activities focus on power in global supply chains, trade and investment policy, post-Brexit trade and agriculture, and business and human rights.

Our aims and activities fully reflect the purposes that Traidcraft Exchange was set up to further. The trustees 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. We believe our work and impact are as important as ever in the fight against global poverty.

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ACHIEVEMENTS AND PERFORMANCE

At the end of the first year of our new strategic framework (2018-23), we have made progress in achieving our ambitions while adjusting our direction given some significant changes in our operating environment. The key highlights of 2018/19 include:

INTERNATIONAL DEVELOPMENT PROGRAMME

We have continued to deliver excellent work with workers, artisans and producers both in Africa and South Asia. In addition to implementing projects on the ground, we have also developed a new strategic approach in order to ensure more women are empowered in trade and supply chains. We have also reviewed our approach to working in the tea sector, ensuring our learning from our work influences our future approach. We have continued to develop our overall approach to measuring and communicating our overall impact as an organisation.

South Asia Projects

We have continued to implement **Sustainable Skills and Employment in Small Scale Agro-food Processing** (SHAMERTO) in Bangladesh. This project is strengthening the skills, employability and income of 25,000 workers/entrepreneurs of agro-food processing small, micro and cottage enterprises.

The Khamatayan project, *'Empowering smallholders to strengthen local democratic governance'*, continues to empower 20,000 smallholder farmers to have greater access to local democratic governance, enabling them to collectively voice, demand and negotiate their economic and social rights by actively engaging with local authorities.

Funding ended for a couple of large projects this financial year, including 'Pro-poor Market Access for Small Tea Growers for Sustainable livelihoods' (EqualTea) which achieved a new and sustainable source of income for 1,002 families through tea cultivation, increasing income by 53%. We also secured funding for two large regional contracts this year, both funded by the European Commission. One of these began in the financial year, **'Fighting Forced Labour with Adivasi and Dalit Communities in South Asia'** and will address these issues in India and Bangladesh.

Africa Projects

As well as continuing to deliver the juicing project in Senegal, we launched two new projects in Africa.

The first project, **'Sustainable Agriculture & Women's Advancement: Improving Livelihoods and Establishing Women led Enterprises with Smallholder Farmers in Meru County Kenya (SAWA.)** aims to economically empower and improve the sustainable livelihoods of 1,500 female and 500 male smallholder vegetable farmers in Buuri, funded by the Department for International Development (DFID). We are adapting our tried and tested Commercial Village Model to support farmers to organise into groups, and work with co-ops, private sector and government stakeholders in the vegetable sector to improve market efficiency. This project will reach 2,000 households over 3 years, which in turn this will impact the livelihoods of 10,000 people.

The second project in Africa, **Promoting the Inclusion of People with Disabilities in Cocoa, Coffee and Palm Oil Value Chains**, launched in September 2019 and is focused on providing people with disabilities with sustainable livelihood opportunities in the coffee, cocoa and palm oil value chains. Overall this project will impact on 1,000 people with disabilities and 500 farmers and micro entrepreneurs without disabilities.

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Supply Chain Services

We have continued to develop a more commercial approach selling our services through our company in India and also in the UK.

2018/19 was the first year **Traidcraft India Services Private Limited**, the wholly owned subsidiary of Traidcraft Exchange in India, turned a profit. Income was received by providing services to government and companies helping them map out the vulnerabilities in their supply chains. This has covered areas such as forced and child labour and production methods in the production of cashew nuts.

We have also continued to develop a similar more commercial approach to selling our services to companies in the UK. We have worked with Rectella to improve their charcoal supply chains in Namibia and with DPL Ltd (part of Hayley's Group) on their 'First Light' programme that works with Rubber smallholders in Sri Lanka. We are also having similar conversations with other significant commercial partners.

Catalyst Fund

The Catalyst Fund supports innovation and the development of new ideas that assist vulnerable producers to engage more effectively with trade, pioneering new sectors, models and approaches to fairer trade. During the past three years, we have used the Catalyst Fund to leverage £2.5m in new work for Traidcraft Exchange.

POLICY AND CAMPAIGN PROGRAMME

Traidcraft Exchange's policy and campaigning work seeks wider impact by holding businesses and governments to account for their impact in promoting an enabling environment that supports fairer trade. This year the main achievements have been our campaign on working conditions on Assam tea estates and EU-level work on Unfair Trading Practices. We have been adapting our approach to campaigning work and made more of our digital presence. Encouragingly, we received a Bond award in 2019. This award celebrated creative approaches to fundraising in the international development context and was awarded for our Hidden Entrepreneur fundraising campaign.

Assam tea campaign

We launched the 'Who picked my tea' campaign in May 2018 with the flagship media report 'The Estate We're In' which was covered in the mainstream press including Reuters and the Daily Mail. The campaign called on the 6 biggest UK tea brands (Yorkshire Tea, Twinings, Tetley, PG Tips, Typhoo and Clipper) to publish the list of tea estates they buy from in Assam. We then launched a postcard and e-mail action. In November 2018 our partners from the Assam civil society organisation PAJRHA visited the UK and spoke at three major public meetings (in Newcastle, Birmingham and London) as well as meeting with some of the companies, certifiers and other civil society groups. The campaign has been incredibly successful both in terms of concrete results with the brands and also supporter engagement. All of the six brands published their supplier list. In addition, Rington's tea and Marks and Spencer's both published their supplier lists without being targeted. This now represents over 70% of the UK tea market and is a step-change in transparency in a previously notoriously closed and secretive sector. Over 10,000 campaigners took part in this action.

European Union Directive on Unfair Trading Practices

Over the last decade, Traidcraft Exchange have argued for European laws to prevent supermarkets and big food brands abusing their suppliers through a variety of practices such as failing to pay on time or changing orders at the last minute. This year, that work came to fruition with the introduction of a new EU law on Unfair Trading Practices. This bans a variety of unfair business practices and will mean that suppliers (including farmers in developing countries) that sell to big EU food businesses will be able to complain to a regulator if they feel that they are being subjected to illegal treatment. Traidcraft Exchange were part of a small group of EU organisations that lobbied MEPs and officials intensively on this law, and we were delighted that our main recommendations (ensuring protection for non-EU suppliers and reserving the right of NGOs to complain on behalf of suppliers) were incorporated into the final text.

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RAISING FUNDS

The Fundraising team (receiving donations from the public, legacies, trusts, foundations and major donors) and Programme Funding team (receiving funds from institutional donors) both had a successful year under challenging circumstances.

The level of funding secured during 2018/19 from Traidcraft Exchange's main institutional donors, via the Programme Funding team, has fallen compared to previous years, and was only slightly below target. Funding secured in 2017/18 was exceptionally high and the same levels were not expected this year. During the year, we raised £1.9 million of new contract value against a target of £2 million. The £1.9 million of new contract value consists of two major grants and one smaller. Both the major grants are funded by the EC.

Public unrestricted income decreased 12% from £1.7 million in 2017/18 to £1.5 million due to a fall in legacy income. Legacy donations were extremely high in the previous financial year and came in on target in 2018/19. More work has been done on our legacy messaging to ensure this remains a steady source of income for us in future. Excluding legacies, actual public fundraising income came in just above target. Total unrestricted funds raised from trusts, foundations, charities and major donors in 2018/19 totaled £62,000 and exceeded our target of £20,000. This was mainly due to donations arriving early in the financial year at the end of the Hidden Entrepreneur appeal. However, due to lack of staff resource for the majority of the year, restricted trust income was down on target by a wide margin.

	2016-17	2017-18	2018-19
Restricted Income Raised (£ millions)	1.2m	2.6m	1.9m
Unrestricted Income Raised (£'000s)	31	40	62

Early in the financial year, we learned our partner company Traidcraft plc had to downsize significantly. Their new commercial model no longer provides us with a steady flow of income or new supporters. This change happened quickly and with little warning. As a result, we launched an appeal to help those producers who would no longer be suppliers to Traidcraft plc, and we also invited supporters to help us firm up our own financial model through the transition period. This appeal was highly successful, allowing us to help 28 producer organisations who support the livelihoods of 25,000 producers and workers, through enabling improved market access, filling the gap created by the loss in income via Traidcraft plc. The appeal was also used to re-engage lapsed donors.

We have now introduced and implemented a new strategy, management and accountability system within the team and each income stream has been business planned to ensure we focus efforts on high return on investment initiatives and develop our portfolio as much as is possible in this, a year of consolidation for the team. We have created new fundraising campaigns such as Free Will Month (legacy initiative), Small Steps (new committed giving community) and Great North Run (the first of what will be a challenge portfolio specifically aimed at new audiences). We have begun to develop a more authentic voice with our donors and audiences to create two-way dialogue and build trust. Improving the supporter journey is a key pillar in the Fundraising Strategy, our mantra being to "delight the donor" – the impact is beginning to show with us having retained 57% of donors in 2018/19 as opposed to 42% in 2017/18.

We also launched our new website making it easier for donors to see the great work we do and to donate. Gifts made through the website totaled £128,000 – a huge increase on prior years. Donations made via the website have led to greater efficiencies than is possible with traditional means of donation – freeing up supporter care time to deliver a better quality of service to supporters helping to increase retention levels.

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Traidcraft Exchange is registered with the Fundraising Regulator and is an organisational member of the Institute of Fundraising - as such, Traidcraft Exchange has robust systems in place to ensure we abide by the Fundraising Code of Conduct and strive towards best practise wherever possible.

All formal complaints and suggestions for improvement are logged into the system and managed by the Head of Fundraising and, where the complaint is escalated, the Chief Executive. In 2018/19 we received one formal complaint about a new raffle we were running. The matter was dealt with appropriately and the donor was satisfied. We received no complaints (2017/18: 1) through the Fundraising Regulator.

We do not currently undertake any tele-marketing, text marketing or face-to-face marketing activities or use the services of any third party professional fundraisers. We only market via email to those we have consent from and there is a link to our privacy statement and opportunity to opt out of e-marketing with every marketing email sent.

GDPR procedures are in place to ensure all supporters are instructed as to how to opt out of marketing and to ensure legitimate interest criteria are fulfilled and logged for each mailing.

Staff have received training and there are various flags in the system so ensure we do not market to vulnerable people. Confidentiality agreements are in place with all existing contractors and currently there are no business partnerships in place, save those of our sister business, Traidcraft plc with which a data-sharing agreement is in place alongside a Confidentiality Agreement.

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FINANCIAL REVIEW

We have had a good year financially, making an unrestricted surplus of £74,000 (2018: £249,000) before other recognised gains and losses.

Performance against budget targets:

Performance was once again better than our budget target for the year, due to both an increase in unrestricted income and a fall in unrestricted expenditure. Unrestricted trust and major donor income and supply chain income exceeded our targets whilst legacies and donations from individuals were on target for the year. Several departments had savings in expenditure versus the target and a few vacancies or new roles were not filled or were put on hold, so there were salary savings during the year. This helped to reduce the impact of revaluing the shares held in Traidcraft plc following their significant downsizing during the year.

There was a significant underspend on a development project due to issues with the lead partner, so we spent less restricted charitable expenditure and did not generate as much restricted income as targeted. This underspend will be reversed during the remaining years of the project.

Performance against previous years:

Total income for the charity increased slightly from £3.1 million to £3.2 million. 2017/18 was an exceptional year for legacy income, so this was expectedly lower in 2018/19. Apart from legacies, most other income streams remained steady or increased. Consultancy income significantly increased from our supply chain work in India and the UK. Income from charitable activities also increased due to new projects starting and activity levels were high on a number of on-going projects.

	£'000s	2016-17	2017-18	2018 – 19
Incoming resources		3,406	3,134	3,182

Charitable expenditure was 16% up year on year and back to previous levels. This was due to a rise in both international development and policy and campaigning expenditure as a few new projects started and activities increased on projects that started part way through the previous year. Before this financial year, several projects had also finished. The boost in charitable expenditure was anticipated after securing a high value of new institutional projects in 2017/18.

	£'000s	2016-17	2017-18	2018 – 19
Charitable expenditure		2,662	2,254	2,612

We started the year with reserves in a good position and reserves as at March 2019 remain well above the target minimum set by the Board of £547,000.

	£'000s	2016-17	2017-18	2018-19
Unrestricted surplus*		68	249	74
Unrestricted reserves - General		894	1,113	1,097

**before other recognised gains and losses (defined benefit pension scheme and exchange rate movements)*

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RISK MANAGEMENT

The Board is responsible for Traidcraft Exchange's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, but not eliminate, the risk of failure to achieve our objectives. Responsibility for managing the risks has been allocated within the executive team and, where appropriate, actions needed have been built into departmental action plans. Management, on behalf of the Board, ensures the operation and effectiveness of Traidcraft Exchange's system of internal financial controls by the following means:

- **Control environment** – creating an organisational structure with clearly defined responsibilities for internal financial control.
- **Operating controls** – each department maintains financial controls and procedures appropriate to its own business environment conforming to overall standards and guidelines.
- **Financial reporting** – implementing comprehensive management reporting disciplines which involve the preparation of annual budgets by all departments. The budgets are reviewed by management and passed to the Board for approval, and financial performance against budget is monitored, with minutes and management accounts tabled at quarterly Board meetings.

The principal risks identified by the Board continue to be in the challenge of raising restricted donations for large institutional projects and our ability to increase our portfolio of donors – even more so with the continued uncertainty around Brexit. While we have continued to explore new funding relationships, we continue to have only a handful of principal donors, including the UK government and the European Commission, so we remain vulnerable to cutbacks in aid budgets. Institutional fundraising targets funding for a few large projects and therefore income from this source tends to fluctuate greatly between financial years depending on how many funding bids are successful in a particular 12 month period. Whilst 2018/19 has been another good year for Traidcraft Exchange in securing new grants, we continually seek to diversify our sources of income to build a more resilient financial model for the charity.

As highlighted in the new strategic approach, we have started to explore how we can work directly with businesses who are committed to addressing issues around sustainability and fair trade in their supply chains. We have conducted market research in UK to understand better the marketplace and the role we can play within it. Similar work in India is proving to be quite lucrative. This portfolio of work is being developed as a consultancy service and will assist us in diversifying our funding streams.

In addition, we have invested more resource into our fundraising from the public, trusts and foundations. Following the significant downsizing of our partner company, Traidcraft plc, we launched an emergency appeal. The aim of this was to raise support for producers impacted by the changes in Traidcraft plc while inviting transition support as one of our key sources of income was removed. Whilst we did not receive any financial support from the plc directly, we did benefit from customers who chose to top up their orders with donations to us, and from Fairtraders who donated their surplus profits to us. We specifically encouraged our existing supporter base to convert to regular giving as a way of continuing their mission with the Traidcraft family. We have also taken a new approach to recruiting new supporters via a more visible digital presence.

Whilst we are doing everything we can to invest in a sustainable financial model for the charity, we are cognisant of the ongoingly challenging external context, with increased competition between NGO's for reduced levels of funding, the increasing criticisms and challenge to the international development agenda within the UK media and the downward trend in public giving. We will continue to keep reserves at sufficient levels to cope with short-term fluctuations in income.

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Other risks identified relate to project implementation either because of security concerns or the capacity of partner organisations we work with. We also continue to manage a set of risks with the new GDPR legislation as well as reviewing our safeguarding and other related people policies. We have developed a new Data Protection policy, in accordance with the EU General Data Protection Regulation 2016/679 (GDPR), to ensure personal data is treated in an appropriate and lawful manner. We have also reviewed and updated the Safeguarding policy. Traidcraft Exchange is fully committed to safeguarding the welfare of all children, young people and vulnerable adults and recognises its responsibility to take all reasonable steps to promote safe practice and to protect children and vulnerable adults from harm, abuse and exploitation.

The countries in which we operate experience varying degrees of insecurity and civil disorder, which impacts project implementation. Overseas trips for UK staff are carefully monitored to ensure that it is safe to travel. Some overseas staff also change travel plans due to political volatility and environmental factors. Thorough risk assessments take place prior to all staff travelling to ensure it is safe for them to do so and to minimize any potential risks.

All our overseas projects are developed and implemented in partnership with local organisations. These local organisations bring an understanding of the project context and the issues to be tackled ensuring that projects are appropriate to the local context. Along with our experience of small enterprise development, Traidcraft Exchange brings project design and management expertise. By working with partners in country we help build their capacity, however some partners have weak financial control systems which means expenditure needs to be closely monitored. Internal control procedures are periodically reviewed to ensure they are working correctly, and regular audits are carried out.

RESERVES POLICY

The trustees 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 2018/19 was £665,000 - £1,028,000, and for 2019/20 it is £547,000 - £885,000. At 31 March 2019, unrestricted reserves (excluding fixed assets and investments) stood at £1,043,000. We excluded the pension reserves as this is a long-term liability and instead set reserves to cover a minimum of one year's contribution into the scheme.

Our reserves are much higher than our minimum requirement and above our maximum requirement. Unrestricted reserves peak around March due to the timing of unrestricted donations. Our reserves will be reduced to nearer the minimum level during the year, as we continue to invest in implementing in the strategy and as we feel the implications of the challenges outlined above.

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GOING CONCERN

After making enquiries, the trustees have a reasonable expectation that Traidcraft Exchange 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.

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 2019 Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £1,043,000. Our reserves policy sets the target minimum reserve level at £547,000. The trustees feel the Charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections.
- Traidcraft Exchange has set an achievable budget for the year 2019/20 and expects to post an unrestricted deficit of £394,000 which would reduce reserves to £649,000. This is above our minimum target level for reserves.
- Traidcraft Exchange has not encountered any difficulty in paying its trade creditors within agreed payment terms.

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PLANS FOR FUTURE PERIODS

One year into the new strategy, our intention is to build on what we have learned from our first year activities to further deepen our impact and strengthen our financial sustainability.

We have identified the following three priorities that we will work on together in the year ahead:

1. For us to remain relevant and dynamic, we need to be clear about what differentiates our work. To deepen our impact and get the best from our collective efforts, we will work within a more clearly defined, shared focus. To do this, we will:
 - a. Ensure our programme, advocacy, communications, campaigning and fundraising are strengthened through a shared focus on people who are vulnerable and/or invisible in trade
 - b. Develop this shared approach into a clearer identity through a simple narrative and case for support
2. We know that we are stronger when we work together. For an organisation of our size we will achieve much more if we work in collaboration with others:
 - a. Each team to place an emphasis on building and developing purposeful relationships and partnerships with organisations and individuals
 - b. Use a new digital approach to campaigning to effect change and attract new audiences online
 - c. Put particular effort into strengthening and maintaining the internal relationships between teams: particularly Campaigning and Fundraising teams, and Programme and Policy teams
 - d. Provide opportunities and support to all teams to share their work with others internally.
3. Our ability to deliver real change and impact on the ground is totally dependent on strong back-office systems that work. Good systems allow us to be good stewards of our resources. We need to ensure we are fit for purpose:
 - a. Implement new finance package which enables clear accountability and reporting
 - b. Continue to deliver a new approach to HR and Operations with systems and processes which enable all staff to give their best
 - c. Deliver a gold standard of supporter care, focusing on account management and retention activities.
 - d. Ensure we have strong project management systems in our international programmes

We are seeking to deliver other activities during the year, some of which include:

- Continue to grow our digital comms and integrate our approach across campaigning and fundraising.
- Win two new large projects or projects worth £2m
- Develop and share learning documents/briefings outlining our understanding of 'Inclusion' and 'Modern Slavery'
- Take forward our work on Supply Chain Services through our international programmes
- Secure thirty new legacy pledges.
- Exceed £100k on the fundraising Christmas appeal
- Advance the joint UK campaign on creating a UK law on human rights due diligence for corporations
- Develop and launch the next stage of our trade policy and investment work

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STRUCTURES, GOVERNANCE AND MANAGEMENT

Traidcraft Exchange is a company limited by guarantee governed by its Memorandum and Articles of Association (updated 2011). It is registered as a charity with the Charity Commission.

ORGANISATIONAL STRUCTURE

Traidcraft works through three closely-linked entities, sharing the same values and mission. Following the significant downsizing of Traidcraft plc in 2018/19, all shared roles were separated out. Furthermore, the role of Chief Executive was divided between the two organisations. There is now a separate Chief Executive for both Traidcraft plc and for Traidcraft Exchange. There is also an increased delineation in the role of the trustees. While many of the members of the two boards are the same, the two boards now have separate meetings with separate agendas. In 2018/19, we recruited our first Traidcraft Exchange only trustee and we are expecting to recruit for more specialist charity expertise in 2019/20. Both Traidcraft Exchange and Traidcraft plc work within the oversight and guidance of the Traidcraft Foundation.

The Traidcraft Foundation is the Founder Member of Traidcraft Exchange and appoints the trustees of Traidcraft Exchange. It also holds the Guardian Share in Traidcraft plc, which gives a range of rights including a veto over appointments to the Board of Traidcraft plc.

BOARD STRUCTURE

Traidcraft's Board is responsible for approving Traidcraft's policy and strategy. It meets regularly during the year and has a schedule of matters specifically reserved to it for decision. The management team supplies the Board with appropriate and timely information and the trustees are free to seek any further information they consider necessary. All trustees have access to advice from the Company Secretary and independent professionals at the Charity's expense. Training is available for new trustees and other trustees as necessary.

There were four sub-committees of the Board: the Nominations Committee, the Finance Committee, the Audit Committee and the Remuneration Committee.

All trustees are subject to re-election at least every three years, except the Foundation Trustee (who is appointed by the Traidcraft Foundation for a three year term).

The Board of Traidcraft Exchange consists of eight trustees, which previously included the Chief Executive of Traidcraft plc. Following the separation, there is currently an acting Chief Executive of Traidcraft Exchange and a formal process to recruit a permanent Chief Executive will take place in 2019/20. This Chief Executive will have voting rights and will be a trustee. This is an exception agreed with the Charity Commission.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity with the assistance of the other senior management. To facilitate effective operations, the Chief Executive has delegated authority for operational matters.

Trustees in office during the year are listed on page 1.

THE TRAIDCRAFT EXCHANGE

REPORT OF THE TRUSTEES

Governance developments in the year

The Director of Traidcraft Exchange went on maternity leave in June 2018. A maternity cover was recruited to cover this role in her absence. Part way through the year, the board decided to separate the Chief Executive role of the plc from the executive team of Traidcraft Exchange. The interim Director of Traidcraft Exchange was therefore appointed as interim Chief Executive. A formal recruitment for the permanent Chief Executive role will take place when the Director of Traidcraft Exchange returns from maternity leave in September 2019.

Following a vote with members, the Staff Association will also separate out its activities between Traidcraft Plc and Traidcraft Exchange. These changes will be implemented from July 2019 when representatives will have had the opportunity to explore with the leadership team on how to engage with the board.

APPOINTMENT AND TRAINING OF TRUSTEES

Traidcraft has a Nominations Committee which identifies and proposes candidates for the Board of Traidcraft Exchange. Recruitment and selection of new Board members is by a combination of external advertisement and networking. Candidates are asked to provide written expression of interest and, if shortlisted, are interviewed by members of the Nominations Committee. Following recommendation by the Nominations Committee and approval by the Traidcraft Foundation, successful candidates are co-opted onto the Board ahead of being subject to re-election by the shareholders of Traidcraft plc at the next Annual General Meeting.

Board members receive letters of appointment, including a job description and statement of expectations. Induction packs are provided to new trustees and induction meetings are arranged to cover key responsibilities, learn about the work of the organisation and meet key employees. Some ongoing training is included within the normal pattern of meetings, and ongoing training needs are identified and met at the charity's expense, as necessary.

PAY POLICY

The Remuneration Committee, made up of three trustees, has responsibility for making recommendations to the Board on Traidcraft's general policy on executive directors' remuneration and determines the specific package for individual executive directors. It carries out these aspects of Traidcraft's remuneration policy on behalf of the Board. As well as considering conditions in Traidcraft as a whole, it uses external data to set the context for its deliberations and takes into account Traidcraft's position relative to other organisations and is aware of what these are paying. It looks particularly closely at other charitable organisations in assessing appropriate levels of remuneration for Traidcraft executive directors. The policy of the Board is to provide executive remuneration packages that will attract, motivate and retain directors of the calibre necessary to maintain Traidcraft's position and to ensure that it meets its various objectives.

Trustees of Traidcraft Exchange receive no payment in relation to their role as Trustees of the Charity. Travelling and other expenses are reimbursed. No trustees received remuneration from the Charity during the year, other than the Chief Executive (prior to the role becoming separate).

For all other staff, including senior staff, salary setting is determined by the Senior Management Team, following input from HR. When setting appropriate salaries for individual roles, internal relativities and external data is considered in order to make the reward as fair as possible in the Traidcraft context. Traidcraft Exchange implements a reward approach with defined salary bands and ranges. External benchmarking was conducted to inform how Traidcraft salaries compare against external market rates. Benchmarking information was then used to establish transparent 'levels' for pay scales, and to allocate roles to these scales.

THE TRADCRAFT EXCHANGE

REPORT OF THE TRUSTEES

TRUSTEES' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the statement of responsibilities set out in the auditor's report, is made with a view to distinguishing the respective responsibilities of the Trustees and the auditor in relation to the financial statements.

The trustees (who are also directors of Traidcraft Exchange for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Company's Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

In so far as the trustees are aware at the time of approving our financial statements:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

UNW LLP have indicated their willingness to be re-appointed as auditor for another term. This will be proposed at the Annual General Meeting.

The report of the trustees was approved on 25 July 2019 and signed on their behalf by



Ram Gidoomal, Chair

THE TRAIDCRAFT EXCHANGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRAIDCRAFT EXCHANGE

Opinion

We have audited the financial statements of The Traidcraft Exchange for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the charity statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flow 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 FRS 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 the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis of 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Respective responsibilities of trustees and auditor

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

THE TRAIDCRAFT EXCHANGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRAIDCRAFT EXCHANGE

identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the group strategic report, for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which includes the group strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the charitable company 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 Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

THE TRAIDCRAFT EXCHANGE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRAIDCRAFT EXCHANGE

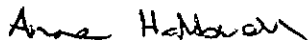
Auditor's responsibilities for the audit of the financial statements

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.

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. The description forms part of our auditor's report.

Who are we reporting to

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

THE TRAIDCRAFT EXCHANGE

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2019

	Note	CONSOLIDATED			
		Unrestricted	Restricted	Total	Total
		Funds	Funds	2019	2018
		£000	£000	£000	£000
INCOME FROM:					
Donations and legacies					
Donations from individuals	2	1,291	-	1,291	1,288
Legacies		220	-	220	435
Trusts and charities	2	62	-	62	40
Investments		3	-	3	2
Charitable activity:					
Grants from institutional sources	2	-	1,401	1,401	1,273
Other income	3	205	-	205	95
Other finance income	16	-	-	-	1
Total Income		1,781	1,401	3,182	3,134
EXPENDITURE ON:					
Raising funds					
Voluntary income	4	454	-	454	465
Institutional sources	4	134	-	134	138
Charitable activities					
Development programmes	5	811	1,300	2,111	1,824
Policy and campaigning	5	308	193	501	430
Total Expenditure	6	1,707	1,493	3,200	2,857
Net income		74	(92)	(18)	277
Other recognised gains and losses					
Realised gains		-	-	-	1
Unrealised (losses)		(1)	-	(1)	(5)
Unrealised (loss) on investments		(43)	-	(43)	-
Actuarial losses on defined benefit pension scheme	16	(46)	-	(46)	(38)
Net movement in funds		(16)	(92)	(108)	235
Fund balances brought forward		1,113	194	1,307	1,072
Fund balances carried forward at 31 March 2019	18	1,097	102	1,199	1,307

There are no gains or losses during the year other than the net movement in funds of (£108,000). All income and expenditure relates to continuing operations. The notes on pages 23 to 43 form part of these Financial Statements.

THE TRAIDCRAFT EXCHANGE

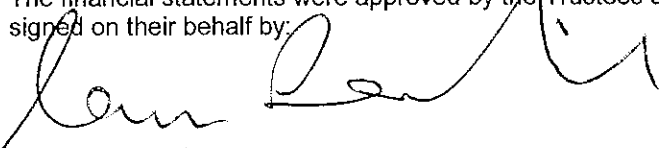
BALANCE SHEET AT 31 MARCH 2019

Company Registration Number: 03031674, Charity Registration Number 1048752.

	Note	CONSOLIDATED			
		2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible	11		49		11
Intangible	12		5		9
Investments	13		-		43
			<u>54</u>		<u>63</u>
Current assets					
Debtors	14	482		512	
Cash at bank and in hand		<u>1,443</u>		<u>1,453</u>	
		<u>1,925</u>		<u>1,965</u>	
Creditors: amounts falling due within one year					
Creditors	15	780		721	
Net current assets			<u>1,145</u>		<u>1,244</u>
Total assets less current liabilities			<u>1,199</u>		<u>1,307</u>
Defined benefit pension scheme liability	16		-		-
			<u>1,199</u>		<u>1,307</u>
Funds and reserves					
Restricted funds	18		102		194
Unrestricted funds – General	18	1,097		1,113	
Unrestricted funds – Pension Reserve	18	-		-	
Unrestricted – Total General			<u>1,097</u>		<u>1,113</u>
Total funds and reserves			<u>1,199</u>		<u>1,307</u>

The notes on pages 23 to 43 form part of these Financial Statements.

The financial statements were approved by the Trustees and authorised for issue on 25 July 2019 and are signed on their behalf by:



Ram Gidoomal
Chair

THE TRAIDCRAFT EXCHANGE

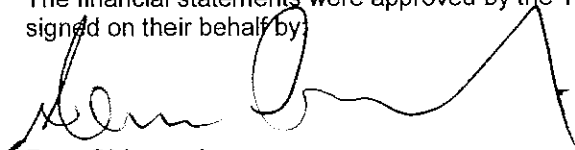
BALANCE SHEET AT 31 MARCH 2019

Company Registration Number: 03031674, Charity Registration Number 1048752.

TRAIDCRAFT EXCHANGE					
	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible	11		47		11
Intangible	12		5		9
Investments	13		1		44
			<u>53</u>		<u>64</u>
Current assets					
Debtors	14	482		512	
Cash at bank and in hand		<u>1,440</u>		<u>1,452</u>	
		1,922		1,964	
Creditors: amounts falling due within one year					
Creditors	15	778		721	
Net current assets			<u>1,144</u>		<u>1,243</u>
Total assets less current liabilities			1,197		1,307
Defined benefit pension scheme liability					
	16		-		-
			<u>1,197</u>		<u>1,307</u>
Funds and reserves					
Restricted funds	18		102		194
Unrestricted funds – General	18	1,095		1,113	
Unrestricted funds – Pension Reserve	18	-		-	
Unrestricted – Total General			<u>1,095</u>		<u>1,113</u>
Total funds and reserves			<u>1,197</u>		<u>1,307</u>

The notes on pages 23 to 43 form part of these Financial Statements.

The financial statements were approved by the Trustees and authorised for issue on 25 July 2019 and are signed on their behalf by:



Ram Gidoomal
Chair

THE TRAIDCRAFT EXCHANGE

STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

		CONSOLIDATED			
	Note	2019 £000	2019 £000	2018 £000	2018 £000
Cash flows from operating activities:					
Net cash generated by/(used in) operating activities	19		43		481
Cash flows from investing activities:					
Interest received		3		2	
Purchase of fixed assets		(55)		(10)	
Net cash used in investing activities			(52)		(8)
Net (decrease)/increase in cash			(9)		473
Cash and cash equivalents at start of year			1,453		984
Change in cash and cash equivalents due to exchange rate movements			(1)		(4)
Cash and cash equivalents at end of year			<u>1,443</u>		<u>1,453</u>

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

1 ACCOUNTING POLICIES

The Traidcraft Exchange (the company) is private company 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. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Traidcraft Exchange 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 note(s).

The principal accounting policies of the Charity have remained unchanged from the previous year. The registered office is Kingsway, Gateshead, NE11 0NE, UK. The accounts are presented in £'000.

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. Refer to the Trustees' Report for further details.

FUND ACCOUNTING

Unrestricted funds are funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees for a particular purpose.

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 aim and use of each restricted fund is set out in the notes to the financial statements.

INCOMING RESOURCES

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.

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.

THE TRAUDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

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 on Restricted Funds are detailed in the Statement of Financial Activities.

RESOURCES EXPENDED

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 following basis:

Fundraising	30%
Development Programme	46%
Policy & Campaign Programme	24%

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.

Management and administration costs (referred to as 'Overhead allocation') 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.

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.

CASH AT BANK AND IN HAND

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

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.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value over the useful economic lives of all tangible fixed assets by the straight-line method. A full year's depreciation is charged in the year of acquisition. Only assets costing more than £500 are capitalised. The annual charges are based on:

Computer equipment	25% of cost per annum
Motor vehicles	20% of cost per annum
Office furniture	10% of cost per annum

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

INVESTMENTS

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

INTANGIBLE FIXED 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 and are subsequently measured at cost net of amortisation and any provision for impairment. Assets are amortised over 4 years.

DEBTORS

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

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 company 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.

CONTRIBUTION TO PENSION FUNDS

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 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 EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

LEASED ASSETS

Traidcraft Exchange 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.

TAXATION

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF UNCERTAINTY

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 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.

SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2 INCOMING RESOURCES

	CONSOLIDATED			
	2019	2019	2019	2018
	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	Total Funds £000
Donations from Individuals				
Regular giving	292	-	292	310
Direct mail appeals	383	-	383	331
Fair Traders	127	-	127	161
Traidcraft plc customers/shareholders	118	-	118	105
Community events	153	-	153	106
Challenge events	4	-	4	2
Tax reclaimed through Gift Aid	136	-	136	137
Miscellaneous	78	-	78	136
	1,291	-	1,291	1,288

Trusts and Charities

The Ceniarth Foundation
 Other grants of £10,000 or more
 Grants between £1,000 and £10,000
 Grants under £1,000

CONSOLIDATED	
2019 £000	2018 £000
Unrestricted	Unrestricted
25	-
-	10
24	25
13	5
62	40

Grants from Institutional Sources

Government Bodies and Multilateral

Department for International Development
 European Union
 Guernsey Overseas Aid Commission

Trusts & Charities

National Lottery Community Fund
 Christian Aid
 Comic Relief
 TR Aid
 The Society of the Sacred Heart
 The Squires Foundation
 The Network for Social Change Charitable Trust
 The Joseph Rowntree Charitable Trust
 Anonymous
 KMF Maxwell Stuart Charitable Trust
 The Ceniarth Foundation

Grants under £10,000

CONSOLIDATED	
2019 £000	2018 £000
Restricted	Restricted
171	224
693	363
-	15
263	319
51	75
125	124
1	-
18	-
13	-
-	12
-	7
15	15
-	30
-	25
51	64
1,401	1,273

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2 INCOMING RESOURCES (CONTINUED)

	CONSOLIDATED	
	2019 £000	2018 £000
Split of income		
UK	2,392	2,760
Rest of World	790	374
	3,182	3,134

3 OTHER INCOME

	CONSOLIDATED			
	2019 Unrestricted Funds £000	2019 Restricted Funds £000	2019 Total Funds £000	2018 Total Funds £000
Miscellaneous	9	-	9	6
Consultancy income	196	-	196	89
	205	-	205	95

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

4 COSTS OF GENERATING FUNDS

	CONSOLIDATED			
	2019 Unrestricted Funds £000	2019 Restricted Funds £000	2019 Total Funds £000	2018 Total Funds £000
Voluntary income				
Direct salaries	225	-	225	207
Travel and accommodation	1	-	1	2
Direct costs (Note 7)	118	-	118	148
Overhead allocation (Note 8)	110	-	110	108
	454	-	454	465
Institutional sources				
Direct salaries	82	-	82	93
Travel and accommodation	5	-	5	6
Direct costs (Note 7)	7	-	7	1
Overhead allocation (Note 8)	40	-	40	38
	134	-	134	138
	588	-	588	603

The total costs of generating funds excluding allocated overheads amounted to £438,000 and represented 12.5% (2018: 10%) of the total value of new money raised during the financial year. £3.5m was raised during the year comprising £1.6m raised by the Fundraising team and £1.9m in new grants was won by the Programme Funding team. Some of the funds raised by the Programme Funding team have not yet however been recognised in the Statement of Financial Activities. These are restricted funds that can only be recognised upon implementation of the project activities they are financing.

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

5 CHARITABLE ACTIVITIES

	CONSOLIDATED			
	2019 Unrestricted Funds £000	2019 Restricted Funds £000	2019 Total Funds £000	2018 Total Funds £000
Development Programmes				
Direct salaries	378	275	653	506
Travel and accommodation	24	28	52	57
Direct programme costs (Note 7)	241	932	1,173	1,077
Overhead allocation (Note 8)	168	65	233	184
	811	1,300	2,111	1,824
Policy Unit and Campaigning				
Direct salaries	164	123	287	270
Travel and accommodation	1	10	11	7
Direct programme costs (Note 7)	4	55	59	19
Overhead allocation (Note 8)	139	5	144	134
	308	193	501	430
	1,119	1,493	2,612	2,254

6 RESOURCES EXPENDED

Total resources expended include the following amounts:

	CONSOLIDATED	
	2019 £000	2018 £000
Depreciation	17	5
Amortisation	4	7
Operating leases		
- land and buildings	41	48
- other	7	7
Realised exchange rate (gains)	-	(1)
Unrealised exchange rate losses/(gains)	1	5
Auditor's remuneration		
- as auditors	5	5
- for other services	1	-

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	2019 £000	2018 £000
UNW LLP	6	5
	6	5

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

7 DIRECT COSTS

	CONSOLIDATED	
	2019	2018
	£000	£000
Transfers to local partners	575	707
Programme running costs	526	359
Consultants	147	43
In-country management costs	109	136
	1,357	1,245
Reallocated to:		
Charitable activities	1,232	1,096
Costs of generating funds	125	149
	1,357	1,245

8 ANALYSIS OF OVERHEAD ALLOCATION

	CONSOLIDATED							Total	Total
	Mgmt & Admin salaries	Governance	Office services	Office machinery & consumables	Financial services	PR & Comms	2019	2018	
	£000	£000	£000	£000	£000	£000	£000	£000	
Costs of generating funds									
Voluntary income	71	2	18	5	6	8	110	108	
Institutional sources	26	1	6	2	2	3	40	38	
Charitable activities									
Development programmes	151	4	37	10	14	17	233	184	
Policy and Campaigning	79	2	42	5	7	9	144	134	
Total Expenditure	327	9	103	22	29	37	527	464	

Overheads 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 (£76,000, 2018: £69,000) HR (£32,000, 2018: £29,000), Public Relations and Communications (£88,000, 2018: £71,000) and general management (£87,000, 2018: £85,000). It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables includes depreciation and non-capital office furniture, fittings and equipment. Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. There is also a charge of £1,304 (2018: £1,058) for Trustees Indemnity Insurance. 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 EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

9 STAFF COSTS AND RELATED EXPENDITURE

	CONSOLIDATED	
	2019 £000	2018 £000
Salaries	924	813
Social security costs	89	81
Pension costs (excluding contributions to defined benefit scheme – FRS102)	66	66
	<hr/>	<hr/>
Subtotal: employment costs	1,079	960
Overseas salaries and staff costs	452	387
Recruitment and relocation	22	5
Training and other staff costs	21	20
	<hr/>	<hr/>
	1,574	1,372

No employees received employee benefits of more than £60,000. The current Chief Executive is employed and paid directly by Traidcraft Exchange, but previously, the costs of employing the Chief Executive (who worked across both the Charity and Traidcraft plc), was shared between both companies in proportion to time spent.

In the year ended 31 March 2019, the key management personnel of Traidcraft Exchange comprised the trustees, the Chief Executive and members of the Senior Management Team. For the year ended 31 March 2018, key management personnel comprised the trustees, the Chief Executive, Chief Operating Officer and Director of Traidcraft Exchange. The total employee benefits of the key management personnel were £345,000 (2018: £82,000).

The average head count during the reporting period was 55 staff. The average number of full-time equivalent employees in our UK and overseas offices during the year was:

	2019 No.	2018 No.
Development programmes and Policy Unit	39	33
Fundraising	8	9
Management and administration	6	5
	<hr/>	<hr/>
	53	47

10 TRANSACTIONS WITH TRUSTEES

The Chief Executives in the year were Robin Roth (resigned 31 October 2018) and Esther Stevenson (appointed 1 November 2018 as interim Chief Executive). Robin Roth, also a trustee, was paid by Traidcraft plc, with Traidcraft Exchange sharing a proportion of these costs. There are no trustees to whom retirement benefits are accruing under the defined benefit pension scheme.

Other than Robin Roth, no trustees received remuneration from the charity during the year. Total expenses paid to one (2018: three) of the trustees amounted to £2,388 (2018: £3,575). These related to the costs of attendance at board and other meetings and costs of the Chief Executive's travel.

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

11 TANGIBLE FIXED ASSETS

<u>CONSOLIDATED</u>	2019 £000	2018 £000
Furniture and equipment		
Cost		
At 1 April	82	123
Additions	55	5
Disposals	(30)	(16)
Transfer to intangible fixed assets	-	(30)
At 31 March	107	82
Depreciation		
At 1 April	71	98
Less depreciation on disposals	(30)	(14)
Charge for year	17	5
Transfer to intangible fixed assets	-	(18)
At 31 March	58	71
Net Book Value at 31 March	49	11

<u>TRADCRAFT EXCHANGE</u>	2019 £000	2018 £000
Furniture and equipment		
Cost		
At 1 April	82	123
Additions	52	5
Disposals	(30)	(16)
Transfer to intangible fixed assets	-	(30)
At 31 March	104	82
Depreciation		
At 1 April	71	98
Less depreciation on disposals	(30)	(14)
Charge for year	16	5
Transfer to intangible fixed assets	-	(18)
At 31 March	57	71
Net Book Value at 31 March	47	11

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

12 INTANGIBLE FIXED ASSETS

<u>CONSOLIDATED AND TRAIDCRAFT EXCHANGE</u>	2019 £000	2018 £000
IT systems		
Cost		
At 1 April	29	-
Transfer from tangible assets	-	30
Additions	-	5
Disposals	(14)	(6)
At 31 March	15	29
Depreciation		
At 1 April	20	-
Transfer from tangible assets	-	18
Less depreciation on disposals	(14)	(5)
Charge for year	4	7
At 31 March	10	20
Net Book Value at 31 March	5	9

13 INVESTMENTS

	<u>TRAIDCRAFT EXCHANGE</u>		<u>CONSOLIDATED</u>	
	2019 £000	2018 £000	2019 £000	2018 £000
Traidcraft Plc	-	43	-	43
Traidcraft Services India Private Limited	1	1	-	-
	1	44	-	43
Traidcraft Plc	2019 £000	2018 £000	2019 £000	2018 £000
At 1 April 2018	43	40	43	40
Additions in the year	-	11	-	11
Change in valuation	(43)	(8)	(43)	(8)
Market value at 31 March 2019	-	43	-	43
Cost	-	-	-	-

The investments include shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. As at the 31st March 2019, 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.

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

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

14 DEBTORS

	TRAIDCRAFT EXCHANGE		CONSOLIDATED	
	2019 £000	2018 £000	2019 £000	2018 £000
VAT receivable	16	8	16	8
Accrued income	430	352	430	352
Traidcraft plc	-	28	-	28
Other debtors	36	124	36	124
	482	512	482	512

15 CREDITORS: amounts falling due within one year

	TRAIDCRAFT EXCHANGE		CONSOLIDATED	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	11	45	11	45
Accrued expenses and deferred income	738	674	740	674
Traidcraft plc	27	-	27	-
Traidcraft Foundation	2	2	2	2
	778	721	780	721
Deferred income:	2019 £000	2018 £000	2019 £000	2018 £000
Brought forward	552	131	552	131
Deferred	581	552	581	552
Released	(523)	(131)	(523)	(131)
Carried forward	610	552	610	552

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 2019/20. Income will be recognised as the monies are utilised, in line with the funding agreements.

16 PENSIONS

Closed defined benefit scheme:

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

The triennial actuarial valuation prepared as at 1 April 2016 indicated that the scheme is approximately 90.7% funded against technical provisions with a deficit of £690,000. The agreed ongoing funding to be paid by the employers is £220,000 per annum which is intended to bring the scheme up to a fully-funded position by 31 March 2020. The total charge for the year paid by Traidcraft relating to this scheme, shown below, is divided between Traidcraft plc and Traidcraft Exchange according to the prevailing advice about the split of liabilities in the scheme.

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

16 PENSIONS (CONTINUED)

The Charity expects to contribute £46,200 to the defined benefit pension plan in the year to 31 March 2020. It should be noted that the deficit calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2019.

Key assumptions

	2019	2018
Discount rate	2.35%	2.60%
Expected rate of inflation (CPI)	2.25%	2.30%
Rate of increase of pensions accrued post 5 April 1997	2.25%	2.30%
Rate of revaluation of deferred pensions	2.25%	2.30%

Mortality assumptions

The assumed life expectations on future lifetime from retirement age 65 are:

	2019	2018
<i>Retiring today</i>		
Males	21.3	21.7
Female	23.2	23.6
<i>Retiring in 20 years</i>		
Males	22.3	22.8
Female	24.4	24.9

Amounts recognised in the Statement of Financial Activities:

	2019	2018
	£000	£000
Net interest on defined benefit asset:	(5)	(1)
Actuarial losses	(46)	(37)

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

	2019	2018
	£000	£000
Present value of defined benefit obligations	(1,611)	(1,575)
Fair value of plan assets	1,611	1,575
Deficit in the scheme	-	-

In the year ended 31 March 2019 the actuarial valuation for accounting purposes showed a surplus of assets over liabilities at that date of £172,000 (2018 £170,000). 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.

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

16 PENSIONS (CONTINUED)

Movement in the present value of the defined benefit obligations:

	2019 £000	2018 £000
Opening defined benefit obligation	(1,575)	(1,610)
Interest cost	(37)	(30)
Actuarial gain/(losses)	(60)	5
Benefits paid	61	60
Closing defined benefit obligation	<u>(1,611)</u>	<u>(1,575)</u>

Movement in the fair value of scheme assets:

	2019 £000	2018 £000
Opening fair value of scheme assets	1,575	1,610
Interest income	45	40
Interest limited under FRS102	(2)	(156)
Return on plan assets excluding interest	8	104
Contributions by employer	46	37
Benefits paid	(61)	(60)
Closing fair value of scheme assets	<u>1,611</u>	<u>1,575</u>

Analysis of the scheme assets at the reporting date:

	2019 £000	2018 £000
Equities	582	849
Bonds	719	841
Other	<u>482</u>	<u>55</u>
Total market value of assets	1,783	1,745
Value recognised limited under FRS102	<u>(172)</u>	<u>(170)</u>
	<u>1,611</u>	<u>1,575</u>

Return on plan assets:

The actual return on plan assets was £56,000 (2018 £153,000).

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% (2018 - 7.5%). Traidcraft Exchange made contributions of £63,000 during the past year (2018 - £55,000) and this cost, together with administration charges of £3,000 (2018 - £11,000) relating to the closed scheme comprise the pension cost of £66,000 (2018 - £66,000) shown in Note 9 to these accounts.

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

17 TRANSACTIONS WITH RELATED PARTIES

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

Transactions with related parties

During the year the Charity had transactions with the following related parties:

1. The Traidcraft Foundation – the controlling party of the company as detailed above.
2. Traidcraft plc – a company with a number of trustees in common and in which the Traidcraft Foundation controls a protective Guardian Share
3. Trustees – three trustees donated £1,044 (2018: £1,792) during the year.

Transactions during the year were as follows:

	2019 £000	2018 £000
Traidcraft plc		
Purchase of goods and services (e.g. rent and building costs)	66	110
Sale of services	52	61
Balances due to related parties at 31 March		
Traidcraft Foundation	2	2
Traidcraft plc	27	-
Balances due from related parties at 31 March		
Traidcraft plc	-	28

18 ANALYSIS OF FUNDS

	CONSOLIDATED		
	Restricted 2019 £000	Unrestricted 2019 £000	Total 2019 £000
Fixed assets	-	54	54
Investments	-	-	-
Debtors	182	300	482
Cash at bank and in hand	567	876	1,443
Creditors falling due within one year	(647)	(133)	(780)
Net assets	102	1,097	1,199
2018	194	1,113	1,307

There are sufficient resources held in an appropriate form to enable all funds to be applied in accordance with their restrictions.

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

19 CASH FLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2019 £000	2018 £000
Net income for the year	(18)	277
Adjustments for:		
Depreciation charge	21	12
Acquisition of shares	-	(12)
(Gains)/losses on investments	-	8
Interest received	(3)	(2)
Loss on sale of fixed assets	-	3
Pension scheme movement	(46)	(38)
Decrease/(increase) in debtors	30	(163)
Increase in creditors	59	396
Net cash used in operating activities	43	481

20 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019, the charity had annual commitments under non-cancellable operating leases as set out below.

	CONSOLIDATED	
	2019 £000	2018 £000
Operating leases which expire:		
<u>Land and Buildings</u>		
Within 1 year	32	9
Within 2 to 5 years	11	30
<u>Other</u>		
Within 1 year	7	1
Within 2 to 5 years	1	7
	51	47

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

21 RESTRICTED FUNDS

The table on page 42 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.

Overseas Development Programmes

South Asia Programme

Bangladesh

'Khamatayan' (*Empowering smallholders to strengthen local democratic governance*) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub-district associations, and 788 village-level Self-help Groups (SHGs). The project will empower these organisations, representing 20,000 marginal farmers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42-month project is EUR 1.65 million, of which the European Commission will contribute EUR 1.49 million

Traidcraft Exchange joined a consortium led by Helvetas Swiss Intercooperation to initiate a large project in agro-food processing – 'Sustainable Skills and Employment in Small Scale Agro-Food Processing (SHAMERTO)'. The project is designed to strengthen skills, employability and income of workers and entrepreneurs of small, micro and cottage agro-food processing enterprises (SMCE). Specifically, the project will increase gainful employment of workers, better integrate agro-food SMCEs in selected value chains and overall enable business improvement for agro-food SMCEs. The European Commission awarded EUR 3.92 million for 3 years, of which EUR 0.85 million will be routed through Traidcraft Exchange.

In the jute sector, our 'JEWEL (Jute: Empowered Women Ensured Livelihoods)' project has been working directly with 4,320 extremely marginalized women (21,600 beneficiaries) who are associated with the jute supply chain. The project is funded by The National Lottery Community Fund (Project ID 0010223397). The aim of the project is for women to experience a 30% increase in wages and 50% increase in overall income.

Two projects were running under our 'EqualiTEA' programme with an aim of bringing 12,500 people out of poverty permanently by supporting them both technically and financially in small tea cultivation. The projects worked to improve the policy environment in the tea sector of Bangladesh. Christian Aid and UK Government's Department for International Development (under their UKAid matching grant programme) funded 'EqualiTEA II' and 'EqualiTEA UKM' (PO number 40095598; component code 203559-135) projects respectively. The latter project finished in 2018/19.

'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 will 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 will work on multiple fronts, namely rescue and rehabilitate communities from bonded labour conditions; prevention of future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy. 8,000 households and 20,000 children will benefit directly from this project. We will work with Jan Sahas in India and ASSEDO in Bangladesh.

THE TRAIDCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

21 RESTRICTED FUNDS (CONTINUED)

'TRAID: Unlocking the potential of the backyard garments sector to reduce poverty and waste in South Asia: An action-research study on growth potential in Bangladesh and India' is funded by TRAIID. The project works with the backyard garments sector in Bangladesh to make a positive contribution in reducing negative environmental impact caused by garment waste, as well as bringing economic prosperity and poverty reduction to rural areas by creating new job opportunities. Traidcraft Exchange Bangladesh is working with Traidcraft India to undertake a 12-month action-research project to test and unlock the potential of the sector by undertaking an in-depth research study which investigates its actual impact and growth potential, whilst offering hands-on business development support to SMEs to foster their growth. The pilot will benefit 300 SMEs employing 10,000 workers.

India

In the Textiles sector, our 'Going Green' project has worked to develop 'green' standards for textile producers through improvement of production processes (e.g. use of natural dyes, effluent treatment, occupational health & safety, working conditions, and recycling of waste material) directly benefiting 12,500 artisan households. This project is being supported by European Commission (DCI-ASIE/2012/48). The project finished in 2018/19.

In the cotton sector the focus of the 'Sustainable Future's' project supported by The National Lottery Community Fund (project ID 0010230929) and other donors, has been on organic farming, diversification of livelihood options, a special focus of women entrepreneurs and the development of business cooperatives, which benefited 4,000 smallholder households in Odisha. This project also finished in 2018/19.

East Africa Programme

Senegal

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

Tanzania

With a view to ensure the inclusion of people with disabilities in the Cocoa and Coffee value chains, Traidcraft Exchange received funds from The National Lottery Community Fund. The objective of the study was to investigate the structures and dynamics of specific cocoa and coffee market systems (actors & participants, infrastructure, information, services, relationships, decisions & strategies, legal frameworks & norms), as well as identify potential partners. The study was undertaken in partnership with Shivyawata, our local partner.

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

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

21 RESTRICTED FUNDS (CONTINUED)

Kenya

Sustainable Agriculture & Women's Advancement (SAWA) Project is a three-year project being implemented by Traidcraft Exchange in partnership with Farm Concern International in Meru with funding from UK Government's Department for International Development (under their UKAid matching grant programme). The project aims to improve the sustainable livelihoods of over 2,000 smallholder farmers (particularly women) in Meru, Kenya. It focuses on vegetables for the local market and seeks to increase access to markets, improve agricultural production, increase women's voice and participation in the value chains and forge partnerships with the private sector and government

Global Programme

Our Catalyst Innovation Programme enables us to undertake vital preliminary research, scoping, piloting and consultation work which can subsequently be scaled up into high-impact development projects that impact on some of the poorest across our areas of operation in Asia and Africa by:

- Investing in developing new sectors and approaches to fair trade;
- Developing and testing ways of increasing the flow of benefits of local, regional and international trade to the world's poor;
- Supporting developing world businesses to increase their resilience and sustainability by giving them the business and technical support they need to become investment-ready;
- Funding the incubation stage of our international development projects and
- Developing new projects in line with our new strategic priorities

The main donors are the Allan & Nesta Ferguson Charitable Trust Ferguson Trust and the Ceniarth Foundation.

The Producer Support Programme aims to help fair trade producer groups across the developing world to become sustainable, flourishing businesses. The programme focuses on potential or existing Traidcraft suppliers of fair trade products. By assisting them to improve their products, operate more effectively and access more markets, they will be able to grow their businesses and ability to provide income and good working conditions for the thousands of poor people they source from and/or employ.

Policy and Campaigning Programme

International Trade Agreements: Traidcraft Exchange has been working to ensure that post Brexit trade agreements do not negatively impact on developing country producers and farmers, through targeted policy and campaigning work. We continued to push for trade agreements which promote economic development for the poorest countries of the world. Funding was secured from the Maxwell Stuart Trust and Christian Aid in the previous financial year for this work.

Trade Fair Live Fair – This project is funded by the European Union through their Development Education and Awareness Raising scheme. Traidcraft Exchange is working with partners across Europe to make citizens aware of the interdependency of trade between European consumers and producers in the global south, including the role trade has to play in the delivery of the Sustainable Development Goal. Traidcraft's activities are currently focused on campaigning for better wages and working conditions on tea estates in Assam. We received matched funding in the previous financial year for this work from the Network For Social Change.

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

21 RESTRICTED FUNDS (CONTINUED)

	<u>Restricted Fund B/F (£)</u>	<u>Income (£)</u>	<u>Expenditure (£)</u>	<u>Restricted Fund C/F (£)</u>
<u>SOUTH ASIA PROGRAMME</u>				
<u>Banqladesh</u>				
Khamatayan	-	274,373	270,856	3,517
SHAMERTO	6,000	236,915	234,159	8,756
JEWEL (Project ID: 0010223397)	5,262	93,821	99,083	-
EqualiTea II	-	51,488	51,488	-
EqualiTea UKM	-	67,750	67,750	-
MUKTEE	-	17,291	8,101	9,190
TRAID	-	1,093	1,093	-
<u>India</u>				
Going Green	-	70,529	70,529	-
Sustainable Futures (Project ID: 0010259279)	-	107,937	107,937	-
<u>EAST AFRICA PROGRAMME</u>				
<u>Senegal</u>				
Juicing Justice	-	140,844	140,844	-
<u>Tanzania</u>				
Inclusion of people with disabilities I	-	1,242	1,242	-
Inclusion of people with disabilities CCP (Project ID: 10328877)	-	85,002	71,989	13,013
<u>Kenya</u>				
SAWA UKM	-	103,702	103,702	-
<u>OTHER PROGRAMMES</u>				
Catalyst	124,117	-	59,360	64,757
Producer Support	13,927	-	11,841	2,086
Total International Programmes	149,306	1,251,987	1,299,974	101,319
<u>POLICY AND CAMPAIGNING PROGRAMME</u>				
International Investment Agreements	35,000	-	35,000	-
Trade Fair Live Fair	9,047	149,093	158,140	-
Total Policy and Campaigning Programme	44,047	149,093	193,140	-
Total 2019	193,353	1,401,080	1,493,114	101,319
Total 2018	165,471	1,315,647	1,287,765	193,353

THE TRADCRAFT EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

22 STATEMENT OF FINANCIAL ACTIVITIES COMPARATIVES FOR 2018

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000
INCOME FROM:			
Donations and legacies			
Donations from individuals	1,245	43	1,288
Legacies	435	-	435
Trusts and charities	40	-	40
Investments	2	-	2
Charitable activity:			
Grants from institutional sources	-	1,273	1,273
Other income	95	-	95
Other finance income	1	-	1
Total Income	<u>1,818</u>	<u>1,316</u>	<u>3,314</u>
EXPENDITURE ON:			
Raising funds			
Voluntary income	465	-	465
Institutional sources	138	-	138
Charitable activities			
International programmes	596	1,228	1,824
Policy Unit and campaigning	370	60	430
Total Expenditure	<u>1,569</u>	<u>1,288</u>	<u>2,857</u>
Net income/(expenditure)	<u>249</u>	<u>28</u>	<u>277</u>
Other recognised gains and losses			
Realised (losses)/gains	1	-	1
Unrealised gains/(losses)	(5)	-	(5)
Actuarial (losses) on defined benefit pension scheme	(38)	-	(38)
Net movement in funds	<u>207</u>	<u>28</u>	<u>235</u>
Fund balances brought forward	906	166	1,072
Fund balances carried forward at 31 March 2018	<u>1,113</u>	<u>194</u>	<u>1,307</u>