

Registered number: 03031674
Charity number: 1048752

The Traidcraft Exchange

Annual Report

31 March 2021

The Traidcraft Exchange

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 14
Trustees' responsibilities statement	15
Independent auditor's report on the financial statements	16 - 19
Consolidated statement of financial activities	20
Consolidated balance sheet	21
Charity balance sheet	22
Consolidated statement of cash flows	23
Notes to the financial statements	24 - 51

The Traidcraft Exchange

Reference and administrative details Year ended 31 March 2021

Trustees

Ram Gidoomal, Chair (resigned 30 September 2020)
Robin Roth
Jenny Borden (resigned 30 September 2020)
Sarah Hughes
David Neale
Chris Moorhouse
Laurence Sewell
David Pain, Chair
Judith Kirton-Darling (appointed 19 November 2020)

Key management personnel

Charlotte Beacon - CEO of Traidcraft Exchange
Maveen Pereira - Director of Programmes
Mary Milne - Head of Campaigns and Communications
Shahed Ferdous, Country Director - Bangladesh
Janet Ruminju, Head of Programmes - East Africa
Rakesh Supkar, Business Head - India
Amy Wilson - Head of Fundraising
Thomas Royle - Head of Finance
Alexander Carnwath - Head of Policy & Advocacy

Company registered number

03031674

Charity registered number

1048752

Registered office

7-15 Pink Lane, Newcastle upon Tyne, NE1 5DW

Chief executive officer

Charlotte Beacon

Independent auditor

UNW LLP, Citygate, St James' Boulevard, Newcastle upon Tyne, Tyne and Wear, NE1 4JE

Bankers

HSBC Bank Plc, 110 Grey Street, Newcastle upon Tyne, NE1 6JG

Solicitors

Muckle LLP, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF

The Traidcraft Exchange

Trustees' report Year ended 31 March 2021

The trustees present their annual report together with the audited financial statements of the charity for the year 1 April 2020 to 31 March 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019). 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 of the charitable group comprising The Traidcraft Exchange and Traidcraft Services India Private Limited.

Objectives 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 support 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.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Objectives and activities (continued)

International development activities

Our international programmes are mainly based in East Africa and South Asia where we have local offices. We have a wide range of projects that work in different sectors, and we work with small producers and workers so they have a collective voice, decent employment conditions, develop their businesses, and trade effectively. Through our projects we:

- Help farmers and artisans to form groups and associations so that they work collectively;
- Improve the provision of business services to poor producers;
- Build the skills and capacity of small enterprises to develop viable businesses, increase their competitiveness, and engage effectively in supply chains, leading to increased income;
- Enable small-scale farmers to increase productivity, decrease costs and make the most from their landholdings and assets;
- Enable farmers and artisans to diversify, and find new markets for their crops or products;
- Support farmers and artisans to cope better with climate change and adopt sustainable production methods;
- Encourage businesses to adopt more responsible practices;
- Enhance the policy environment in favour of poor producers.

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 and climate 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 policy and business practice;
- Lobbying those with the power to make a difference;
- Encouraging our supporters to campaign for change;
- Working with Southern groups to amplify their demands and advocate in solidarity with them.

Current activities focus on power in global supply chains, trade and investment policy, the intersection of trade and climate policy, 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.

Achievements and performance

In the last year we have been greatly impacted by the Covid 19 pandemic and this has seriously affected all the countries and communities with whom we work. We therefore had to respond to the situation, pause our project work, provide relief and healthcare support, and support recovery measures where this was possible. Some of the countries and regions are still struggling with the pandemic as we write this report, and we are doing our best to continue delivering our work with the help of local partners and staff based in project areas. We have also spent a considerable amount of time reviewing our strategy and are in the process of transforming ourselves into an organisation that will shift power to the people on whom we want to have impact.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Achievements and performance (continued)

International development programme

We have continued to deliver our excellent projects with workers, artisans and producers both in Africa and South Asia, though much impacted by the pandemic. We have had to adjust the way we deliver our work, raise resources to provide immediate relief to vulnerable families and protect our frontline teams to work safely when lockdown restrictions were lifted. Some members had to isolate due to contracting covid, but teams worked resiliently through the challenging times. We continue to consider the impact of the pandemic for our future work and have begun adjusting projects to support this need in the medium term.

South Asia Projects

We successfully closed our project **Sustainable Skills and Employment in Small Scale Agro-food Processing** (SHAMERTO) in Bangladesh, which ended in June 2020. This project was 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'**, is working well 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. Covid 19 and Cyclone Amphan has had a negative impact on the communities and teams are working hard to support the affected communities. However, it was heartening to see how the stronger associations were able to support the more vulnerable members of their communities, providing relief without any external assistance.

Our project, **'Fighting Forced Labour with Adivasi and Dalit Communities in South Asia'**, which is funded by the European Commission, covering India and Bangladesh, had been showing a lot of success but with Covid-19, the vulnerability of these migrant communities has increased. Besides providing immediate relief, we are reviewing what may need to change to help communities recover and build resilience against future shocks. The project has been adjusted and approved by the donor, and the teams are now considering how recovery can be enhanced as the pandemic recedes. The long term strategy for migrant and bonded labour is also being devised with our partners as part of the new TX strategy.

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains, started on 1st April 2019 to cover India, Nepal and Pakistan has also been affected by Covid-19, with a majority of homeworkers losing work as businesses cancel orders. Again, this calls for a review of how we can work with homeworkers going forward. This project is also funded by the European Commission.

Africa Projects

Our project in Senegal ended in April 2021. Our donor, Comic Relief approved an additional grant to support the capacity building of the Farmers' Association to increase the sustainability of the impact. As part of our new strategy, Traidcraft Exchange intends to continue working with this Association to help them develop their vision for the future and support their plans as they build their resilience and self-reliance.

The 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 Foreign, Commonwealth & Development Office (FCDO). The communities are beginning to recover from the pandemic and the project is supporting them to rebuild businesses and find access to markets.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Achievements and performance (continued)

Our project, **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. Due to safeguarding issues identified last year, we are no longer working with the local partner and the TX team is implementing the project directly. Covid-19 was not initially recognised by the Tanzanian government, but with the change of President, more support for people around the pandemic has now begun. The project is also picking up pace and there has been some really good work being done by the team.

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. However, through our strategy review we have decided to stop offering services from the UK, so this department will no longer exist from April 2021. During the last year, the UK team has worked with the Coop, Rectella and Traidcraft plc in their charcoal supply chain in Namibia, as well as supporting Traidcraft plc and their suppliers in the rubber supply chain in Sri Lanka, and the coffin supply chain in Bangladesh. Since we have a contract with the Coop for support in Namibia, this work will continue for this year too.

Traidcraft India Services Private Limited has been impacted by the pandemic but not as seriously as we expected. Work was slower due to lockdown restrictions of travel and delivery of services but TX and TSIPL continue to work closely to support our projects in India. There have been a few pieces of work won by the companies that has made a difference to their finances. The key areas in the last year continue to be work with bonded labour, improving the conditions for homeworkers, supporting market linkages for small farmer companies, and supporting the needs of vulnerable tribal communities. The company produced a small surplus in the current financial year.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Achievements and performance (continued)

Policy and campaign programme

Traidcraft Exchange's policy and campaigning work seeks wider impact by tackling systemic issues that affect poor and vulnerable people in international trade, and by holding UK businesses and governments to account. This year activities have included the Fast Fashion campaign, which exposed the abusive purchasing practices of many UK brands and retailers affecting vulnerable garment workers internationally. We also launched our first public campaign on climate change and trade, calling on the UK government to join ACCTS, an innovative international deal which aims to use the power of trade to drive positive action on the environment. We continued to speak out on the impact on Southern farmers and workers of UK Free Trade Agreements, on the importance of mandatory human rights due diligence legislation for UK business, and on the need to tackle unfair trading practices at EU level. We have begun adapting our advocacy work in line with Traidcraft Exchange's new strategic approach, to ensure a greater emphasis on partnership and advocacy in solidarity with Southern organisations.

Fast Fashion campaign

In May 2020, we launched our Fast Fashion campaign, calling on UK fashion brands to honour their contracts to garment manufacturers in Bangladesh and India who had orders cancelled or delayed by brands in response to the first UK lockdown. The impact of these cancellations was greatest on vulnerable workers at the bottom of the supply chain, many of whom were driven into poverty and destitution. As a result of our campaign, 16,688 supporters contacted major UK fashion brands, including John Lewis, Primark, Edinburgh Woollen Mill and Marks & Spencer. Since then, nine of those brands have responded to the campaign with a statement and Sainsbury, Primark, Tesco, and Next all agreed eventually to pay their suppliers for finished products though in some cases, more than a year late. Our campaign, which was co-funded by the European Union as part of the Trade Fair, Live Fair project, therefore helped suppliers receive millions of pounds that might otherwise not have been paid, but fundamental problems in garment supply chains remain. For this reason, Traidcraft Exchange is calling for a new regulator of UK garment retailers, a Garment Trading Adjudicator, to make sure they pay suppliers fairly. We have presented written and oral evidence to government consultations, and will continue to engage the public and advocate to MPs and Ministers on this issue.

The ACCTS campaign

With many years of experience working in countries at the frontline of the climate crisis, Traidcraft Exchange is committed to putting climate change at the centre of its work. In January 2021, we launched our first public campaign on climate change and trade, calling on the UK government to use its independent trade policy to join the Agreement on Climate Change, Trade and Sustainability (ACCTS). This plurilateral agreement, involving six other countries, aims to drive action in three areas: liberalizing trade in environmental goods and services, cutting subsidies on fossil fuels, and developing a common approach to eco-labelling. Our policy report on ACCTS prompted Green peer Natalie Bennett to champion our position and lead a debate in the Lords on ACCTS, and Angus Macneil MP, chair of the International Trade Committee, to ask a written question to the Government. The public campaign, which closed in early March, has been Traidcraft Exchange's second most successful in terms of supporter engagement with 14,500 people signing a petition to International Trade Secretary Liz Truss calling for the UK to 'get in on the ACCTS.' The UK government has since launched a consultation on whether the UK should join ACCTS, to which we have contributed. We continue to call for a formal commitment.

Mandatory Human Rights and Environmental Due Diligence

Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. Following last year's "Our Land Our Rights" campaign, bringing attention to the situation of Liberian communities who have had their land stolen by a British palm oil company, we have continued our advocacy with a series of events, meetings and campaigns targeted at MPs and civil servants, calling on the government to legislate to hold companies to account for violating human rights.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Achievements and performance (continued)

Raising funds

Trusts, Foundations and Institutional Funding (TFI)

Trusts and Foundations fundraising both restricted and unrestricted has risen year-on-year since staff shortages caused a dip in 2019/20. Investment in staff since then has ensured existing funders remain active while new and lapsed funders such as Halcrow, Dulverton, Peter Cowley Africa have been brought on board or re-engaged. We aren't currently seeing signals of a slow-down in giving from these donors, many of whom, also allowed us flexibility to repurpose their gifts for COVID response paving the way for more flexible funding relationships in future. We raised £54,500 for COVID response from this group meeting the emergency targets to support those most vulnerable during the crisis, while also meeting project match requirements and UK Aid Match Regenerators targets. We plan to continue to grow this line going into 2021/22 in support of the new strategy and will continue to monitor the wider external context given the predicated recession.

Institutional Fundraising - actual project income for 20/21 was healthy and a further £2.3m for the WEE project in Bangladesh was also secured in 20/21 – income will begin being drawn down on this project in 2021/22. A large £1m application was also submitted to the Oak Foundation to support tea workers in North Bengal and Assam – it is expected this will be approved in late 2021.

Given the success of recent project applications and high levels of income secured during 20/21 for future years, it was decided that we would pause on applying for further institutional grants for direct project implementation (with the exception of UKAM Regenerators) from November 2020. This pause enabled us to focus on developing the new portfolio structure and strategy and putting a new team in place to focus on diversifying income in support of portfolio work on a community-led basis.

As we go forward Trusts and Foundations will play a bigger role in the resourcing model as part of the diversification strategy. In future reports on the figures for Trusts/Foundations and Institutional Funding will be pooled, split between restricted and unrestricted and presented as TFI income.

Public Fundraising and Legacies:

The total gross income 2020/21 from public fundraising, both restricted and unrestricted, was £1,750,396 making this a record-breaking year. The second most profitable year was 2014/15 which came in £386k behind at £1,364,000.

This result was largely due to the extraordinary generosity of our supporters in responding to the highly successful Recovery appeal launched in July 2020 in response to COVID. We also ran a record-breaking Christmas appeal around Muktee where we secured £72k from one Giving Tuesday email, where a match incentive was tested. These were followed by a healthy start to the Regenerators appeal which straddled both 20/21 and 21/22, raising £159k in the three weeks leading up to year end.

Legacies

We are very grateful to supporters who leave us gifts in their wills. This unrestricted funding is vital to supporting our work. Legacies performed very well and the return on investment in fundraising remains at a healthy level.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Achievements and performance (continued)

Supporter Care

Improving the supporter journey remains a key pillar in the Fundraising Strategy, our mantra being to “delight the donor”. We have developed new recapture and retention techniques which will be incorporated in future years, however due to the unique nature of 20/21 it was decided to recapture lapsed donors via appeals primarily which worked well.

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 practice wherever possible.

All formal complaints and suggestions for improvement were logged into the system and managed by the Head of Fundraising and going forward will be managed by the Fundraising Lead. Where the complaint is escalated, the CEO will manage the complaint.

In 2020/21 we received 0 complaints via the Fundraising Regulator and three informal complaints. One regarding delivery costs for cards, one complaining of being sent emails too regularly and one disagreeing that matched fundraising should need to be promoted. All three matters were dealt with appropriately and the donors were satisfied and outcomes recorded in our Raiser's Edge database system for future reference if required.

Five requests for removal from our database were received via the Fundraising Preference Service for FY20-21. One of these could not be matched to an active/historic record from our database, so Traidcraft plc were notified as this appears to have been the true source of this individual.

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 to 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 where data is shared, save those of our sister business, Traidcraft plc with which a data-sharing agreement is in place alongside a Confidentiality Agreement.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Financial review

Traidcraft Exchange had a strong year despite the ongoing concerns over Covid, posting an unrestricted surplus of £280k (2020: £292k deficit) before other recognised gains and losses.

Performance against budget targets:

Performance during 2020/21 was much better than anticipated. At the beginning of the year we had budgeted a deficit of circa £300k, however through cutting costs and increased income from fundraising we managed to turn this into a £280k surplus.

During the year we went through a strategic review and now have a 5 year forecast in place which shows a sustainable future for the organisation as well as a planned reduction in excess reserves.

Performance against previous years:

Total income for the charity increased to £3.8m (2019/20: £3.1m). This increase was mainly due to better than anticipated performance within our fundraising. We were successful in raising additional funds to support our projects in the wake of the Covid pandemic.

Other income areas remained largely consistent with previous years.

£'000s	2018 - 19	2019 - 20	2020 - 21
Incoming resources	3,182	3,090	3,825

Charitable expenditure was down on previous years. The ongoing pandemic caused delays in projects which meant less money being spent. These projects are due to catch up over the next year.

£'000s	2018 - 19	2019 - 20	2020 - 21
Charitable expenditure	2,612	2,695	2,383

We started the year with reserves in a good position and reserves as at March 2021 remain well above the target minimum set by the Board of £591,000.

£'000s	2018 - 19	2019 - 20	2020 - 21
Unrestricted surplus*	74	(284)	339
Unrestricted reserves - General	1,109	817	1,097

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

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

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.

We have had our strongest fundraising year ever in 2020-21. This has been the result of the extraordinary generosity of our public supporters, the hard work of the fundraising and programmes teams and some substantial new contracts from the EC, Oak Foundation and FCDO. These provide a secure income for the organisation in the short-medium term. However, longer term we know we can no longer rely on large institutional grants. A key part of the strategy review we have just undertaken was to identify a new resourcing model that is more resilient and sustainable in future. We are shifting from project implementation to focus on strengthening producer and worker organisations, and other CSOs engaging on trade justice issues, recognising the need for strong movements and collaborations between communities, civil society and businesses if we are to achieve deeper impact. The risk to the organisation is whether we can deliver our new strategic approach and replace a decrease in institutional project grants with other more flexible funding streams.

FCDO has just cut its ODA budget, accelerating the trend we were already seeing in reduced funding available for UK based charities working internationally. COVID is impacting on the UK economy and we are likely to see reduced Trust and Foundation budgets and potentially less financial support from the UK public, although this has not been the case over the last year.

Last year, we indicated that we were reviewing our supply chain consultancy services. We have decided to stop offering services in the UK as we were struggling to win contracts and to cover our costs. Traidcraft Services India Private Ltd (TSIPL) however, our fully owned social enterprise subsidiary, is doing some excellent work offering advisory services to businesses in India around sustainability and fairer trade, delivering impact and breaking even. We will continue to invest in TSIPL.

In this last year, we regrettably had to make some positions redundant, as part of an exercise to reduce our core staffing and overhead costs. We have saved £180k on operational costs and made 6 positions redundant. In line with the new strategy, we have invested in a number of new roles, although the net impact has been to reduce our costs to a more sustainable level.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

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 2020/21 was £591,000 - £842,000. At 31 March 2021, unrestricted reserves (excluding fixed assets and investments) stood at £1,054,000. We excluded the pension reserves as this is a long-term liability and instead set reserves to cover a minimum of one year's contribution into the scheme.

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 over the next 5 years as we invest in our new strategy.

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. They have paid particular attention to the likely impact of COVID on the organisation's income and ability to deliver its work. 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 2021 Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £1,054,000. Our reserves policy sets the target minimum reserve level at £591,000. The trustees feel the Charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections.
- Traidcraft Exchange has set an achievable budget for the year 2021/22 and expects to post an unrestricted deficit of £12,641 which would reduce total unrestricted reserves to £1,084,000. Traidcraft Exchange has also designated £269,000 of its reserves towards its new strategic approach.
- Traidcraft Exchange has not encountered any difficulty in paying its trade creditors within agreed payment terms.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Structure, 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; Traidcraft plc, Traidcraft Exchange and Traidcraft Foundation. Traidcraft Plc and Traidcraft Exchange work in close partnership. The Foundation's mandate is to protect the Christian identity of Traidcraft.

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 Exchange's Board is responsible for approving Traidcraft Exchange'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.

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 seven trustees. In September 2020, Ram Gidoomal stepped down as Board Chair after fulfilling 3 terms of 3 years. David Pain was appointed the new Board Chair. Jenny Borden also stepped down, after 3 terms of 3 years. A new trustee, Jude Kirton-Darling was appointed to the board.

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.

The staff association continues to engage with the Board of Trustees directly on behalf of the wider staff, without senior management present.

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

Governance developments in the year

During the year, we initiated a review of our governance. The Board recognises the need to diversify, internationalise and become more inclusive. It also recognises beyond this, it needs to evolve its system of governance to reflect the vision and values of the organisation, embedded within the new strategy. The review is ongoing and decisions will be implemented during 2021-22.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Structure, governance and management (continued)

Appointment and training of Trustees

Traidcraft Exchange 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.

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 Exchange's general policy on CEO remuneration and determines the specific package for the CEO. It carries out these aspects of Traidcraft Exchange's remuneration policy on behalf of the Board. As well as considering conditions in Traidcraft Exchange as a whole, it uses external data to set the context for its deliberations and takes into account Traidcraft Exchange's position relative to other organisations and is aware of what these are paying. The policy of the Board is to provide remuneration packages that will attract, motivate and retain a CEO of the calibre necessary to maintain Traidcraft Exchange'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.

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 Exchange context. Traidcraft Exchange implements a reward approach with defined salary bands and ranges. External benchmarking was conducted to inform how Traidcraft Exchange 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 Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2021

Plans for future periods

We have been living through an extremely challenging time, with COVID affecting every member of staff, our partners and most of all the communities with whom we work. We raised substantial additional funding for relief work with partners, enabling us to support, in particular, informal and migrant workers who rely on a daily wage to live. We launched a campaign calling on UK clothing brands to honour their existing contracts, highlighting the devastating impact that UK companies cancelling orders and breaching contracts has had on workers in garment factories across Asia.

We have developed a new strategy for the organisation, that focuses our work more deeply on issues of power. We will be investing our resources into grassroots producer associations and workers groups, and CSOs and businesses that are supporting communities to organise, lead and represent themselves, and to trade sustainably. We are stepping back from leading projects ourselves, so that we can further recognise the resource, capacity and knowledge that communities have and their ability to lead their own development. We are piloting and innovating new programmatic approaches, in particular participatory grant-making in East Africa and will be learning through doing, as we seek to evolve our approach and ways of working.

We have reduced our core running costs to balance our operational budgets, This has enabled us to invest our excess reserves directly into our support to producers and to develop our new strategic approach.

Disclosure of information to auditor

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

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

Auditor

The auditor, UNW LLP, has indicated their willingness to continue in office. This will be proposed at the Annual General Meeting.

Approved by order of the members of the board of trustees on 1 October 2021 and signed on their behalf by:

David Pain
Chair

The Traidcraft Exchange

Statement of trustees' responsibilities Year ended 31 March 2021

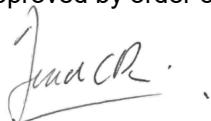
The trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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

Approved by order of the members of the board of trustees on 1 October 2021 and signed on its behalf by:



David Pain
Chair



Independent auditor's report to the Members of The Traidcraft Exchange

Opinion

We have audited the financial statements of The Traidcraft Exchange (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's and of the parent charitable company's affairs as at 31 March 2021 and of the charity's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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



Independent auditor's report to the Members of The Traidcraft Exchange (continued)

Other information

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

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

We have nothing to report in this regard.

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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 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:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (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 charity's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or the parent charitable company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the Members of The Traidcraft Exchange (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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



Independent auditor's report to the Members of The Traidcraft Exchange (continued)

Use of our report

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

1 October 2021

The Traidcraft Exchange

Consolidated Statement of financial activities (incorporating income and expenditure account) Year ended 31 March 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:					
Donations and legacies	4	2,156	-	2,156	1,236
Charitable activities	5	186	1,483	1,669	1,854
Total income		2,342	1,483	3,825	3,090
Expenditure on:					
Raising funds:	6				
Voluntary income		633	-	633	496
Institutional sources		320	-	320	183
Charitable activities:					
Development programmes		747	1,216	1,963	2,209
Policy and campaigning		303	117	420	486
Total expenditure		2,003	1,333	3,336	3,374
Other recognised gains/(losses):					
Unrealised (losses)/gains		(59)	-	(59)	12
Net movement in funds		280	150	430	(272)
Reconciliation of funds:					
Total funds brought forward		817	110	927	1,199
Net movement in funds		280	150	430	(272)
Total funds carried forward		1,097	260	1,357	927

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

The notes on pages 24 to 51 form part of these financial statements.

The Traidcraft Exchange

Consolidated balance sheet At 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	12	9	14
Tangible assets	13	34	47
		<u>43</u>	<u>61</u>
Current assets			
Debtors	15	353	204
Cash at bank and in hand		2,249	1,411
		<u>2,602</u>	<u>1,615</u>
Creditors: amounts falling due within one year	16	(1,288)	(749)
Net current assets		<u>1,314</u>	<u>866</u>
Total net assets		<u><u>1,357</u></u>	<u><u>927</u></u>
Charity funds			
Restricted funds	18	260	110
Unrestricted funds	18	1,097	817
Total funds		<u><u>1,357</u></u>	<u><u>927</u></u>

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

The financial statements were approved and authorised for issue by the trustees on 01 October 2021 and signed on their behalf by:

David Pain
Chair

The notes on pages 24 to 51 form part of these financial statements.

The Traidcraft Exchange

Balance sheet At 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	12	9	14
Tangible assets	13	30	45
		<u>39</u>	<u>59</u>
Current assets			
Debtors	15	353	204
Cash at bank and in hand		2,246	1,401
		<u>2,599</u>	<u>1,605</u>
Creditors: amounts falling due within one year	16	(1,288)	(749)
		<u>1,311</u>	<u>856</u>
Total net assets		<u><u>1,350</u></u>	<u><u>915</u></u>
Charity funds			
Restricted funds	18	260	110
Unrestricted funds	18	1,090	805
		<u>1,350</u>	<u>915</u>

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

The financial statements were approved and authorised for issue by the trustees on 01 October 2021 and signed on their behalf by:

David Pain
Chair

Company registered number: 03031674
The notes on pages 24 to 51 form part of these financial statements.

The Traidcraft Exchange

Consolidated statement of cash flows Year ended 31 March 2021

	2021	2020
	£000	£000
Cash flows from operating activities		
Net cash used in operating activities	906	(17)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of tangible fixed assets	(11)	(29)
Interest received	2	2
	<hr/>	<hr/>
Net cash used in investing activities	(9)	(27)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	897	(44)
Cash and cash equivalents at the beginning of the year	1,411	1,443
Change in cash and cash equivalents due to exchange rate movements	(59)	12
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	2,249	1,411
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 24 to 51 form part of these financial statements

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

1. General information

The Traidcraft Exchange ('the company') is a 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Traidcraft 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.

The principal accounting policies of the Charity have remained unchanged from the previous year. The registered office is 5th floor, 7-15 Pink Lane, Newcastle upon Tyne, NE1 5DW. The accounts are presented in £'000.

The charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

2.2 Going concern

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

2.3 Fund accounting

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

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

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

2. Accounting policies (continued)

2.4 Income

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

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

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

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

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

Investment income is recognised on a receivable basis.

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

2.5 Expenditure

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

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

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

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

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

2. Accounting policies (continued)

2.6 Foreign currencies

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

2.7 Intangible assets and amortisation

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

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

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

The estimated useful lives are as follows:

IT systems	-	4 years
------------	---	---------

2.8 Tangible fixed assets and depreciation

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

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

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

Depreciation is provided on the following basis:

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

2.9 Investments

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

2.10 Debtors

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

2. Accounting policies (continued)

2.11 Cash at bank and in hand

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

2.12 Liabilities and provisions

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

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

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

2.13 Financial instruments

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

2.14 Leased Assets

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.

2.15 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.

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

2. Accounting policies (continued)

2.16 Pensions

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

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

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

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

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

3. Critical accounting estimates and areas of judgment

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

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

4. Income from donations and legacies

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Donations	1,873	1,873	1,008
Legacies	238	238	205
Grants from trusts and charities	45	45	23
	<hr/>	<hr/>	<hr/>
	2,156	2,156	1,236
	<hr/>	<hr/>	<hr/>

Income in the prior year was all unrestricted.

5. Income from charitable activities

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Grants from institutional sources	-	1,483	1,483
Consultancy and other income	186	-	186
	<hr/>	<hr/>	<hr/>
	186	1,483	1,669
	<hr/>	<hr/>	<hr/>

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Grants from institutional sources	-	1,691	1,691
Consultancy and other income	163	-	163
	<hr/>	<hr/>	<hr/>
	163	1,691	1,854
	<hr/>	<hr/>	<hr/>

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

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

6. Costs of generating funds

Voluntary income

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Travel and accommodation	-	-	2
Direct costs	148	148	105
Support costs (Note 9)	213	213	149
Direct salaries	272	272	240
	<u>633</u>	<u>633</u>	<u>496</u>

Institutional sources

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Travel and accommodation	-	-	3
Direct costs	141	141	5
Support costs (Note 9)	69	69	60
Direct salaries	110	110	115
	<u>320</u>	<u>320</u>	<u>183</u>

All generating funds expenditure in 2020 was unrestricted.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

7. Charitable activities

	Restricted funds 2021 £000	Unrestricted funds 2021 £000	Total funds 2021 £000
Development Programmes			
Direct salaries	337	455	792
Travel and accommodation	33	11	44
Direct programme costs	815	174	989
Support costs (Note 9)	31	107	138
	1,216	747	1,963
Policy Unit and Campaigning			
Direct salaries	89	113	202
Travel and accommodation	1	-	1
Direct programme costs	25	7	32
Support costs (Note 9)	2	183	185
	117	303	420
	1,333	1,050	2,383
	Restricted funds 2020 £000	Unrestricted funds 2020 £000	Total funds 2020 £000
Development Programmes			
Direct salaries	401	382	783
Travel and accommodation	28	33	61
Direct programme costs	1,018	198	1,216
Support costs (Note 9)	104	45	149
	1,551	658	2,209
Policy Unit and Campaigning			
Direct salaries	96	72	168
Travel and accommodation	2	1	3
Direct programme costs	30	15	45
Support costs (Note 9)	4	266	270
	132	354	486
	1,683	1,012	2,695

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

8. Resources expended

Total resources expended include the following amounts:

	2021	2020
	£000	£000
Depreciation	22	15
Amortisation	5	8
Operating leases	47	52
Realised exchange rate (gains)	-	-
Unrealised exchange rate losses/(gains)	59	(12)
Auditor's remuneration	7	7

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

9. Support Costs

	Voluntary income 2021 £000	Institutional sources 2021 £000	Development programmes 2021 £000	Policy and Campaigning 2021 £000	Total 2021 £000
Management and admin salaries	141	46	91	121	399
Governance	11	4	7	10	32
Office services	36	12	24	32	104
Office machinery and consumables	8	2	5	7	22
Financial services	9	3	6	8	26
PR and comms	<u>8</u>	<u>2</u>	<u>5</u>	<u>7</u>	<u>22</u>
Total	<u>213</u>	<u>69</u>	<u>138</u>	<u>185</u>	<u>605</u>

	Voluntary income 2020 £000	Institutional sources 2020 £000	Development programmes 2020 £000	Policy and Campaigning 2020 £000	Total 2020 £000
Management and admin salaries	90	36	90	166	382
Governance	7	3	6	12	28
Office services	27	11	27	47	112
Office machinery and consumables	5	2	6	9	22
Financial services	13	5	13	23	54
PR and comms	<u>7</u>	<u>3</u>	<u>7</u>	<u>13</u>	<u>30</u>
Total	<u>149</u>	<u>60</u>	<u>149</u>	<u>270</u>	<u>628</u>

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

Management and administration salaries include the salaries of staff working in Finance, HR, Public Relations and Communications and general management (£373,445, 2020: £341,000). It also includes recruitment, relocation, training and other staff costs.

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

10. Staff costs

	2021 £000	2020 £000
Salaries	981	924
Social security costs	92	88
Pension costs (excluding contributions to defined benefit scheme - FRS102)	69	63
Overseas salaries and staff costs	336	609
	1,478	1,684

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

	Group 2021 No.	Group 2020 No.
Development programmes and Policy Unit	40	40
Fundraising	10	10
Management and administration	4	4
	54	54

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

	Group 2021 No.	Group 2020 No.
In the band £60,001 - £70,000	1	-

For the year ended 31 March 2021, key management personnel comprised the trustees, the Chief Executive, and members of the Senior Management Team. The total employee benefits of the key management personnel were £346,000 (2020: £250,000).

11. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2020: £nil). There are no trustees to whom retirement benefits are accruing under the defined benefit pension scheme.

During the year ended 31 March 2021, no expenses were paid to trustees (2020 - £841 to 7 trustees). These related to the costs of attendance at board and other meetings and costs of the trustee's travel.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

12. Intangible assets

Group and company

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

13. Tangible fixed assets

Group

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

13. Tangible fixed assets (continued)

Company

	Furniture and equipment £000
Cost	
At 1 April 2020	116
Additions	6
At 31 March 2021	<u>122</u>
Depreciation	
At 1 April 2020	71
Charge for the year	22
At 31 March 2021	<u>93</u>
Net book value	
At 31 March 2021	<u><u>29</u></u>
At 31 March 2020	<u><u>45</u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

14. Investments

	Company 2021 £000	Company 2020 £000
Traidcraft Services India Private Limited	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

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

The investments include shares in Traidcraft plc which are not listed on any stock exchange and which were donated to Traidcraft Exchange by supporters. At 31st March 2021, the Traidcraft plc shares were not being traded so the trustees valued the shares at nil. Due to the illiquid nature of these shares the trustees believe it is appropriate to classify them as a fixed asset investment.

15. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Amounts owed by related parties	51	-	51	-
Other debtors	74	60	74	60
Prepayments and accrued income	228	144	228	144
	<u>353</u>	<u>204</u>	<u>353</u>	<u>204</u>
	<u><u>353</u></u>	<u><u>204</u></u>	<u><u>353</u></u>	<u><u>204</u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

16. Creditors: amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade creditors	21	50	23	50
Amounts owed to related parties	-	30	-	30
Other taxation and social security	31	-	29	-
Other creditors	3	9	3	9
Accruals and deferred income	1,233	660	1,233	660
	1,288	749	1,288	749
	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Deferred income at 1 April 2020	537	610	537	610
Deferred during the year	1,568	1,336	1,568	1,336
Amounts released	(988)	(1,409)	(988)	(1,409)
	1,117	537	1,117	537

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 2021/22. Income will be recognised as the monies are utilised, in line with the funding agreements.

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

17. Restricted Funds

The table on page 44 analyses the restricted funds at the year-end. In each case income is received from a funder or funders and programme expenditure (including staff time where appropriate) is charged against this. At any point in time any sums held which have not been spent in accordance with the terms of the agreement of the funder are held in a Restricted Fund or as Deferred Income and are identified by the name of the project or piece of work to which they relate.

South Asia Programme

'MUKTEE: Fighting Forced Labour with Adivasi and Dalit Communities in South Asia' (Ref No. COOP-RS/D (2018) 6764770) is a four-year project funded by the European Commission. It addresses the systemic and structural vulnerabilities of agricultural communities to forced, bonded, and child labour in two districts of Northern Bangladesh and four districts of Madhya Pradesh, India. It works on multiple fronts, namely rescuing and rehabilitating communities from bonded labour conditions; preventing future bondage through skill development and employment opportunities; support enterprise through developing supply chains of agricultural commodities in the local areas; and strengthening policy. 8,000 households and 20,000 children will benefit directly from this project. Both countries have made a lot of progress on this project but greatly affected by the Covid-19 pandemic due to loss of work and migrants having to return home empty handed. We will be working hard with our partners to find sustainable solutions, as the economies pick up.

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains (Ref No EuropeAid/157515/dh/act/Multi) is a project that started in April 2019. The objective is to improve the working conditions of informal and home-based workers in Nepal, Pakistan and India, who work in global value chains in the apparel and footwear sectors. It is expected to impact the lives of 20,000 home-based workers in this country through improved working conditions, access to social entitlements and policy change at the national level. The project is progressing well, though now affected by Covid-19 and loss of work for most home-based workers. We will need to review the approach we are using to deliver impact.

Bangladesh

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

Traidcraft Exchange joined a consortium led by Helvetas Swiss Intercooperation to initiate a large project in agro-food processing – 'Sustainable Skills and Employment in Small Scale Agro-Food Processing (SHAMERTO)'. The project is designed to strengthen skills, employability and income of workers and entrepreneurs of small, micro and cottage agro-food processing enterprises (SMCE). Specifically, the project will increase gainful employment of workers, better integrate agro-food SMCEs in selected value chains and overall enable business improvement for agro-food SMCEs. The European Commission awarded EUR 3.92 million for 3 years, of which EUR 0.85 million will be routed through Traidcraft Exchange. This project ends June 2020.

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

EqualiTEA The final EqualiTEA project funded by Christian Aid finished during the financial year and a follow up project has been submitted to Christian Aid. So far we have worked with over 5000 households to bring them sustainably over the poverty line through the cultivation of tea and other farm and non-farm diversification options. As a result of our work, the average increase in income was about 67%.

Empowering women's CSOs to ensure good governance (WEE): This is a 42-month project starting from February 2021 and funded by the European Commission (EuropeAid/168903/DD/ACT/BD) at a total cost of £2,215,359 and will impact the lives of 15,000 women in 5 districts of Bangladesh. There are two partners Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroots organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's voice via the institutional development of existing women's grassroots organisations.

India

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

Supporting vulnerable tea Garden workers in West Bengal and Assam: Covid19 triggered a crisis for tea workers in India, leading to loss of income and hardship due to closed operations, lack of awareness on protection/ prevention measures; lack of access of basic PPE material such as masks or access to handwashing facility and in some extreme cases lack of access to food. Oak Foundation therefore approved a grant of £77,000 to support the most vulnerable workers in Tea Gardens including sick and closed tea gardens. This support was provided in partnership with local partners including Prasari (West Bengal) and Pajhra (Assam). A total of 5364 households from 17 tea gardens in both states were supported with relief materials like food rations and PPE supplies.

East Africa Programme

Senegal

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

Tanzania

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2021

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

Kenya

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

Participatory Approach Pilot on Women empowerment (PAPOWE)

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

Global Programme

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

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

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

Policy and Campaigning Programme

JRCT and Network for Social Change

JRCT - Our policy and campaigning work on corporate accountability has been partially supported by the Joseph Rowntree Charitable Trust. In the last year, this has involved launching a supporter campaign, 'Our Land. Our Rights', bringing attention to the situation of Liberian communities who have had their land stolen by a British palm oil company and calling on the government to legislate to hold companies to account for violating human rights.

Trade Fair Live Fair

This project is funded by the European Union through their Development Education and Awareness Raising scheme. Traidcraft Exchange is working with partners across Europe to make citizens aware of the interdependency of trade between European consumers and producers in the global south, including the role trade has to play in the delivery of the Sustainable Development Goal.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

18. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2021 £000
Unrestricted funds						
Designated funds						
Portfolio work	-	-	-	269	-	269
General funds						
General funds	817	2,342	(2,003)	(269)	(59)	828
Restricted funds						
DEAR	(13)	93	(80)	-	-	-
Social Change	18	19	(26)	-	-	11
Khamatayan	(22)	242	(202)	-	-	18
Shamerto	(26)	1	25	-	-	-
JEWEL	(1)	7	(6)	-	-	-
Muktee	77	234	(230)	-	-	81
OAK	(2)	218	(137)	-	-	79
Homeworkers	(19)	209	(205)	-	-	(15)
Juice	(9)	51	(52)	-	-	(10)
Tanzania - Disability main	10	139	(142)	-	-	7
Catalyst	95	-	-	-	-	95
Producer support	2	-	(2)	-	-	-
PAPOWE	-	2	-	-	-	2
Supporting tea workers	-	77	(65)	-	-	12
C&A Textiles	-	51	(51)	-	-	-
Matrix fund	-	5	-	-	-	5
WEE	-	6	(7)	-	-	(1)
SAWA	-	108	(132)	-	-	(24)
Equalitea	-	21	(21)	-	-	-
Total of funds	927	3,825	(3,336)	-	(59)	1,357

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2019 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 March 2020 £000
Unrestricted funds					
General funds	1,097	1,399	(1,691)	12	817
Restricted funds					
DEAR	-	109	(122)	-	(13)
C&A Textiles	-	11	(11)	-	-
JRCT & Network for Social Change	-	18	-	-	18
Khamatayan	4	346	(372)	-	(22)
Shamerto	8	108	(142)	-	(26)
JEWEL	-	20	(21)	-	(1)
EqualiTea CA	-	1	(1)	-	-
Muktee	9	337	(269)	-	77
TRAID	-	64	(64)	-	-
OAK	-	16	(18)	-	(2)
Going Green	-	10	(10)	-	-
Sust Cotton	-	10	(10)	-	-
Homeworkers	-	138	(157)	-	(19)
Tanzania - Disability	-	5	(5)	-	-
Juice	-	207	(216)	-	(9)
Tanzania - Disability main	13	145	(148)	-	10
SAWA UKM	-	98	(98)	-	-
Catalyst	65	30	-	-	95
Pre-development/National Lottery	-	18	(18)	-	-
Producer Support	2	-	-	-	2
	<u>101</u>	<u>1,691</u>	<u>(1,682)</u>	<u>-</u>	<u>110</u>
Total of funds	<u>1,198</u>	<u>3,090</u>	<u>(3,373)</u>	<u>12</u>	<u>927</u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

19. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 March 2021 £000
Designated funds	-	-	-	269	-	269
General funds	817	2,342	(2,003)	(269)	(59)	828
Restricted funds	110	1,483	(1,333)	-	-	260
	<u>927</u>	<u>3,825</u>	<u>(3,336)</u>	<u>-</u>	<u>(59)</u>	<u>1,357</u>

Summary of funds - prior year

	Balance at 1 April 2019 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 March 2020 £000
General funds	1,097	1,399	(1,691)	12	817
Restricted funds	101	1,691	(1,682)	-	110
	<u>1,198</u>	<u>3,090</u>	<u>(3,373)</u>	<u>12</u>	<u>927</u>

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	34	-	34
Intangible fixed assets	9	-	9
Current assets	1,226	1,377	2,603
Creditors due within one year	(172)	(1,117)	(1,289)
Total	<u>1,097</u>	<u>260</u>	<u>1,357</u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	47	-	47
Intangible fixed assets	14	-	14
Current assets	969	646	1,615
Creditors due within one year	(213)	(536)	(749)
Total	817	110	927

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

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

	Group 2021 £000	Group 2020 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	489	(284)
Adjustments for:		
Depreciation charges	30	22
Decrease/(increase) in debtors	(149)	278
Increase/(decrease) in creditors	538	(31)
Interest received	(2)	(2)
Net cash provided by/(used in) operating activities	906	(17)

22. Analysis of cash and cash equivalents

	Group 2021 £000	Group 2020 £000
Cash in hand	2,249	1,411
Total cash and cash equivalents	2,249	1,411

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

23. Analysis of changes in net debt

	At 1 April 2020	Cash flows	Changes in market value and exchange rate movements	At 31 March 2021
	£000	£000	£000	£000
Cash at bank and in hand	1,411	897	(59)	2,249

24. Pension commitments

The charity operates a defined benefit pension scheme.

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

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

The Charity expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2021. It should be noted that the deficit calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2021.

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

	At 31 March 2021	At 31 March 2020
	%	%
Discount rate	1.95	2.30
Expected rate of inflation (CPI)	2.25	2.00
Rate of increase of pensions accrued post 5 April 1997	2.25	2.00
Rate of revaluation of deferred pensions	2.25	2.00

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

24. Pension commitments (continued)

	At 31 March 2021 Years	At 31 March 2020 Years
Mortality rates (in years)		
- for a male aged 65 now	21.3	21.3
- at 65 for a male aged 45 now	22.3	22.3
- for a female aged 65 now	23.2	23.2
- at 65 for a female aged 45 now	24.4	24.4

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

	At 31 March 2021 £000	At 31 March 2020 £000
Equities	309	217
Bonds	1,519	1,470
Other	13	40
Value recognised limited under FRS102	(191)	(189)
Total fair value of assets	1,650	1,538

The actual return on scheme assets was £177,000 (2020 - £(9,000)).

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

	2021 £000	2020 £000
Net interest on defined benefit asset	-	(4)

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

	2021 £000	2020 £000
Opening defined benefit obligation	(1,538)	(1,611)
Interest cost	(35)	(37)
Benefits paid	59	46
Expenses	4	1
Actuarial gain/(losses)	(140)	63
Closing defined benefit obligation	(1,650)	(1,538)

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

24. Pension commitments (continued)

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

	2021	2020
	£000	£000
Opening fair value of scheme assets	1,727	1,783
Interest income	39	41
Return on plan assets excluding interest	138	(50)
Expenses	(4)	(1)
Benefits paid	(59)	(46)
Value recognised limited under FRS102	(191)	(189)
Closing fair value of scheme assets recognised	1,650	1,538

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

	2021	2020
	£000	£000
Present value of defined benefit obligations	(1,650)	(1,538)
Fair value of plan assets	1,650	1,538
Deficit in the scheme	-	-

In the year ended 31 March 2021 the actuarial valuation for accounting purposes showed a surplus of assets over liabilities at that date of £191,000 (2020: £189,000). In accordance with FRS102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the surplus was not recognised.

Defined contribution scheme:

At 31 March 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% (2020: 7.5%). Traidcraft Exchange made contributions of £67,576 during the past year (2020: £62,000) and this cost, together with administration charges of £1,000 (2020: £1,000) relating to the closed scheme comprise the pension cost of £68,576 (2020: £63,000) shown in Note 11 to these accounts.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2021

25. Operating lease commitments

At 31 March 2021 the charity and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

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

26. Related party transactions

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

1. The Traidcraft Foundation - the controlling party of the company as detailed below.
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 - the trustees donated £nil (2020: £nil) during the year.

	2021 £000	2020 £000
Traidcraft plc		
Purchase of goods and services (e.g. rent and building costs)	30	14
Sale of services	177	24
Recharge of redundancy costs	(22)	-
Balances due (to)/from related parties at 31 March		
Traidcraft Foundation	-	-
Traidcraft plc	51	(30)

27. 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.