

Registered number: 03031674
Charity number: 1048752

The Traidcraft Exchange

Annual Report

31 March 2022

The Traidcraft Exchange

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The Traidcraft Exchange

Reference and administrative details Year ended 31 March 2022

Trustees

Robin Roth (resigned 1 November 2021)
Sarah Hughes
David Neale (resigned 7 July 2022)
Chris Moorhouse
Laurence Sewell
David Pain, Chair
Judith Kirton-Darling
Karimi Kinoti (appointed 1 October 2021)
Matt Oliver (appointed 4 February 2022, resigned 21 September 2022)

Key management personnel

Charlotte Timson – CEO
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
Jon McNaughton- Head of Public Engagement

Company registered number

03031674

Charity registered number

1048752

Registered office

7-15 Pink Lane
Newcastle upon Tyne
NE1 5DW

Chief executive officer

Charlotte Timson

Independent auditor

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

The Traidcraft Exchange

Reference and administrative details (continued)
Year ended 31 March 2022

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 2022

The trustees present their annual report together with the audited financial statements of the company for the 1 April 2021 to 31 March 2022. 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

● Policies and objectives

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 and purpose:

Within an unjust and broken trading system, we stand with the workers, farmers and social entrepreneurs who are transforming trade.

We act as a resource partner, accompanier, influencer, networker and ally. We work at local, national and international levels, focusing on Fashion, Tea and Farming.

We have a vision of trade which values all people and regenerates our fragile earth.

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-five 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 2022

Objectives and activities (continued)

● International development activities

Our international programmes are mainly based in East Africa and South Asia where we have offices, though we have a little involvement in Senegal as well. We work in different sectors, and we work with small producers and workers to help them have a collective voice, decent employment conditions, develop their businesses, and trade effectively. Through our work 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.

In the last year, as we have reviewed and reworked our organisational strategy, we have committed to following a different approach to our work. Working on the principles of shifting power, we are beginning to engage more with farmers, artisans and workers to support them to lead their own development journey, with a focus on 3 sectors – Small scale Agriculture, Garments, and Tea. These will form the three 'portfolios' for our work and all teams are developing their plans on this front. While we begin to make the shift in strategy, we will need to complete all our current commitments to our project participants and to our existing donors.

● 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 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 grassroots communities in East Africa and South Asia 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.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

Achievements and performance

● Main achievements of the charity

In the last year, many communities with whom we work have continued to be impacted by the Covid 19 pandemic. Many informal workers have not seen demand for their work return to pre-pandemic levels. In the fashion industry, suppliers have not been fully compensated by retailers and brands for cancelled orders and we continue to advocate for a garments watchdog.

Cost of living rises, and food shortages are impacting those who are already vulnerable and many communities have been devastated by drought and floods. Through our last fundraising appeal of the year, we raised urgent funds to support farming communities seeking to recover from these economic and climatic shocks. We have continued to transform the organisation to reflect our commitment to shifting power and decolonising. We have been changing our structures and systems of decision-making and re-organising our work to focus on three sectors: garments, tea and farming. We have developed a new strategic narrative, have undergone a brand review and have just changed our name to Transform Trade.

The key highlights of 2021/22 include:

● International development programme

The last year has seen Traidcraft Exchange on its transformation journey and beginning to deliver against our new approach of shifting power to farmers, artisans and workers in South Asia and East Africa, while at the same time continuing to ensure that our existing projects and other commitments are also delivered successfully and with deep impact. As the severity of the impact of the pandemic began to reduce, our teams had to pick up pace on existing projects to ensure that we were delivering against the contracts to our donors and other stakeholders as well. This involved a lot of hard work by every team. The support of our institutional and other donors has been hugely responsible for enabling us to remain resilient.

South Asia Projects

The 'Khamatayan' project, '**Empowering smallholders to strengthen local democratic governance**', was phased out in December 2021. In terms of impact, the project impacted the lives of 24,426 households, achieving a ratio of 33:1, which is high economic impact on participating families (for each Euro spent, return was 33 Euro) despite the pandemic and multiple cyclones and floods (External Evaluation report). As part of our new strategy, we will keep working with these farmer institutions to build their resilience and voice.

Our project, '**Fighting Forced Labour with Adivasi and Dalit Communities in South Asia**', which is funded by the European Commission, and covered India and Bangladesh, was phased out in June 2022 after a 6-month no-cost extension. The project had a positive impact on over 4,000 households. It has generated lots of enthusiasm and interest amongst all stakeholders, including the landlords who are responsible for creating bonded labour conditions. Local governments and NGOs have supported the work in a variety of ways – resources, technical training, working capital and equipment. While the project has ended teams now need to complete the final evaluation and reporting to the donor. Both teams have begun the next phase of the project to strengthen the institutions of landless labourers as well as to ensure a diversity of skills are available so that these communities do not relapse into bondedness.

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 and is now in the final year of its duration. However, the midterm review of the project has called for a no-cost extension to deliver the impact we are looking to achieve. The donor has also commissioned a Results Oriented Mission to the project which has also encouraged an extension. This extension will help us deepen our impact on homeworkers in the garment and footwear industries. Partners continue training homeworkers on their rights as workers, social security, skill-building, organising, leadership skills, OHS, digital and financial literacy among others. Traidcraft Exchange and its UK partner are working to engage with brands to improve working conditions for homeworkers.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

Achievements and performance (continued)

Empowering Women's CSOs to ensure Good Governance Economic Empowerment Project (WEE): This is a new project in Bangladesh which started in January 2021 but had to be suspended due to national lockdowns and therefore resumed in April 2021. The project is being implemented in rural areas of 5 districts where poverty is high: Faridpur, Jashore and Khulna in the south, Panchagarh and Thakurgaon in the north. This project is working with 15,000 women through building community institutions of grassroot women to ensure collective voice, developing their capacity to advocate for their rights. It is also sensitising government officials, community leaders and the larger community to promote gender equality and empower women. Integrating women in formal supply chains will also be one of the deliverables of this project. After the initial delays with project, in the last year the project has picked up momentum and the project is gradually coming back on track, and the ground work of engaging with women CSOs, and other stakeholders has been achieved.

Pahadiya Sammriddhi (Godda, Jharkhand): This programme implementation has intensified after the covid restrictions were lifted and has now completed 2 years. 115 women's groups are now functional, and 4 cluster level federations have been formed. The process of forming a Farmer Producer Organisation (FPO) led by women has been initiated supported with institution building activities. Women are working together to improve their agricultural practices, protect their seeds through seed banks, and improved nutrition of the community through vegetable and lentil cultivation. These activities have not only delivered improved production practices and nutrition, but in turn have developed the self-image and confidence of women to take on leadership roles. 3,600 households will benefit from this project.

Climate resilient sustainable livelihoods for female small holder farmers, (Birbhum, West Bengal): This is a project in India funded by the Halcrow Foundation. The project aims to organize vulnerable women farmers, improve food security and increase household incomes through livelihood diversification, enhanced water use efficiency, and building resilience through social security safety nets for 2,500 vulnerable families. The project is now in year 2. There are 80 Women Livelihood Committees formed now and work is ongoing to build capacity around governance, micro savings, and resource mapping. Linkages have been built with various government departments to access extension services for a variety of crops as well as starting nurseries to benefit other families.

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

Africa Projects

Juicing Justice, Senegal: Since the end of the Comic Relief funded project that benefited about 2,000 households, no further work has been initiated due to local dynamics and difficulties. However, work is now underway to address the challenges and find alternatives to continue to support the Association. A decision will need to be taken within the next 3 months as to the next steps. No resources have been used in the last 6 months.

The project, '**Sustainable Agriculture & Women's Advancement: Improving Livelihoods and Establishing Women led Enterprises with Smallholder Farmers in Meru County Kenya (SAWA)**' that aimed to economically empower and improve the sustainable livelihoods of 2,000 smallholder households in Meru County, funded by the Foreign, Commonwealth & Development Office (FCDO) successfully ended in January 2022. Over 2,300 households of small farmers benefited from working together to improve productively, and access markets successfully. Women, who made up over 75% of the participants benefited through developing their leadership skills, attaining leadership positions in their groups and improving their business objectives. Traidcraft Exchange will continue to work with these local businesses to enable them to achieve their business objectives.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

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 is focused on providing people with disabilities with sustainable livelihood opportunities in the coffee, cocoa and palm oil value chains. This project will impact on 1,000 people with disabilities and 500 farmers and micro entrepreneurs without disabilities. 50 enterprises have been established and functioning well – palm oil & coffee processing, groundnuts & vegetables production, cocoa fermentation, food processing and soap making. These businesses now have access to markets and are beginning to regain their self-identity and respect from the community due to change in perception of people with disabilities. The project will end in December 2022.

Traidcraft India Services Private Limited: It has been a testing year for the company due to Covid and economic slowdown in India. However, the team has demonstrated resilience and have a strong pipeline of assignments, adding a few new clients to their portfolio, and receiving positive feedback for the quality of work. Our revenues this year have been from a diverse set of clients, both domestic and international, while reducing dependence on Traidcraft Exchange. Based on the new TX strategy, the company has also drafted a strategic vision that integrates the values in the TX strategy narrative, approved by the TSIPL Board.

● 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's activities have included ongoing work to tackle the unfair purchasing practices of many UK brands and retailers impacting vulnerable garment workers internationally, through our call for the establishment of a Fashion Watchdog (Garments Trading Adjudicator.) We also launched a public campaign ahead of the COP 26 climate summit in Glasgow, on climate change and trade, calling on the UK government to tackle the carbon emissions associated with the goods the UK imports. We continued to speak out on the impact on farmers and workers of UK Free Trade Agreements, on the importance of mandatory human rights due diligence legislation covering UK business, and on the need to tackle unfair trading practices at EU level. We also continue to adapt our advocacy work in line with Traidcraft Exchange's new strategic approach, to ensure a greater emphasis on partnership and advocacy in solidarity with organisations in the global South.

Calling for a Fashion Watchdog

Following our 2020 Fast Fashion campaign, exposing the impact of UK brands' unfair purchasing practices on garment workers, we have broadened and strengthened our advocacy for the UK Government to establish a fashion watchdog (Garment Trading Adjudicator) to regulate the industry. This has included significant outreach to MPs to highlight the issue, including through panel events and presentations to the All Party Parliamentary Group (APPG) on the Future of Retail and the APPG on Ethics & Sustainability in Fashion, where we worked with international garment suppliers who shared their experiences. We have also invested significant time in building the evidence base to support our calls for a Garment Trading Adjudicator. Collaborating with academics from University of Aberdeen, we helped shape a joint research project into purchasing practices, which has received over 1,000 respondents from Bangladeshi garment manufacturers and delivered a strong set of data that strengthens calls for regulation. Meanwhile, we have continued to inform and enlist the support of our supporters; our petition calling on Ministers at the Department for Business, Energy and Industrial Strategy to establish a Garment Trading Watchdog was signed by more than 15,000 people. Alongside our UK garment work, we continued our advocacy on Unfair Trading Practices (UTPs) in the garment sector in the EU, including commissioning research on fair and unfair practices, and holding regular meetings with the European Commission and Members of the European Parliament.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

Achievements and performance (continued)

Advocating for Climate and People-Friendly UK Trade Policies

We have continued to speak out about the impact of the UK's approach to trade on workers and farmers in the global South. We submitted evidence to the International Trade Committee's inquiries on UK FTAs with the Gulf Cooperation Council (GCC) and with India. The latter covered the potential impact on farmers and micro- and small enterprises in India, and on exports and workers' rights in other developing countries, among other topics. As part of this we worked to build relationships with and participated in joint planning sessions with a number of Indian CSOs, with whom we have continued to work as the India FTA negotiations progress. We have also consistently called for the UK to deliver a trade strategy that supports progress towards UK objectives on climate change, through evidence to an ITC enquiry, regular engagement with UK civil servants, and comments in the media on the topic. In the run-up to the COP 26 climate conference, hosted by the UK Government in Glasgow, we launched our Carbon Cop-Out campaign, calling on the government to set a target to cut the UK's 'offshored emissions' – those carbon emissions which are released overseas in the production of goods destined for the UK market. Around 8,500 TX supporters emailed the Secretary of State for Business, Energy and Industrial Strategy, with this demand.

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 the 2020 Our Land Our Rights campaign, we continued to call on the government to legislate to hold companies to account for violating human rights through a Business Human Rights and Environment Act (BHREA). A key aspect of this was a submission (written jointly with the Corporate Justice Coalition) and extensive follow-up advocacy to the Law Commission's Corporate Criminal Liability enquiry, around elements which we believe should be included in a new law. Our request that legislation should cover the failure to prevent human rights abuses was included in the Law Commission's options paper in June 2022. In addition, we launched a public campaign in favour of BHREA in December 2021, which received 24,622 supporter signatures, our highest ever number for a public campaign.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

Achievements and performance (continued)

- Raising funds

Fundraising Income Breakdown:

Income from Trusts and Foundations **Unrestricted** is rising year-on-year by around £20,000 a year, due to changes in strategy putting more focus on flexible funding and relationship management designed to reach a higher volume of flexible funders.

Individual giving also continues to rise, exceeding growth plans, due in part to the opportunities presented by UK Aid Match. The Partnerships and Investment team manages stewardship strategy, provides 121 account management, develops bespoke communications and proposals including Christmas match appeal, and holds a series of events during the year designed to engage high net worth supporters more deeply in the work of Traidcraft Exchange to promote sustained and increasing levels of engagement and giving. Through 121 account management we have raised £47,000 directly with individual givers and contributed to the total £106k via a range of indirect means such as events, stewardship design and implementation, calls and promotion.

Business partnerships have performed well this year in relation to budget – business partnerships still have huge untapped potential for growth in future years.

Portfolio funding has reached 38% of the original target – however only £15,000 has been spent given the circumstances. We're pleased to have covered all expenditure in 21/22 financial year. In addition, during this financial year we secured £46k in funding which will cover the total cost of the participatory grant-making pilot phase 1 (Pathway 1) and £31k for Climate Justice activities.

Risk Areas and Mitigation

Match – this reached only 25% of target.

Trusts and Foundations Restricted (Match + Portfolio) is approx. £60k below what has been achieved in previous years, which can in part be attributed to the external environment and COVID. However, we have an additional member of staff working in this area than we had in previous years, and recognize we can, and should, be achieving far better results on match.

Various challenges presented themselves this year contributing to the large match deficit.

1. The match target is the largest target we've had; and
2. It took time to recruit new members of staff and to form and begin working effectively as a team, developing relationships, reporting, procedure, and delivering/attending training as people moved into different roles.

Covid has also had a big effect on our ability to raise funds via this method and to apply for additional grants from existing funders, as delays in projects have meant extending reporting times, leaving us unable to return to the funder during extension periods.

An Oak Foundation grant was approved for work in the tea sector in India at approx. £1m in June 2021. Outstanding opportunities with Laudes Foundation Euro 250,000 and GDS £300,000 both stand a reasonable chance of approval in 22/23.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

Achievements and performance (continued)

Statutory Funding:

A pause on statutory funding was in operation during the prior reporting year leaving a funding gap during this reporting period.

The pause has now been lifted however we pledge to be more discerning about which calls we spend time and effort on – criteria has been set around alignment with strategy as a guide to decision-making in this area.

Overall, the volume of work has increased substantially to try as far as possible to mitigate challenges. We submitted 147 applications this year, the bulk of which were completed in Q3 + 4 to come to fruition in 22/23. Staff networking is increasing but must increase much more if we are to increase visibility with new flexible funders.

We are confident the behaviours, the staff resource, the increase in pace and volume and new strategy are all now working in our favour, and we will begin to see reward on this work in the next financial year and as the pressures of Covid on funders begins to subside.

Public Fundraising and Legacies:

Overall, we raised £2.1 million in public fundraising and legacy income against a target of £1.6 million. A huge combination of factors and contributors from around the organisation came together to deliver this excellent result.

Income from direct mail and online appeals was up at £480K against a target of £420k – this is thanks to a strong start to the year through a UK aid match followed by an extremely successful Christmas appeal.

Legacy income rose to the highest it has ever been, bringing in £576,000 against a budget of £130,000. This reflects the excellent ongoing legacy marketing and one to one support provided by the team. Going forward we don't anticipate every year to be like this one for legacies but even so this does show the commitment of our supporters and the great work of the team. Also, £10,000 was generously donated to Traidcraft Exchange by Lesley and Peter Barret using a legacy from Peter's mother.

Despite committed giving coming in a little under our 5% growth target in this financial year, we did recruit around 500 new committed givers through a series of pushes, and we expect this to materialise in an improved performance in next year's accounts.

Charity gift cards (virtual gifts) had an exceptional year bringing in £67K against a budget of £44K – reflecting the boost from UK aid match and an increase on Christmas sales. Smaller initiatives like the ethical raffle and our recycling schemes also delivered above budget performance.

Risk Areas and Mitigation

Various initiatives performed under target including challenge events, gifts from fairtrade stall surplus and community events. Some of this has struggled to recover in a post-pandemic landscape where attendance at in-person events is less predictable. We also understand that the over performance in legacies will likely not continue into a new financial year.

Around £250,000 of our income is dependent on Traidcraft PLC in different ways so there is a risk should their trading performance suffer that our income here will also drop.

In mitigation to the above risks, we are seeking to continue growing income streams like our appeals line, committed giving and virtual gifts – as well as seeking new partnerships with ethical businesses to diversify our range of income generating options.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

Financial review

• Financial review

Traidcraft Exchange posted a strong unrestricted surplus of £619k (2021: £280k surplus) before other recognised gains and losses.

Performance against budget targets:

Performance during 2021/22 was much better than anticipated. At the beginning of the year we had budgeted an unrestricted deficit of circa £13k, however due to increased income (£2.381m actual vs £1.541m budgeted) we finished the year with an unrestricted surplus of £619k. Overall, we ended the year with a surplus of £711k which was much greater than our budgeted surplus of £6k.

This has been a year of transformation and a change in strategy, we have a 5 year forecast in place which shows a sustainable future for the organisation as well as a planned reduction in excess reserves through investment in our portfolio work.

Performance against previous years:

Total income for the charity increased to £4.2m (2020/21: £3.8m). This increase was mainly due to better than anticipated performance within our fundraising including some large legacy donations.

Other income areas remained largely consistent with previous years.

Other income areas remained largely consistent with previous years.

£'000s	2019 – 20	2020 - 21	2021 - 22
Incoming resources	3,090	3,825	4,244

Charitable expenditure increased on previous years due to projects catching up after delays caused by the pandemic

£'000s	2019 – 20	2020 - 21	2021 - 22
Charitable expenditure	2,695	2,383	2,798

We started the year with reserves in a good position and reserves as at March 2022 remain well above the target minimum set by the Board of £591,000.

£'000s	2019 – 20	2020 - 21	2021 - 22
Unrestricted surplus*	(292)	280	619
Unrestricted reserves - general	817	1,097	1,716

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

The Traidcraft Exchange

Trustees' report (continued)

Year ended 31 March 2022

● 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 a very strong fundraising year again. Our public supporters have continued to show extraordinary generosity, particularly in responding to the UK Aid Match appeal and our Christmas appeal. This year we have also received an exceptional number of legacies, reflecting again the enduring commitment of our supporters and the hard work our fundraising teams have done to continue to engage and nurture supporters who are passionate about our work.

We are in the process of shifting our funding to increase unrestricted and more flexible funding, and over time, anticipate reducing our restricted funding. The figures on unrestricted funding this year are a positive indication that we can grow these income sources with the right investment.

This year, we have not met our target on funding from foundations which is a result of both a challenging external environment and internal restructuring affecting our ability to offer compelling propositions. We won the grant from Oak Foundation for our work in the tea sector but did not bring in any new institutional grants. This was in part due to our decision to become much more focused in our approach and more selective in what restricted funding we go for, and in part due to reduced opportunities available. We continue to plan for a phased transition away from restricted project grants in line with our new strategic direction to be more community led, and to prioritise flexible, longer-term relationships and solidarity.

We do face a number of risks that we are mitigating. The first, the performance of Traidcraft PLC and how a poor year of sales will impact directly on our income but also a wider risk around loss of support to our cause as the business navigates some challenging times and make difficult decisions about its future. We are also mindful of the rising cost of living and inflation putting pressure on staffing and overhead costs, alongside reduced funding available to international NGO's within the development sector. We are investing our surplus reserves wisely to pilot and demonstrate the impact of alternative approaches that do not rely on traditional project funding and continue to build relationships with new funders who value the principles of shifting power that we are committed to. Our five-year forecasts show that we are in a sustainable position in the medium term.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

• 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 2021/22 was £591,000 - £842,000 (2022/23 £753,900 - £1.089m). At 31 March 2022, unrestricted reserves (excluding fixed assets and investments) stood at £1.7m. 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 the cost-of-living crisis 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 2022 Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £1.7m. Our reserves policy sets the target minimum reserve level at £753,900 and a maximum level of £1.089m. The trustees feel the Charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections.
- Traidcraft Exchange has set an achievable budget for the year 2022/23 and expects to post an unrestricted deficit of £363k due to its investment in its portfolio work which would reduce reserves to £1.3m.
- Traidcraft Exchange has not encountered any difficulty in paying its trade creditors within agreed payment terms.

The Traidcraft Exchange

Trustees' report (continued)

Year ended 31 March 2022

Structure, governance and management

● Constitution

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 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.

The board continues to seek to diversify, internationalise and become more inclusive. It is seeking to evolve its structures of governance to better reflect the vision and values of the organisation and will continue on this journey into next year.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

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.

Plans for future periods

As we continue to embed our new strategy and to transform as an organisation in line with our commitment to shifting power and decolonising, there are a number of significant milestones on the horizon. We have launched our new brand and are now called Transform Trade, which will enable us to be more effective in reaching out to new supporters and better reflects the boldness of our vision for change. The strategic shift to work in 3 sectors, tea, garments and farming, joining our advocacy, campaigns and programmatic work together, to more effectively challenge systemic issues is now beginning to take off and with a new strategic narrative, theory of change and a stronger proposition, we believe we will be able to bring on board new funders who are committed to bottom up, rights-based approaches to change. We have been investing designated reserves into a participatory grant-making pilot in East Africa and in the upcoming year, expect to be able to evidence our learning and impact and plan for a greater shift to a more participatory approach across our wider work.

The political context in the UK and the contexts where we work remains challenging. Civil society space is shrinking and we may well be entering a global recession. All these factors will make our work harder and more needed than ever. We continue to work closely with partners and communities to navigate the challenging context and to seek to bring about transformative change together.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2022

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 14 October 2022 and signed on their behalf by:



David Pain
Chair

The Traidcraft Exchange

Statement of trustees' responsibilities

Year ended 31 March 2022

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 . 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 14 October 2022 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 2022 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's and of the parent charitable company's affairs as at 31 March 2022 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 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable 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

**Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor**

Chartered Accountants
Newcastle upon Tyne

14 October 2022

The Traidcraft Exchange

Consolidated Statement of financial activities (incorporating income and expenditure account) Year ended 31 March 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	4	2,251,287	-	2,251,287	2,155,864
Charitable activities	5	130,251	1,862,234	1,992,485	1,669,105
Total income		2,381,538	1,862,234	4,243,772	3,824,969
Expenditure on:					
Raising funds:	6				
Voluntary income		586,778	-	586,778	633,304
Institutional sources		166,373	-	166,373	319,934
Charitable activities:	7				
Development programmes		565,781	1,719,365	2,285,146	1,962,685
Policy and campaigning		453,817	50,123	503,940	420,215
Total expenditure		1,772,749	1,769,488	3,542,237	3,336,138
Other recognised gains/(losses):					
Unrealised (losses)/gains		9,855	-	9,855	(59,469)
Net movement in funds		618,644	92,746	711,390	429,362
Reconciliation of funds:					
Total funds brought forward		1,097,347	260,135	1,357,482	928,120
Net movement in funds		618,644	92,746	711,390	429,362
Total funds carried forward		1,715,991	352,881	2,068,872	1,357,482

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

The notes on pages 26 to 55 form part of these financial statements.

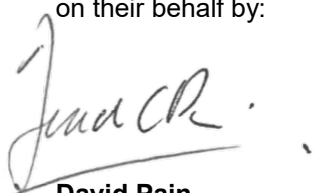
The Traidcraft Exchange

Consolidated balance sheet At 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	4,342	9,881
Tangible assets	13	16,293	33,944
		<u>20,635</u>	<u>43,825</u>
Current assets			
Debtors	15	395,124	353,429
Cash at bank and in hand		2,741,543	2,249,388
		<u>3,136,667</u>	<u>2,602,817</u>
Creditors: amounts falling due within one year	16	(1,088,430)	(1,289,160)
		<u>2,048,237</u>	<u>1,313,657</u>
Total net assets		<u><u>2,068,872</u></u>	<u><u>1,357,482</u></u>
Charity funds			
Restricted funds	19	352,881	260,135
Unrestricted funds	19	1,715,991	1,097,347
		<u>2,068,872</u>	<u>1,357,482</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 14 October 2022 and signed on their behalf by:



David Pain
Chair

Company registered number: 03031674
The notes on pages 26 to 55 form part of these financial statements.

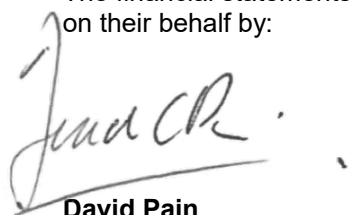
The Traidcraft Exchange

Balance sheet At 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	4,342	9,881
Tangible assets	13	14,423	29,614
		<u>18,765</u>	<u>39,495</u>
Current assets			
Debtors	15	395,124	353,419
Cash at bank and in hand		2,731,283	2,246,388
		<u>3,126,407</u>	<u>2,599,807</u>
Creditors: amounts falling due within one year	16	(1,076,300)	(1,287,954)
		<u>2,050,107</u>	<u>1,311,853</u>
Total net assets		<u><u>2,068,872</u></u>	<u><u>1,351,348</u></u>
Charity funds			
Restricted funds	19	352,881	260,135
Unrestricted funds	19	1,715,991	1,091,213
		<u>2,068,872</u>	<u>1,351,348</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 14 October 2022 and signed on their behalf by:



David Pain
Chair

The notes on pages 26 to 55 form part of these financial statements.

The Traidcraft Exchange

Consolidated statement of cash flows Year ended 31 March 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	21	482,675	902,870
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,255)	(10,559)
Interest received		1,880	1,849
		<hr/>	<hr/>
Net cash used in investing activities		(375)	(8,710)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		482,300	894,160
Cash and cash equivalents at the beginning of the year		2,249,388	1,414,697
Change in cash and cash equivalents due to exchange rate movements		9,855	(59,469)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	22	2,741,543	2,249,388
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 55 form part of these financial statements

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2022

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 pounds sterling and rounded to the nearest £.

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

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 2022

2. Accounting policies (continued)

2.4 Income

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

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

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

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

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

Investment income is recognised on a receivable basis.

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

2.5 Expenditure

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

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

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

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

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2022

2. Accounting policies (continued)

2.6 Foreign currencies

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

2.7 Intangible assets and amortisation

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

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

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

The estimated useful lives are as follows:

IT systems	-	4 years
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2.8 Tangible fixed assets and depreciation

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

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

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

Depreciation is provided on the following basis:

Office equipment	-	10% of cost per annum
Computer equipment	-	25% of cost per annum

2.9 Investments

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

2.10 Debtors

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

2. Accounting policies (continued)

2.11 Cash at bank and in hand

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

2.12 Liabilities and provisions

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

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

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

2.13 Financial instruments

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

2.14 Leased Assets

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 2022

2. Accounting policies (continued)

2.16 Pensions

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

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

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

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

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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 2022

4. Income from donations and legacies

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	1,601,499	1,601,499	1,873,499
Legacies	576,388	576,388	237,603
Grants from trusts and charities	73,400	73,400	44,762
	<u>2,251,287</u>	<u>2,251,287</u>	<u>2,155,864</u>

Income in the prior year was all unrestricted.

5. Income from charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Grants from institutional sources	-	1,862,234	1,862,234
Consultancy and other income	130,251	-	130,251
	<u>130,251</u>	<u>1,862,234</u>	<u>1,992,485</u>

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Grants from institutional sources	-	1,482,776	1,482,776
Consultancy and other income	186,329	-	186,329
	<u>186,329</u>	<u>1,482,776</u>	<u>1,669,105</u>

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

	2022 £	2021 £
Split of income		
UK	534,087	2,773,000
Rest of World	1,328,147	1,052,000
	<u>1,862,234</u>	<u>3,825,000</u>

6. Costs of generating funds

Voluntary income

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Travel and accommodation	154	154	321
Direct costs	187,107	187,107	148,067
Support costs (Note 9)	126,216	126,216	212,818
Direct salaries	273,301	273,301	272,098
	<u>586,778</u>	<u>586,778</u>	<u>633,304</u>

Institutional sources

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Direct costs	-	-	140,712
Support costs (Note 9)	109,726	109,726	68,985
Direct salaries	56,647	56,647	110,237
	<u>166,373</u>	<u>166,373</u>	<u>319,934</u>

All generating funds expenditure in 2021 was unrestricted.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

7. Charitable activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Development Programmes			
Direct salaries	329,797	280,097	609,894
Travel and accommodation	11,783	29,315	41,098
Direct programme costs	179,203	1,339,834	1,519,037
Support costs (Note 9)	44,998	70,119	115,117
	<u>565,781</u>	<u>1,719,365</u>	<u>2,285,146</u>
Policy Unit and Campaigning			
Direct salaries	274,454	36,412	310,866
Travel and accommodation	-	345	345
Direct programme costs	2,975	13,366	16,341
Support costs (Note 9)	183,642	-	183,642
	<u>461,071</u>	<u>50,123</u>	<u>511,194</u>
	<u><u>1,026,852</u></u>	<u><u>1,769,488</u></u>	<u><u>2,796,340</u></u>
	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Development Programmes			
Direct salaries	454,686	337,465	792,151
Travel and accommodation	11,231	32,790	44,021
Direct programme costs	173,575	814,969	988,544
Support costs (Note 9)	107,194	30,775	137,969
	<u>746,686</u>	<u>1,215,999</u>	<u>1,962,685</u>
Policy Unit and Campaigning			
Direct salaries	113,457	88,656	202,113
Travel and accommodation	11	1,025	1,036
Direct programme costs	7,016	25,516	32,532
Support costs (Note 9)	182,734	1,799	184,533
	<u>303,218</u>	<u>116,996</u>	<u>420,214</u>
	<u><u>1,049,904</u></u>	<u><u>1,332,995</u></u>	<u><u>2,382,899</u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

8. Resources expended

Total resources expended include the following amounts:

	2022	2021
	£	£
Depreciation	19,906	15,000
Amortisation	5,539	5,539
Operating leases	47,000	52,000
Unrealised exchange rate losses/(gains)	(9,855)	59,469
Auditor's remuneration	8,000	7,000
	<u><u> </u></u>	<u><u> </u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

9. Support Costs

	Voluntary income 2022 £000	Institutional sources 2022 £000	Development programmes 2022 £000	Policy and Campaigning 2022 £000	Total 2022 £000
Management and admin salaries	79,375	69,004	72,394	118,464	339,237
Governance	13,524	11,757	12,335	20,184	57,801
Office services	16,959	14,744	15,468	25,311	72,482
Office machinery and consumables	7,260	6,312	6,622	6,105	26,298
Financial services	<u>9,098</u>	<u>7,909</u>	<u>8,298</u>	<u>13,578</u>	<u>38,883</u>
Total	<u>126,216</u>	<u>109,726</u>	<u>115,117</u>	<u>183,642</u>	<u>534,701</u>

	Voluntary income 2021 £000	Institutional sources 2021 £000	Development programmes 2021 £000	Policy and Campaigning 2021 £000	Total 2021 £000
Management and admin salaries	140,391	45,508	91,015	121,732	398,648
Governance	11,355	3,681	7,362	9,846	32,244
Office services	36,473	11,823	23,645	31,626	103,567
Office machinery and consumables	7,756	2,514	5,028	6,724	22,022
Financial services	9,083	2,944	5,888	7,876	25,791
PR and comms	<u>7,760</u>	<u>2,515</u>	<u>5,031</u>	<u>6,729</u>	<u>22,035</u>
Total	<u>212,818</u>	<u>68,985</u>	<u>137,969</u>	<u>184,533</u>	<u>604,307</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 (£299,964, 2021: £373,445). It also includes recruitment, relocation, training and other staff costs.

Office services include rent, insurance and general office running expenses. Office machinery and consumables include depreciation and non-capital office furniture, fittings and equipment. Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. PR & Comms is the cost of preparing communications for the 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 2022

10. Staff costs

	2022 £	2021 £
Salaries	858,846	981,054
Social security costs	88,042	92,337
Pension costs (excluding contributions to defined benefit scheme - FRS102)	61,701	68,576
Overseas salaries and staff costs	542,084	336,248
	<u>1,550,673</u>	<u>1,478,215</u>
	Group 2022 £	Charity 2022 £

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

	Group 2021 No.	Group 2021 No.
Development programmes and Policy Unit	37	40
Fundraising	12	10
Management and administration	6	4
	<u>55</u>	<u>54</u>

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

	Group 2022 No.	Group 2021 No.
In the band £60,001 - £70,000	1	1

For the year ended 31 March 2022, key management personnel comprised the trustees, the Chief Executive, and members of the Senior Management Team. The total employee benefits of the key management personnel were £426,687 (2021: £346,000).

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

11. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2021: £nil). There are no trustees to whom retirement benefits are accruing under the defined benefit pension scheme.

During the year ended 31 March 2022, no expenses were paid to trustees (2021 - no expenses were paid to trustees).

12. Intangible assets

Group and company

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

13. Tangible fixed assets

Group

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

13. Tangible fixed assets (continued)

Charity

	Furniture and equipment £
Cost	
At 1 April 2021	122,363
Additions	2,255
At 31 March 2022	<u>124,618</u>
Depreciation	
At 1 April 2021	92,749
Charge for the year	17,446
At 31 March 2022	<u>110,195</u>
Net book value	
At 31 March 2022	<u>14,423</u>
At 31 March 2021	<u>29,614</u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

14. Investments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Traidcraft Services India Private Limited	1,000	1,000	1,000	1,000

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 2022, 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 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Amounts owed by related parties	14,353	50,713	14,353	50,713
Other debtors	117,872	74,115	117,872	74,115
Prepayments and accrued income	262,899	228,601	262,899	228,591
	395,124	353,429	395,124	353,419

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

16. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade creditors	34,236	19,896	34,236	19,898
Other taxation and social security	43,636	30,551	36,136	29,344
Other creditors	10,007	2,725	5,377	2,724
Accruals and deferred income	1,000,551	1,235,988	1,000,551	1,235,988
	1,088,430	1,289,160	1,076,300	1,287,954
	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Deferred income at 1 April 2021	1,116,985	537,081	1,116,985	537,081
Deferred during the year	1,539,113	1,567,904	1,539,113	1,567,904
Amounts released	(1,803,390)	(988,000)	(1,803,390)	(988,000)
	852,708	1,116,985	852,708	1,116,985

Deferred income relates to funds received from Institutional donors that have not been spent at the year end. It will be spent on planned future project activities. The majority will be spent in 2022/23. Income will be recognised as the monies are utilised, in line with the funding agreements.

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2022

17. Restricted funds

The table on page 46 analyses the restricted funds at the year-end. In each case income is received from a funder or funders and programme expenditure (including staff time where appropriate) is charged against this. At any point in time any sums held which have not been spent in accordance with the terms of the agreement of the funder are held in a Restricted Fund or as Deferred Income and are identified by the name of the project or piece of work to which they relate.

South Asia Programme

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

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

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

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

Bangladesh

'Khamatayan' (Empowering smallholders to strengthen local democratic governance) is being implemented in Bangladesh in partnership with Christian Aid and Solidarites and funded by the European Commission. The objective is to strengthen the governance, accountability and sustainability of smallholder civil society organisations in Bangladesh, covering 24 district and sub district associations, and 788 village level Self help Groups (SHGs). The project planned to empower these organisations, representing 20,000 marginal famers (50% women, 10% ethnic minorities, 5% disabled people) to proactively engage with Local Authorities in the five target districts of Gaibandha, Kurigram, Mymensingh, Sherpur and Satkhira. The total cost of this 42 month project is €1,653,149.

Empowering women's CSOs to ensure good governance (WEE):

Ref No EuropeAid/168903/DD/ACT/BD is a 42 month project starting February 2021 and will impact the lives of 15,000 women in 5 districts of Bangladesh, in partnership with Ulashi Sreejony Sangha (USS) and Bikash Bangladesh. The project will build capacity of women's grassroots organisations to advance gender equality and empowerment and enable their participation in local governance. It will support women to access social and economic rights; and strengthen women's collective voice through their own organisations. The total cost is €2,592,595.

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2022

India

Addressing vulnerabilities among the Pahariya community through market led Interventions:

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

Addressing Socio-Economic Vulnerabilities of Tea Workers in West Bengal and Assam – Building Voices and Creating Choices:

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

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

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

East Africa Programme

Senegal

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

Kenya

Sustainable Agriculture & Women’s Advancement (SAWA):

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2022

Participatory Approach Pilot on Women empowerment (PAPOWE):

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

Tanzania

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

Policy and Campaigning Programme

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

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

18. Summary of funds

Summary of funds - current year

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

Summary of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Designated funds	-	-	-	269,000	-	269,000
General funds	818,120	2,341,834	(2,003,138)	(269,000)	(59,469)	828,347
Restricted funds	110,000	1,483,135	(1,333,000)	-	-	260,135
	<u>928,120</u>	<u>3,824,969</u>	<u>(3,336,138)</u>	<u>-</u>	<u>(59,469)</u>	<u>1,357,482</u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

19. Statement of funds

Statement of funds - current year

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

19. Statement of funds (continued)

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

19. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Portfolio work	-	-	-	269,000	-	269,000
General funds						
General funds	818,120	2,341,834	(2,003,138)	(269,000)	(59,469)	828,347
Total Unrestricted funds	818,120	2,341,834	(2,003,138)	-	(59,469)	1,097,347

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

19. Statement of funds (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Restricted funds						
DEAR	(13,000)	93,000	(80,000)	-	-	-
JRCT	18,000	19,000	(26,000)	-	-	11,000
Khamatayan	(22,000)	242,000	(202,000)	-	-	18,000
Shamerto	(26,000)	1,000	25,000	-	-	-
JEWEL	(1,000)	7,000	(6,000)	-	-	-
Muktee	77,000	234,000	(230,000)	-	-	81,000
OAK	(2,000)	218,000	(137,000)	-	-	79,000
Homeworkers	(19,000)	209,000	(205,000)	-	-	(15,000)
Juice	(9,000)	51,000	(52,000)	-	-	(10,000)
Tanzania - Disability main	10,000	139,135	(142,000)	-	-	7,135
Catalyst	95,000	-	-	-	-	95,000
Producer support	2,000	-	(2,000)	-	-	-
PAPOWE	-	2,000	-	-	-	2,000
Supporting tea workers	-	77,000	(65,000)	-	-	12,000
Laudes foundation	-	51,000	(51,000)	-	-	-
Matrix fund	-	5,000	-	-	-	5,000
WEE	-	6,000	(7,000)	-	-	(1,000)
SAWA	-	108,000	(132,000)	-	-	(24,000)
Halcrow Foundation	-	21,000	(21,000)	-	-	-
	<u>110,000</u>	<u>1,483,135</u>	<u>(1,333,000)</u>	<u>-</u>	<u>-</u>	<u>260,135</u>
Total of funds	<u>928,120</u>	<u>3,824,969</u>	<u>(3,336,138)</u>	<u>-</u>	<u>(59,469)</u>	<u>1,357,482</u>

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Notes to the financial statements Year ended 31 March 2022

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	16,293	-	16,293
Intangible fixed assets	4,342	-	4,342
Current assets	1,906,054	1,230,613	3,136,667
Creditors due within one year	(210,698)	(877,732)	(1,088,430)
Total	1,715,991	352,881	2,068,872

Analysis of net assets between funds - prior year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Tangible fixed assets	33,944	-	33,944
Intangible fixed assets	9,881	-	9,881
Current assets	1,225,697	1,377,120	2,602,817
Creditors due within one year	(172,176)	(1,116,985)	(1,289,161)
Total	1,097,346	260,135	1,357,481

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

	Group 2022 £	Group 2021 £
Net income for the year (as per Statement of Financial Activities)	701,535	488,831
Adjustments for:		
Depreciation charges	25,445	26,525
Increase in debtors	(41,695)	(149,752)
Increase/(decrease) in creditors	(200,730)	539,115
Interest received	(1,880)	(1,849)
Net cash provided by operating activities	482,675	902,870

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Notes to the financial statements Year ended 31 March 2022

22. Analysis of cash and cash equivalents

	Group 2022 £	Group 2021 £
Cash in hand	<u>2,741,543</u>	<u>2,249,388</u>

23. Analysis of changes in net debt

	At 1 April 2021 £	Cash flows £	Changes in market value and exchange rate movements £	At 31 March 2022 £
Cash at bank and in hand	<u>2,249,388</u>	<u>482,300</u>	<u>9,855</u>	<u>2,741,543</u>

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 September 2019 indicated that the scheme was in technical surplus. The agreed ongoing cost to be funded by the employer covers administration costs borne by Traidcraft PLC to the value of approximately £66,000. The total charge for the year paid by Traidcraft relating to this scheme, shown below, is divided between Traidcraft plc and Traidcraft Exchange according to the prevailing advice about the split of liabilities in the scheme.

The charity expects to contribute £nil to the defined benefit pension plan in the year to 31 March 2022. It should be noted that the surplus calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2022.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

24. Pension commitments (continued)

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

	At 31 March 2022	At 31 March 2021
	%	%
Discount rate	2.6	1.95
Expected rate of inflation (CPI)	3.15	2.25
Rate of increase of pensions accrued post 5 April 1997	3.15	2.25
Rate of revaluation of deferred pensions	3.15	2.25

	At 31 March 2022	At 31 March 2021
	Years	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 2022	At 31 March 2021
	£	£
Equities	262,000	309,000
Bonds	1,426,000	1,519,000
Other	23,000	13,000
Value recognised limited under FRS102	(60,000)	(191,000)
Total fair value of assets	1,651,000	1,650,000

The actual return on scheme assets was £(75,000) (2021 - £177,000).

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2022

24. Pension commitments (continued)

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

	2022 £	2021 £
Opening defined benefit obligation	(1,650,000)	(1,538,000)
Interest cost	(32,000)	(35,000)
Benefits paid	55,000	59,000
Expenses	-	4,000
Actuarial gain/(losses)	(24,000)	(140,000)
Closing defined benefit obligation	(1,651,000)	(1,650,000)

Reconciliation of fair value of plan assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	1,841,000	1,727,000
Interest income	35,000	39,000
Return on plan assets excluding interest	(110,000)	138,000
Expenses	-	(4,000)
Benefits paid	(55,000)	(59,000)
Value recognised limited under FRS102	(60,000)	(191,000)
	1,651,000	1,650,000

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Notes to the financial statements Year ended 31 March 2022

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

	2022 £	2021 £
Present value of defined benefit obligations	(1,651,000)	(1,650,000)
Fair value of plan assets	1,651,000	1,650,000
Deficit in the scheme	-	-

In the year ended 31 March 2022 the actuarial valuation for accounting purposes showed a surplus of assets over liabilities at that date of £60,000 (2021: £191,000). In accordance with FRS102 a pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that pension scheme trustees have agreed a refund from the scheme at the balance sheet date. Neither condition was met at the balance sheet date and therefore the surplus was not recognised.

Defined contribution scheme:

At 31 March 2001 Traidcraft closed entry to the defined benefit scheme and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme (a type of defined contribution scheme) which now has an employer's contribution rate of 7.5% (2021: 7.5%). Traidcraft Exchange made contributions of £60,701 during the past year (2021: £67,576) and this cost, together with administration charges of £1,000 (2021: £1,000) relating to the closed scheme comprise the pension cost of £61,701 (2021: £68,576) shown in Note 10 to these accounts.

25. Operating lease commitments

At 31 March 2022 the charity and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Not later than 1 year	23,711	36,296	23,711	36,296
Later than 1 year and not later than 5 years	-	31,828	-	31,828
	23,711	68,124	23,711	68,124

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Notes to the financial statements Year ended 31 March 2022

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 (2021: £nil) during the year.

	2022 £	2021 £
Traidcraft plc		
Purchase of goods and services (e.g. rent and building costs)	18,428	30,000
Sale of services	244,955	177,000
Recharge of redundancy costs	-	(22,000)
Balances due (to)/from related parties at 31 March		
Traidcraft Foundation	-	-
Traidcraft plc	14,353	50,713

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 meetings, the number of votes that exceeds by one the number of all other votes cast.