

Registered number: 03031674
Charity number: 1048752

The Traidcraft Exchange

Annual report

31 March 2023

The Traidcraft Exchange

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 14
Trustees' responsibilities statement	15
Independent auditor's report to the members of The Traidcraft Exchange	16 - 19
Consolidated statement of financial activities	20
Consolidated balance sheet	21
Charity balance sheet	22
Consolidated statement of cash flows	23
Notes to the financial statements	24 - 54

The Traidcraft Exchange

Reference and administrative details Year ended 31 March 2023

Trustees

Sarah Hughes (resigned 4 January 2023)
David Neale (resigned 7 July 2022)
Chris Moorhouse (resigned 19 December 2022)
Laurence Sewell
David Pain, Chair
Judith Kirton-Darling
Karimi Kinoti
Matt Oliver (appointed 4 February 2022, resigned 21 September 2022)
Anita Cheria (appointed 22 October 2023)

Key management personnel

Charlotte Timson – CEO
Maveen Pereira – Director of Programmes (left 31 July 2022)
Mary Milne - Head of Campaigns and Communications (deceased August 2022)
Shahed Ferdous, Country Director - Bangladesh
Rakesh Supkar, Business Head - India
Amy Wilson – Head of Partnerships and Investment
Thomas Royle – COO (left 31 July 2023)
Alexander Carnwath – Head of Policy & Advocacy
Jon McNaughton- Head of Public Engagement and Communications
Filbert Kavia – Africa Director (appointed 3 October 2022)
Alice Oyaro – Director of International Programmes, Policy and Partnerships (appointed 5 September 2022)

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 2023

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 2023

The trustees present their annual report together with the audited financial statements of the company for the year 1 April 2022 to 31 March 2023. The trustees confirm that the annual report and financial statements of the 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 (FRS 102) (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 or the charitable group comprising The Traidcraft Exchange and Traidcraft Services India Private Limited. During the course of the year, Traidcraft Exchange rebranded to Transform Trade to better communicate who we are and what we do. In this report however, we will continue to use the legal name of Traidcraft Exchange.

Since the group and the charity qualify as small under section 383 of the Companies Act 2006, the group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

Our 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 producers in vulnerable communities to grow their businesses, find markets and engage in local and international trade - helping people to build the skills, knowledge and capacity 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 2023

Achievements and performance

Main achievements of the charity

The impact of the Covid-19 pandemic lingers, especially for producers and workers who we work with. The pandemic-induced economic slowdown, including disruptions in production and supply chains pushed up poverty levels. There was elevated uncertainty, including through exposure to the global price impacts of the war in Ukraine and ongoing political unrest. Inflation has been on the rise, largely due to increases in food and fuel prices. Simultaneously, communities across different geographies grapple with the aftermath of droughts and floods resulting from the effects of climate change, amplifying the urgency of our mission. This situation compounds the plight of people who are vulnerable.

For Traidcraft Exchange, we continued to embed our new strategy and to transform as an organisation in line with our commitment to shifting power and delivered a number of significant milestones. In September 2022 we launched our new brand and are now called Transform Trade. The name enables us to be more effective in reaching out to new supporters and better reflects the boldness of our vision for change.

We've continued to pilot new approaches, in particular our participatory grant-making pilot in Kenya, which has evidenced the power of the process to shift mindsets and to enable longer term sustainable change. We have developed a new participatory story-telling approach and continue to integrate grant-making into our longer term programmatic work.

We invested heavily in internal cultural change to mirror our commitment externally to do more to shift power and to become locally-led. The leadership team undertook an in-depth training and coaching programme on inclusive leadership; we set up an Equity, Diversity and Inclusion (EDI) working group and together with staff developed the organisation's first EDI framework. We have since undertaken a benchmarking survey and are developing annual action plans to progress our commitment to becoming an inclusive organisation.

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

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

The key highlights of 22/23 include:

International development programme

We continued to work towards a closer and more integrated relationship between programmes and policy. Our concerted efforts have coalesced around three sectors – small scale agriculture, garments, and tea. As we transitioned, we ensured that existing projects and other commitments are delivered successfully and with deep impact. Projects that had faced major delays due to the Covid pandemic gained traction, achieving great results. Overall, we made significant progress on implementation while aligning interventions with the organisation's strategy. The invaluable support of our partners boosted our determination and resilience throughout the year.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Achievements and performance (continued)

Small Scale Agriculture portfolio

We sought to build agency and skills among small-scale agriculture collectives and agricultural workers and enhance sustainable agri-food system in-terms of economy, ecology, and equity. We also aim to influence policy and legal frameworks to align with various trade agreements and realization of climate justice. Farmers collectives, especially women, small holder farmers organisations and youth have been strengthened. A range of actions in different programme, policy and advocacy work have resulted in direct positive impacts on people's lives as well as greater resilience among community members.

South Asia Projects

Empowering Women's Civil Society Organisations (CSOs) to ensure Good Governance Economic Empowerment Project (WEE): This project in Bangladesh started in January 2021 but had to be suspended due to national lockdowns and 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, and 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. The project picked up momentum during the year, and engagement with women CSOs, and other stakeholders has been achieved.

Pahadiya Sammriddhi (Godda, Jharkhand): Post Covid, the programme implementation has intensified and the project is in its second year. The programme continued building and strengthening 115 women's group across 90 villages. The women groups have been federated at the cluster level to form 4 cluster level federations. Besides building the voices of women, the programme worked on improving their agricultural practices, conserving their seeds through seed banks, and improving nutrition of the community through vegetable and lentil cultivation. As a result of the project activities, the women are now confident to take on more leadership roles. Altogether, the project is benefitting 3,600 households.

Climate resilient sustainable livelihoods for female small holder farmers, (Birbhum, West Bengal): The project is funded by the Halcrow Foundation. It 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 in its second year of implementation and has been able to form 80 Women Livelihood Committees. During the year, the project continued working with these women groups and enhanced capacities around governance, micro-savings and undertaking innovative pilots around good agricultural practices. The project also liaised with various government departments and leveraged financial and in-kind support towards agricultural and water resource development.

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. The final evaluation and donor reporting is complete.

Africa projects

Participatory Grant Making: As part of its commitment to Shift the Power, Traidcraft Exchange embarked on a journey of piloting the Participatory Grant Making (PGM) approach to learn from the participatory approaches, including participatory decision-making and grant making, to shift power to communities and community organizations to support and deliver their vision. Traidcraft Exchange has been co-creating systems and processes with Kenyan organizations and individuals to help identify relevant producer groups and to deliver positive impact for their members and community. The PGM pilot supported eight (8) farmers groups in Meru and Kitui Counties in Kenya. The groups included partners from the Sustainable Agriculture & Women's Advancement: Improving Livelihoods and Establishing Women led Enterprises with Smallholder Farmers in Meru County Kenya (SAWA) project that ended in January 2022.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Achievements and performance (continued)

Promoting the Inclusion of People with Disabilities in Cocoa, Coffee, and Palm Oil Value Chains, launched in September 2019. The project focused on providing people with disabilities with sustainable livelihood opportunities in the coffee, cocoa, and palm oil value chains. The project ended in December 2022 and impacted 1,228 people with disabilities and 557 farmers and micro entrepreneurs without disabilities. 57 economic groups have been established and are functioning well – palm oil & coffee processing, groundnuts & vegetables production, cocoa fermentation, food processing and soap making. The evaluation found that project interventions have largely contributed to the promotion of the inclusion of people with disabilities (PWDs) in cocoa, coffee and palm oil value chains in Tanzania. As a result of the collaborative approach employed in the project, the interventions will be integrated into local government planning and budgeting in the target regions.

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

Agriculture and trade policy

We continued to speak out on the impact on farmers and workers of UK Free Trade Agreements. Input from Traidcraft Exchange was used in the International Trade Committee's (ITC) inquiry reports on the implications of UK trade policy on the environment. We rapidly coordinated farming organisations in response to threats to disestablish the Groceries code Adjudicator - the regulator that protects agricultural suppliers (including in the south) unfair purchasing practices on the part of the supermarkets that purchase their produce.

Garments portfolio

During the year, we focused on strengthening the women hidden homeworkers in garment supply chain, undertaking research on garment workers and advocating for fairer purchasing practices and workers' rights in garment supply chains. We also increased our efforts to build relationships with key stakeholders working on the issues of workers in garment supply chains in different geographies as well as other stakeholders including suppliers and thinktanks.

Hidden Homeworkers – Improving Transparency and Traceability to Improve Working Conditions of Homeworkers in Apparel and Footwear Chains started in April 2019 to cover India, Nepal and Pakistan and is now in the final year of its duration. However, the midterm review called for a no-cost extension to deliver the impact we are looking to achieve, and the donor supported this. This extension will help us deepen our impact on homeworkers in the garment and footwear industries. Partners continued 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 partner are working to engage with brands to improve working conditions for homeworkers. 8,000 collective members were mobilised and progress made to build agency among the informal workers and demand for their right towards decent work and access to social protection measures.

Sadhana - Reimagining women artisans organisation: building livelihoods, resilience and wellbeing project: In January 2023, Traidcraft Exchange established a partnership with Sadhana. Based in Udaipur, Rajasthan, Sadhana aims to employ as many women as possible, many from discriminated against castes and who would otherwise be unable to earn an income. Sadhna's artisans have been stitching some of the finest traditional hand-embroidered products for three decades. Every Sadhna product is handmade and fair trade certified. Traidcraft Exchange provided grants and partner accompaniment.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Achievements and performance (continued)

Participatory Photography project: In line with our commitment to shift the power, the participatory photography was initiated during the year. At the start of 2023, members of a women's garment collective in Tirupur, India came together to learn photography skills from a professional photojournalist. They were then given cameras and spent three months documenting their lives and experiences as homeworkers in the garment supply chain. The photos expose both the challenges and benefits of homeworking, employees who are an integral part of the fashion supply chain are nonetheless often denied fundamental rights including minimum wage, sick pay and maternity leave.

Calling for a Fashion Watchdog

Our garments work continued to build on the foundations of previous years, with a lot of positive activity to build support among MPs for a fashion watchdog Garment Trading Adjudicator (GTA) to regulate the industry. This included successful parliamentary events, and a cross-party letter to the Department for Business, Energy and Industrial Strategy (BEIS) which resulted in a government commitment to a ministerial meeting on the topic. The support from parliamentarians has been encouraging. The campaign on GTA has gained more momentum and mobilisation of parliamentarians to support this has resulted in 51+ parliamentarians pledging for it. Further engagements are expected to deepen the movement towards establishing a fashion watchdog, ensuring companies act and are compliant in ensuring the rights of the garment workers. We have made good progress on developing relationships with small businesses and suppliers who we believe will be influential groups in championing a Fashion Watchdog, while consolidating relationships with MPs.

We also continued building the evidence base to support our calls for GTA. In collaboration with the University of Aberdeen, we finalised and launched a research report on Readymade Garments (RMG) in Bangladesh. The survey found that major brands are paying Bangladeshi factories below the cost of production. This was helpful in engaging Government and companies to realise the rights and entitlements of workers working in the garment sector, including the Organisation for Economic Co-operation and Development (OECD) Forum on Due Diligence in the garment sector in the UK.

Tea portfolio

In the last year, we carried out a robust analysis on the Small Tea Growers (STGs) and continued to strengthen the tea workers groups and advocate for fairer purchasing practices and workers' rights in tea supply chains.

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

Scoping on Small Tea Growers (STGs): A process of deepening the understanding on the issues of small tea growers (STGs) in Bangladesh, India and East Africa was carried out through meetings with STGs and various stakeholders in different geographies. In East Africa, an in-depth scoping research was carried out in Kenya and Tanzania and the reports will inform the development of Tea programme in the region. The process also helped to identify effective partnerships. In Tanzania, the team is exploring engagement with a social enterprise that works with a Specialty Tea Company owned by tea smallholder farmers.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Achievements and performance (continued)

Broader Policy and Advocacy work

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. The last year played out in the context of significant political change both in the UK, following the replacement of the Prime Minister, and internationally, with growing restrictions on civil society space. We found that the policy landscape had changed in several areas since we set our annual plan. We continued 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. In addition to work under the different portfolios above, we were engaged in broader policy and advocacy.

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 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.

Mandatory Human Rights and Environmental Due Diligence

We continued to build support for a UK Business, Human Rights, Environment Act (BHREA) to tackle environmental and human rights abuses associated with business. Following our submission (written jointly with the Corporate Justice Coalition) and extensive follow-up advocacy to the Law Commission's Corporate Criminal Liability enquiry the previous year, 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.

Traidcraft Services India Private Limited (TSIPL)

Covid and economic slowdown tested the resilience of the India company. However, last year, the company maintained a healthy pipeline of assignments, added new clients and received positive feedback from the clients. Overall, the revenues were positive and came from diversified clients, demonstrating reduced dependence on Traidcraft Exchange. During the year, the company realigned its strategy as per the new Traidcraft Exchange strategy and drafted a strategic vision that integrates well with the vision and values. We carried out advisory assignments that were well aligned with our new strategic priorities. For example, we worked with IDH, the Sustainable Trade Initiative to evaluate their programme with women Tea workers on Gender Based Violence and Discrimination.

Our work generated important learnings for the team. It also helped increase our impact through engagement with a larger number of stakeholders with similar goals to influence and strengthen the supply chains for the benefit of workers. Value chain mapping work for other clients generated learnings on market opportunity for the team, which was leveraged to support our Pahadiya project farmers. Our engagement with multiple stakeholders in the garments sector increased our collaboration with these stakeholders in our programmatic interventions, including under the Hidden Homeworkers project. The team also focussed on building their own skills through organising and attending various capacity building programmes. This year also marked three continuous years for our advisory arm (TSIPL) to have a profitable operation.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Achievements and performance (continued)

Raising funds

Public Fundraising and Legacies:

Overall, we raised around £1.4m through Public Fundraising and Legacies in 22/23 against a target of £1.75m. This was forecast to be down on the previous year (£2.1m) without the boosting affects of a UK aid match appeal and going into a year where we would spend a lot of energy going through an organisational rebrand.

Along the way though we met a series of challenges which ultimately resulted in lower income. Despite plenty of setbacks, we also saw some key channels in a growth position and other highlights throughout the year.

Challenges

Our long-term partner, Traidcraft Plc had an extremely difficult year which eventually led to their closure in January 2023. This was an unexpected shock and essentially meant that around £250k of unrestricted income was either lost or under threat across a number of channels. We did manage to recover some of this by finding new partnerships and stockists for our fundraising products but this situation certainly contributed to the underperformance.

Through this time of closure, some supporters presumed we had also closed and moved to cancel monthly gifts. We had to move quickly to limit the damage and have successfully recruited and re-recruited committed givers to help fill the gap.

On top of this we also had a down year in legacy income. This is an inconsistent source of income and following our biggest ever legacy income year in 21/22 we saw significantly less income arrive than the average year. Ultimately this put us £118k below our expectations and more than £400k below the previous year's legacy income total.

Highlights

Committed giving has been a big success story of the past few years and 22/23 saw us outpace our growth targets and secure £420K against a target of £405K. This is brilliant news not only for this year but for future years too as supporters continue their giving into the future. Gifts from major donors also continue to grow as stronger relationships are cultivated with loyal donors to support both restricted projects and our Giving Tuesday matching appeal.

Another success was in maintaining a fairly consistent level of public support despite going through a rebrand which included changing our trading name. Our Christmas appeal in late 2022 raised around £155k compared to £150k in the year before. We were delighted to see a slight improvement despite the natural uncertainty that a name change can create. We spent a lot of energy trying to bring supporters with us on this journey and it was pleasing to see signs that this was successful.

Other income lines that performed better than targets included gifts from fair trade stalls and shops, in-memorium giving and recycling donations.

Grants from institutional sources

We successfully won a European Commission (EC) contract for the SWABOL project in Bangladesh at £915,000 over 3.5 years, £215,000 in funding for our Fashion Watchdog work in policy and £115,000 was banked to support match and other smaller projects. The £115,000 from trusts and foundations was below prior years by an average of £35,000 due to staff shortages and sickness for extended periods during the year.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Achievements and performance (continued)

There was a gap on institutional funding applications as the decision was taken to pause further applications during 21-22. In 22-23 the organisation was in a process of planning around new models of work – which limited scope to design new programmes of work fit for institutional funding.

Financial review

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

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

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

Performance compared to previous years:

Total income for the charity fell from £4.2m in 21/22 to £3.2m in 22/23. This decrease of £1m was largely driven by a fall of £445k in legacies from £576,388 in 21/22 to £131,920 in 22/23. Legacies are hard to budget for accurately. Donations also fell by £334k from £1,601,499 in 21/22 to £1,267,691 in 22/23, mainly because of the challenges experienced by Traidcraft plc.

While income for charitable activities from institutional grants fell by £213k, the unrestricted element of this only fell by about £50k so this had less of an impact on the unrestricted deficit.

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 internal controls by the following means:

- Control environment – creating an organisational structure with clearly defined responsibilities.
- Operating controls – each department maintains financial controls and procedures appropriate to its own business environment.
- Budgetary control and financial reporting – Budgets are prepared by each department and reviewed by management and passed to the Board for approval. Financial performance against budget is monitored, with minutes and management accounts tabled at quarterly Board meetings.

The key financial risks that Traidcraft Exchange faces are around our less predictable income streams, such as legacies and public appeals. The situation around Traidcraft plc has been a significant source of financial risk in 22/23 and 23/24, but since Traidcraft plc closed in January 2023, the liabilities are known and there will be less risk in future in this regard.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

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

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

Reserves policy

The trustees consider it prudent that Traidcraft Exchange should seek to maintain unrestricted reserves at a level sufficient:

- 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;
- To cover a minimum of three months and a maximum of four months budgeted staff, overheads and fundraising costs.

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

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

Our reserves are now much closer to the bottom of the target range than they have been in recent years. It is likely that reserves will fall below our minimum target in financial year 23/24 by about £130k as a further deficit is anticipated in 23/24. However, the trustees have approved a surplus budget for the 24/25 financial year and are confident that unrestricted reserves will be sufficient to cover the financial risks the charity faces in 24/25 and beyond.

Going concern

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 a further unrestricted deficit in 24. Management implemented significant cost savings, including making several staff redundant, at the end of 2023. This has enabled the trustees to approve a budget for 24/25, which should generate an unrestricted surplus.

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

Traidcraft Exchange prepares an annual cashflow forecast as part of its budgeting process. The cashflow forecast is monitored on a monthly basis. Traidcraft Exchange has not encountered any difficulty in paying its trade creditors within agreed payment terms. In general, most of our institutional donors provide their grants in advance of spending. Cashflow projections for the year following approval of these financial statements show that the charity will have adequate funds to meet its liabilities as they fall due.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

As at 31 March 2023, Traidcraft Exchange has unrestricted reserves (excluding fixed asset and investments), of £637,742 compared to our target minimum reserve level of £617,819. The trustees feel the charity has adequate reserves at the year end to support its ongoing operations and this view is supported by the cash flow projections.

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

For these reasons, the trustees continue to adopt the going concern basis in preparing the financial statements.

Plans for future periods

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

With the loss of ongoing income we incurred due to Traidcraft's collapse, we have taken action to downsize the charity and to reduce staffing in line with reduced income going forwards and to ensure the charity continues on a sustainable footing in future.

We continue to move forward with the strategy and having learnt from pilot initiatives are able to commit more fully to shifting our approach to become a participatory grant-maker, facilitator and advocate. We continue to seek new funding relationships with donors who align to our values and are committed to providing flexible funding to support partners' agendas and needs.

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

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

Historically, Traidcraft worked through three closely linked entities, sharing the same values and mission; Traidcraft plc, Traidcraft Exchange and Traidcraft Foundation. Traidcraft Plc and Traidcraft Exchange worked in close partnership. The Foundation's mandate is to protect the Christian identity of Traidcraft.

With the collapse of Traidcraft plc, we are merging the Traidcraft Foundation into Traidcraft Exchange.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Structure, governance and management (continued)

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).

This year the board of trustees has changed significantly with a number of trustees who were also non-Executive directors of Traidcraft stepping down, due to conflicts of interest. David Neale, Chris Moorhouse and Sarah Hughes all stepped down for this reason. When Matt Oliver left the Traidcraft CEO position he also stepped down. The board appointed one new trustee, Anita Cheria.

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

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

Governance developments in the year

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.

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.

The Traidcraft Exchange

Trustees' report (continued) Year ended 31 March 2023

Structure, governance and management (continued)

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.

Disclosure of information to auditor

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

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

Auditor

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

Approved by order of the members of the board of trustees on 27 March 2024 and signed on their behalf by:



David Pain
Chair

The Traidcraft Exchange

Statement of trustees' responsibilities Year ended 31 March 2023

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 group and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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

Approved by order of the members of the board of trustees on 27 March 2024 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 2023 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- the parent charitable company has not kept sufficient accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; 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 group'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 group 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

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with the laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits 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 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; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance material to 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 trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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

27 March 2024

The Traidcraft Exchange

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

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

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

The notes on pages 24 to 54 form part of these financial statements.

The Traidcraft Exchange

Consolidated balance sheet At 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	-	4,342
Tangible assets	13	14,743	16,293
		<u>14,743</u>	<u>20,635</u>
Current assets			
Debtors	15	381,755	395,124
Cash at bank and in hand		1,616,624	2,741,543
		<u>1,998,379</u>	<u>3,136,667</u>
Creditors: amounts falling due within one year	16	(1,090,488)	(1,088,430)
		<u>907,891</u>	<u>2,048,237</u>
Total net assets		<u><u>922,634</u></u>	<u><u>2,068,872</u></u>
Charity funds			
Restricted funds	19	284,892	352,881
		<u>284,892</u>	<u>352,881</u>
Restricted funds	19	637,742	1,715,991
Unrestricted funds	19	637,742	1,715,991
		<u>922,634</u>	<u>2,068,872</u>
Total funds		<u><u>922,634</u></u>	<u><u>2,068,872</u></u>

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

The financial statements were approved and authorised for issue by the trustees on 27 March 2024 and signed on their behalf by:



David Pain
Chair

Company registered number: 03031674

The notes on pages 24 to 54 form part of these financial statements.

The Traidcraft Exchange

Balance sheet At 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	-	4,342
Tangible assets	13	13,856	14,423
Investments	14	1,000	1,000
		<u>14,856</u>	<u>19,765</u>
Current assets			
Debtors	15	381,222	395,124
Cash at bank and in hand		1,612,537	2,731,283
		<u>1,993,759</u>	<u>3,126,407</u>
Creditors: amounts falling due within one year	16	(1,071,715)	(1,077,300)
Net current assets		<u>922,044</u>	<u>2,049,107</u>
Total net assets		<u><u>936,900</u></u>	<u><u>2,068,872</u></u>
Charity funds			
Restricted funds:			
Restricted funds	19	284,892	352,881
Total restricted funds	19	<u>284,892</u>	<u>352,881</u>
Unrestricted funds	19	652,008	1,715,991
Total funds		<u><u>936,900</u></u>	<u><u>2,068,872</u></u>

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

The financial statements were approved and authorised for issue by the trustees on 27 March 2024 and signed on their behalf by:



David Pain
Chair

The notes on pages 24 to 54 form part of these financial statements.

The Traidcraft Exchange

Consolidated statement of cash flows Year ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	21	(1,100,938)	482,675
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of tangible fixed assets		(11,159)	(2,255)
Interest received		2,738	1,880
		<hr/>	<hr/>
Net cash used in investing activities		(8,421)	(375)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(1,109,359)	482,300
Cash and cash equivalents at the beginning of the year		2,741,543	2,249,388
Change in cash and cash equivalents due to exchange rate movements		(15,560)	9,855
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	22	1,616,624	2,741,543
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 24 to 54 form part of these financial statements

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2023

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 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 2023

2. Accounting policies (continued)

2.4 Income

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

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

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

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

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

Investment income is recognised on a receivable basis.

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

2.5 Expenditure

Expenditure is brought into the financial statements as it is incurred.

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. 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.

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 2023

2. Accounting policies (continued)

2.6 Foreign currencies

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

2.7 Intangible assets and amortisation

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

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

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

The estimated useful lives are as follows:

Amortisation is provided on the following basis:

IT systems	-	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.

Investments in subsidiaries are valued at cost less provision for impairment.

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 2023

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 2023

2. Accounting policies (continued)

2.16 Pensions

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

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

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

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

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

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 2023

4. Income from donations and legacies

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

Income in the prior year was all unrestricted.

5. Income from charitable activities

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

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

5. Income from charitable activities (continued)

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

6. Costs of generating funds

Voluntary income

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

Institutional sources

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

All generating funds expenditure in 2022 was unrestricted.

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

7. Charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Development Programmes			
Direct salaries	449,588	333,055	782,643
Travel and accommodation	68,124	42,958	111,082
Direct programme costs	405,703	1,250,118	1,655,821
Support costs (Note 9)	83,410	80,799	164,209
	<u>1,006,825</u>	<u>1,706,930</u>	<u>2,713,755</u>
Policy Unit and Campaigning			
Direct salaries	387,601	18,676	406,277
Travel and accommodation	603	148	751
Direct programme costs	20,060	2,215	22,275
Support costs (Note 9)	268,706	-	268,706
	<u>676,970</u>	<u>21,039</u>	<u>698,009</u>
	<u><u>1,683,795</u></u>	<u><u>1,727,969</u></u>	<u><u>3,411,764</u></u>
	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Development Programmes			
Direct salaries	329,797	280,097	609,894
Travel and accommodation	11,783	29,315	41,098
Direct programme costs	179,203	1,339,834	1,519,037
Support costs (Note 9)	44,998	70,119	115,117
	<u>565,781</u>	<u>1,719,365</u>	<u>2,285,146</u>
Policy Unit and Campaigning			
Direct salaries	267,200	36,412	303,612
Travel and accommodation	-	345	345
Direct programme costs	2,975	13,366	16,341
Support costs (Note 9)	183,642	-	183,642
	<u>453,817</u>	<u>50,123</u>	<u>503,940</u>
	<u><u>1,019,598</u></u>	<u><u>1,769,488</u></u>	<u><u>2,789,086</u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

8. Resources expended

Total resources expended include the following amounts:

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

9. Support costs

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

	Voluntary income 2022 £000	Institutional sources 2022 £000	Development programmes 2022 £000	Policy and Campaigning 2022 £000	Total 2022 £000
Management and admin salaries	79,375	69,004	72,394	118,464	339,237
Governance	13,524	11,757	12,335	20,184	57,800
Office services	16,959	14,744	15,468	25,311	72,482
Office machinery and consumables	7,260	6,312	6,622	6,105	26,299
Financial services	<u>9,098</u>	<u>7,909</u>	<u>8,298</u>	<u>13,578</u>	<u>38,883</u>
Total	<u><u>126,216</u></u>	<u><u>109,726</u></u>	<u><u>115,117</u></u>	<u><u>183,642</u></u>	<u><u>534,701</u></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. 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 2023

10. Staff costs

	2023 £	2022 £
Salaries	1,015,691	858,846
Social security costs	105,206	88,042
Pension costs (excluding contributions to defined benefit scheme - FRS 102)	70,011	61,701
Overseas salaries and staff costs	801,044	542,084
	<u>1,991,952</u>	<u>1,550,673</u>

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

	Group 2023	Group 2022
Development programmes and Policy Unit	39	37
Fundraising	12	12
Management and administration	6	6
	<u>57</u>	<u>55</u>

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

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

11. Trustees' remuneration and expenses

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

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

12. Intangible assets

Group and company

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

13. Tangible fixed assets

Group

	Furniture and equipment £
Cost	
At 1 April 2022	131,831
Additions	11,159
At 31 March 2023	<u>142,990</u>
Depreciation	
At 1 April 2022	115,538
Charge for the year	12,709
At 31 March 2023	<u>128,247</u>
Net book value	
At 31 March 2023	<u><u>14,743</u></u>
At 31 March 2022	<u><u>16,293</u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

13. Tangible fixed assets (continued)

Charity

	Furniture and equipment £
Cost	
At 1 April 2022	124,618
Additions	11,159
At 31 March 2023	<u>135,777</u>
Depreciation	
At 1 April 2022	110,195
Charge for the year	11,726
At 31 March 2023	<u>121,921</u>
Net book value	
At 31 March 2023	<u><u>13,856</u></u>
At 31 March 2022	<u><u>14,423</u></u>

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

14. Investments

	Company 2023 £	Company 2022 £
Traidcraft Services India Private Limited	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 31 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 believed it was appropriate to classify them as a fixed asset investment. At 31 March 2023, the Traidcraft plc was in administration and so the shares have been written off in the year.

Principal subsidiaries

The following was a subsidiary undertaking of the charity:

The financial results of the subsidiary for the year were:

15. Debtors

	Group 2023 £	Group As restated 2022 £	Charity 2023 £	Charity As restated 2022 £
Trade debtors	19,168	67,812	19,168	67,812
Amounts owed by related parties	-	14,353	30,316	14,353
Other debtors	41,673	24,262	12,559	24,262
Prepayments and accrued income	320,914	288,697	319,179	288,697
	381,755	395,124	381,222	395,124

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

16. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade creditors	57,937	34,236	57,937	34,236
Other taxation and social security	34,326	43,636	16,465	36,136
Other creditors	40,275	10,007	38,363	5,377
Accruals and deferred income	957,950	1,000,551	958,950	1,001,551
	1,090,488	1,088,430	1,071,715	1,077,300
	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Deferred income at 1 April	852,708	1,116,985	852,708	1,116,985
Deferred during the year	815,674	1,539,113	815,674	1,539,113
Amounts released	(852,708)	(1,803,390)	(852,708)	(1,803,390)
	815,674	852,708	815,674	852,708

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2023

17. Restricted funds

The table on page 48 analyses the restricted funds at the year-end. In each case income is received from a funder or funders and programme expenditure (including staff time where appropriate) is charged against this. At any point in time any sums held which have not been spent in accordance with the terms of the agreement of the funder are held in a Restricted Fund or as Deferred Income and are identified by the name of the project or piece of work to which they relate.

South Asia Programme

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

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

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

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

Bangladesh

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

17. Restricted funds (continued)

India

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

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

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

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

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

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

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

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

The Traidcraft Exchange

Notes to the financial statements

Year ended 31 March 2023

East Africa Programme

Senegal

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

Kenya

Sustainable Agriculture & Women's Advancement (SAWA):

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

Participatory Approach Pilot on Women empowerment (PAPOWE):

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

Tanzania

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

17. Restricted funds (continued)

Policy and Campaigning Programme

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

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

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

Catalyst Programme

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

18. Summary of funds

Summary of funds - current year

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

18. Summary of funds (continued)

Summary of funds - prior year

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds

Statement of funds - current year

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

Statement of funds - prior year

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

19. Statement of funds (continued)

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

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

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	16,293	-	16,293
Intangible fixed assets	4,342	-	4,342
Current assets	1,906,054	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

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

	Group 2023 £	Group 2022 £
Net (expenditure)/income for the year (as per statement of financial activities)	(1,130,678)	701,535
Adjustments for:		
Depreciation and amortisation charges	17,051	25,445
Decrease/(increase) in debtors	13,369	(41,695)
Increase/(decrease) in creditors	2,058	(200,730)
Interest received	(2,738)	(1,880)
Net cash (used in)/provided by operating activities	(1,100,938)	482,675

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

22. Analysis of cash and cash equivalents

	Group 2023 £	Group 2022 £
Cash in hand	1,616,624	2,741,543

23. Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	Changes in market value and exchange rate movements £	At 31 March 2023 £
Cash at bank and in hand	2,741,543	(1,109,359)	(15,560)	1,616,624
	2,741,543	(1,109,359)	(15,560)	1,616,624

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

24. Pension commitments

The group 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 continued to make contributions to it, working with the scheme trustees to agree appropriate contribution levels. Traidcraft plc is the principal employer within the combined Traidcraft defined benefit pension scheme and Traidcraft Exchange is the participating employer.

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

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

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

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

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

	At 31 March 2023	At 31 March 2022
	%	%
Discount rate	4.60	2.60
Expected rate of inflation (CPI)	2.75	3.15
Rate of increase of pensions accrued post 5 April 1997	2.75	3.15
Rate of revaluation of deferred pensions	2.75	3.15
	<hr/> <hr/>	<hr/> <hr/>
	At 31 March 2023	At 31 March 2022
	Years	Years
Mortality rates (in years)		
- for a male aged 65 now	22.1	21.3
- at 65 for a male aged 45 now	23.5	22.3
- for a female aged 65 now	24.5	23.2
- at 65 for a female aged 45 now	26.0	24.4
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The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

24. Pension commitments (continued)

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

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

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

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

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

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

Reconciliation of fair value of plan assets were as follows:

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

24. Pension commitments (continued)

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

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

In the year ended 31 March 2023 the actuarial valuation for accounting purposes showed a surplus of assets over liabilities at that date of £61,000 (2022: £60,000). In accordance with 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% (2022: 7.5%). Traidcraft Exchange made contributions of £70,011 during the past year (2022: £60,701) and this cost, together with administration charges of £nil (2022: £1,000) relating to the closed scheme comprise the pension cost of £70,011 (2022: £61,701) shown in Note 10 to these accounts.

25. Operating lease commitments

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

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

The Traidcraft Exchange

Notes to the financial statements Year ended 31 March 2023

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 (2022: £nil) during the year.

	2023	2022
	£	£
Traidcraft plc		
Purchase of goods and services (e.g. rent and building costs)	15,832	18,428
Sale of services	30,850	244,955
Recharge of redundancy costs	-	-
Balances due (to)/from related parties at 31 March		
Traidcraft Foundation	-	-
Traidcraft plc	-	14,353

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.