



TRAIDCRAFT
Fighting poverty through trade

THE TRAIDCRAFT FOUNDATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED

31 MARCH 2009

Registered charity number 294953

THE TRAIDCRAFT FOUNDATION

TRUSTEES & OFFICERS AND GENERAL INFORMATION



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TRAIDCRAFT FOUNDATION PRINCIPAL ADDRESS

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Traidcraft Foundation is a registered charity, number 294953.

THE TRAIDCRAFT FOUNDATION

TRUSTEES & OFFICERS AND GENERAL INFORMATION



TRUSTEES

Reg Bailey (Chair)

Margaret Masson

Michael Northcott

Makonen Getu

Margaret Sentamu (resigned March 2009)

Richard Higginson

Liz Reynolds

Trustees are elected following recommendations made by the members of a nominations committee, which during the financial year comprised Reg Bailey (Chairman of the Traidcraft Foundation), Chris Stephens (non-executive Chairman of the Boards of Traidcraft plc and Traidcraft Exchange) and Philip Warren (Trustee of Traidcraft Exchange).

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

ADMINISTRATION

Finance: Simon Grant

PRINCIPAL PROFESSIONAL ADVISERS

Principal Clearing Bankers: HSBC plc, 110 Grey Street, Newcastle upon Tyne

Financial Auditors: Baker Tilly UK Audit LLP, 1 St James' Gate, Newcastle upon Tyne

Social Accounts Auditors: JustAssurance Network Limited, Bath

GOVERNING DOCUMENT

Trust Deed (updated 2002).

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

Information regarding the Trustees, Directors and Officers of The Traidcraft Exchange and of Traidcraft plc is included in the published accounts of those companies, available from Traidcraft, Kingsway, Gateshead, Tyne & Wear NE11 ONE.

AIMS AND OBJECTIVES OF THE TRAIDCRAFT FOUNDATION

The Traidcraft Foundation was established in 1979.

Traidcraft seeks to deliver its mission through the complementary activities of its charity, Traidcraft Exchange, and of its sister organisation, the trading company, Traidcraft plc. The Foundation's task is to ensure that all parts of the Traidcraft family remain focused on the founding principles, vision and mission of Traidcraft, as set out below, and to support the Boards of Traidcraft plc and Traidcraft Exchange as they implement their respective activities for the benefit of poor producers in the developing world.

TRAIDCRAFT'S FOUNDATION PRINCIPLES:

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

TRAIDCRAFT'S VISION: A world freed from the scandal of poverty, where trade is just and people and communities can flourish.

TRAIDCRAFT'S MISSION: We fight poverty through trade, practising and promoting approaches to trade that help poor people in developing countries transform their lives.

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

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

- The prevention and relief of poverty and sickness in those countries included in the list of Developing Countries as agreed from time to time by the Trustees, Traidcraft Exchange and Traidcraft plc in accordance with the Deed of Covenant.
- The promotion for the benefit of the public of studies in theological, political, social, technical and economic subjects and other educational subjects.
- The promotion for the benefit of the public of education and dissemination of knowledge in these subjects with particular (but not exclusive) reference to the problems of economic and social development in Developing Countries arising from national and international trading practices.
- The advancement of the Christian religion by commending that religion to persons in Developing Countries and elsewhere.
- The promotion of other charitable purposes in Developing Countries in particular (by using any means available to it including its rights as members or shareholders) by defending the Christian basis underlying the operations of Traidcraft plc and the Exchange, promoting the connections between the Christian faith and the principles of fair trade, stimulating, challenging and helping those bodies to develop distinctively Christian approaches to their work and representing to the Boards of Traidcraft plc and the Exchange the interests and opinions of stakeholders, especially of those overseas producer groups and partners.

THE TRAIDCRAFT FOUNDATION

TRUSTEES' REPORT



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

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

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

PRINCIPAL ACTIVITIES DURING THE YEAR

The Trustees met on two occasions during the year. They considered and dealt with the following principal matters:

- The appointment of three new trustees: Margaret Sentamu, Liz Reynolds and Richard Higginson. (Margaret has subsequently left the Foundation to become a non-executive director of Traidcraft plc and of Traidcraft Exchange).
- Review of Traidcraft's Social Accounts for 2008/9, and publication of a formal response to them.
- Review of the external auditing processes for the Social Accounts.
- Discussion in a joint meeting with the Board of issues arising from the Social Accounts. Discussions focused on raising Traidcraft's profile among churches, and the need to find ways of giving fuller credit in the Social Accounts to the Traidcraft Policy Unit's work without over-attributing change to our own efforts. The Trustees welcomed the work to develop fair trade in India and other southern markets and progress on environmental matters.
- Adoption of a number of revisions to the Deed of Covenant with Traidcraft plc and Traidcraft Exchange.
- Approval of the re-election of Paul Chandler, Alice Ward and Philip Warren as directors of Traidcraft Exchange.

Reg Bailey represented the Trustees as holder of the Guardian Share in Traidcraft plc at the Traidcraft Annual General Meeting in September 2008.

CONSOLIDATED ACCOUNTS

The Trustees submit their annual report and audited financial statements for the year ended 31 March 2009. The financial statements, which have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice (SORP 2005) *Accounting and Reporting by Charities* and The Charities Act 1993, comprise the accounts of the Traidcraft Foundation and of Traidcraft Exchange, a subsidiary of the Foundation. In these accounts "Charity" means The Traidcraft Foundation or the charitable group comprising The Traidcraft Foundation and Traidcraft Exchange.

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

The Foundation also controls the Guardian Share in Traidcraft plc, which confers certain protective powers. For example, the Trustees must give specific assent to change the Articles of Association of Traidcraft plc, wind up the company, appoint a director or Chair of the Board, or make any fundamental change to the operation of the Company.

The Trustees considered carefully whether or not to consolidate the results of Traidcraft plc into those of the Foundation. Legal advice taken by the Trustees indicated that given the nature and purpose of the Guardian Share and that there is no intended or actual control of Traidcraft plc by the Foundation Trustees, consolidation is not necessary or appropriate. A summary of the financial statements of Traidcraft plc is however, given in note 20.

FINANCIAL RESULTS AND FUTURE PROSPECTS

The results for the year ended 31 March 2009 are set out in detail in the financial statements on pages 12 to 33. The net outgoing resources for the Foundation (before consolidation) for the year was £2,000 (2008: incoming £2,000).

The Foundation (before consolidation) had gross incoming resources of £4,000 (2008: £4,000) from covenanted donations and standing orders.

The Trustees believe that the assets of the Foundation are available and adequate to fulfil its obligations.

Traidcraft Exchange saw its total charitable expenditure rise by some 10% to £3.5 million as our project programme has continued to expand. New grants from major funders totalled some £4.3 million, a record level and more than twice our target, which is testimony to the growing respect in which our work is held and bodes well for the future.

However, the economic downturn led to reduced income from individual supporters. This is particularly challenging as the growth of our project programme means we need to raise more money to supplement our major grants, which rarely cover the full costs of implementing projects. The reduced income from supporters was the principal cause of the reduction in unrestricted reserves in the year of £351,000. This reversed the increase of some £300,000 in unrestricted reserves achieved in 2008. Although reserves remain adequate, we clearly cannot continue with deficits at this level, and need to find additional income to support the growth of our work.

Traidcraft Exchange is implementing its Strategic Plan for 2007 – 2011. The strategy reaffirms the development policy of Traidcraft Exchange and sets a target of trebling the volume of project and campaign activity, requiring a doubling of the total income of Traidcraft Exchange. It remains on track to deliver that principal objective. The Foundation will continue to support that work, and the work of Traidcraft plc.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP as auditors will be proposed at the Annual General Meeting of Traidcraft Exchange scheduled for 11th September 2009.

RELATIONSHIPS WITH OTHER BODIES

The Foundation and Traidcraft Exchange work in close co-operation with Traidcraft plc, particularly in the area of raising awareness of fair trade issues. The contact address for all three organisations is Kingsway, Gateshead, Tyne & Wear, NE11 0NE.

Traidcraft Exchange is affiliated to or a member of:

- IFAT – the International Fair Trade Association
- The Fairtrade Foundation
- British Overseas NGOs for Development (BOND)
- UK NGOs Trade Network
- The Institute for Social and Ethical Accountability
- Ethical Trading Initiative (ETI)
- The Ecumenical Council for Corporate Responsibility (ECCR)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its financial activities for that period. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the policies adopted are in accordance with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with applicable accounting standards. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

RESERVES POLICY

The Traidcraft Exchange reserves policy was updated in July 2008. Changes were made to the reserves policy to reflect the increased risk of a decline in unrestricted donations in view of the predicted economic downturn. The Trustees of Traidcraft Exchange felt it was prudent to increase the maximum cover of working capital to 4 months from the previous 3 months and to clarify the basis of cover for the pension fund deficit.

The Traidcraft Exchange Trustees identified three elements for which the Charity requires reserves; to provide matched funding required for specific projects to enable these projects to be undertaken, to cover working capital to cope with income fluctuations, and to cover pension liabilities from the closed Traidcraft Pension Scheme.

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

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

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 set for 2009/10 was between £672,000 and £1,047,000. At 31 March 2009 unrestricted reserves stood at £757,000.

As Traidcraft plc and Traidcraft Exchange guarantee to cover reasonable expenses of the Traidcraft Foundation reserves are kept at approximately £1,000.

MAJOR RISKS AFFECTING THE CHARITY

Areas of most concern are as follows: economic downturn/recession the insufficient unrestricted funding raised. The Trustees are satisfied that the trustees of Traidcraft Exchange have adequately considered the risks associated with running that charity and are taking appropriate steps to manage them. More details regarding the major risks affecting Traidcraft Exchange can be found on page 14 of their financial statements.

GOING CONCERN

After making enquiries, the trustees have 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.

Approved by the Trustees on 9 July 2009 and signed by Reg Bailey on their behalf.

Trustee

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE TRAIDCRAFT FOUNDATION

We have audited the financial statements of Traidcraft Foundation for the year ended 31 March 2009 which comprise the principle accounting policies, the statement of financial activities and income and expenditure account, the balance sheet and related notes.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept sufficient accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and its subsidiary as at 31 March 2009 and of their incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention, with the exception of investments which are shown at market value, the Statement of Recommended Practice (SORP 2005), *Accounting and Reporting by Charities* and the Charities Act 1993.

The trustees have reviewed the accounting policies in accordance with Financial Reporting Standard No 18 - Accounting Policies, and consider them to be the most appropriate policies and estimation techniques.

Traidcraft Foundation has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No.1 (Revised 1996) on the grounds that it qualifies as a small group under the requirements of SORP 2005.

The principal accounting policies of the Charity have remained unchanged from the previous year.

FUND ACCOUNTING

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

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

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

INCOMING RESOURCES

All incoming resources becoming available to the Charity during the year are recognised in the Statement of Financial Activities. Income is deferred where unrestricted 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.

Shares donated during the year are included in donations and valued at market value.

Legacies are recognised as income, in the accounting period, once the Charity has been informed of the amount of a bequest.

Investment income is recognised on a receivable basis.

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

RESOURCES EXPENDED

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

Fundraising	32%
International Programmes	43%
Social & Ethical Programmes	25%

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.

Governance costs are the costs associated with the governance arrangements of the Charity which relate to the general running of the Charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are the costs associated with the strategic as opposed to day-to-day management of the Charity’s activities.

Support costs represent the salaries of staff directly providing support to International Programmes and the Policy Unit and have been allocated accordingly.

Management and administration costs (referred to as ‘Overhead allocation’) represent the costs incurred by finance, IT and human resources attributable to the management of the Charity’s assets and organisational administration.

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

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 or at an agreed contractual rate.

FINANCIAL INSTRUMENTS

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

DEPRECIATION

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

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

INVESTMENTS

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

CONTRIBUTION TO PENSION FUNDS

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

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

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

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

The administration costs of running the closed defined contribution scheme are charged to the Statement of Financial Activities.

Further details are provided in the notes to the accounts.

LEASED ASSETS

Traidcraft Exchange only has operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

GRANTS PAYABLE

Funds received by The Traidcraft Foundation which are not required to meet its minor administrative costs are transferred by way of periodic grants to Traidcraft Exchange.

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 FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2009



TRAIDCRAFT
Fighting poverty through trade

	Note	Foundation			Consolidated				
		Unrestricted	Restricted	Total	Total	Unrestricted	Restricted	Total	Total
		Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
		2009	2009	2009	2008	2009	2009	2009	2008
		£000	£000	£000	£000	£000	£000	£000	
INCOMING RESOURCES									
Incoming resources from generated funds:									
Voluntary income									
	1	-	-	-	-	1,471	4	1,475	1,610
		-	-	-	-	50	-	50	181
	1	-	-	-	-	24	-	24	36
						16	3	19	22
Incoming resources from charitable activity:									
	1	-	-	-	-		1,499	1,499	1,318
	2	4	-	4	4	120	-	120	86
Other Finance Income	15	-	-	-	-	-	-	-	9
Total Incoming Resources		4	-	4	4	1,681	1,506	3,187	3,262
RESOURCES EXPENDED									
Cost of generating funds									
	3	-	-	-	-	462	-	462	437
	3	-	-	-	-	254	-	254	231
Charitable activities									
	4	-	-	-	-	847	1,323	2,170	1,893
	4	-	-	-	-	403	186	589	623
	7	6	-	6	2	26	-	26	24
						1	-	1	-
Total Resources Expended	5	6	-	6	2	1,993	1,509	3,502	3,208
Net (outgoing)/incoming resources before other recognised gains & losses		(2)	-	(2)	2	(312)	(3)	(315)	54
Other recognised gains and losses									
		-	-	-	-	47	-	47	107
		-	-	-	-	-	-	-	3
	15	-	-	-	-	(58)	-	(58)	5
Net (Expenditure)/Income For The Year		(2)	-	(2)	2	(323)	(3)	(326)	169
Fund balances b/fwd at 1 st April 2008		3	-	3	1	996	225	1,221	1,052
Transfers	17	-	-	-	-	(30)	30	-	-
Fund balances c/fwd at 31 March 2009	17	1	-	1	3	643	252	895	1,221

There are no gains or losses during the year other than the net (expenditure)/income disclosed above.
All income and expenditure relates to continuing operations.

The notes on pages 14 to 33 form part of these Financial Statements

THE TRAIDCRAFT FOUNDATION

BALANCE SHEET AT 31 MARCH 2009



	Note	Foundation		Consolidated	
		2009 £000	2008 £000	2009 £000	2008 £000
Fixed assets					
Tangible	11	-	-	35	43
Current assets					
Debtors	12	3	-	467	303
Investments	13	1	1	26	23
Cash at bank and in hand		-	2	1,777	1,463
		<u>4</u>	<u>3</u>	<u>2,270</u>	<u>1,789</u>
Creditors: amounts falling due within one year					
Creditors	14	3	-	(1,284)	(522)
Net current assets		<u>1</u>	<u>3</u>	<u>986</u>	<u>1,267</u>
Total assets less current liabilities		<u>1</u>	<u>3</u>	<u>1,021</u>	<u>1,310</u>
Defined benefit pension scheme liability	15	-	-	(126)	(89)
		<u>1</u>	<u>3</u>	<u>895</u>	<u>1,221</u>
Funds and reserves					
Restricted funds	17	-	-	252	225
Unrestricted funds - Designated	17	-	-	11	111
Unrestricted funds – General (excluding pension reserve)	17	1	3	758	974
Pension reserve	17	-	-	(126)	(89)
		<u>1</u>	<u>3</u>	<u>895</u>	<u>1,221</u>

The notes on pages 14 to 33 form part of these Financial Statements.

The consolidated financial statements on pages 12 – 33 were approved by the Trustees and authorised for issue on 9 July 2009 and are signed on their behalf by:

Reg Bailey, Chair

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009



1 INCOMING RESOURCES

				Consolidated
	2009	2009	2009	2008
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£000	£000	£000	£000
Donations from individuals				
Committed giving	423	-	423	421
Direct mail appeals	228	-	228	286
General donations	311	4	315	287
Sponsorship from events	110	-	110	107
Gifts For Life	70	-	70	73
Tax reclaimed through Gift Aid	196	-	196	325
Other	133	-	133	111
	1,471	4	1,475	1,610

In 2009, included in general donations are dividends donated to the Charity from shareholders of Traidcraft plc resulting in income of £48,000. (2008: Nil)

	Consolidated	
	2009	2008
	£000	£000
	Restricted	Restricted
Grants from Institutional Sources		
<u>Government Bodies and Multilateral</u>		
Department for International Development	382	239
European Community	569	572
Isle of Man Government	-	14
IFC (International Finance Corporation, an agency of The World Bank)	39	118
FAO	20	51
ICCO	33	-
IFAD	96	-
Grants under £10,000	-	13
<u>Trusts & Charities</u>		
Big Lottery Fund	122	112
Shell Foundation	-	25
CAFOD (Catholic Fund for Overseas Development)	23	23
Christian Aid	10	25
Comic Relief	34	24
Oxfam	30	30
Anonymous	28	-
The Ceniarth Foundation	-	15
Waterloo Foundation	25	-
Benfield Motors Charitable Trust	10	-
Chalfont St Giles PCC	-	15
Grants under £10,000	60	26
<u>Companies</u>		
WJD Consulting Ltd	5	10
Traidcraft plc	13	6
	1,499	1,318

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1 INCOMING RESOURCES (CONTINUED)

	Consolidated	
	2009	2008
	Unrestricted	Unrestricted
	£000	£000
Trusts and Charities		
Grants of £10,000 or more	-	10
Grants between £1,000 and £10,000	14	17
Grants under £1,000	10	9
	24	36

2 OTHER INCOME

	Consolidated	
	2009	2008
	Unrestricted	Unrestricted
	£000	£000
International consultancy and marketing services	97	85
Miscellaneous	23	1
	120	86

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

3 COSTS OF GENERATING FUNDS

	Consolidated			
	2009	2009	2009	2008
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£000	£000	£000	£000
Direct salaries	281	-	281	266
Travel and accommodation	4	-	4	7
Other direct costs	271	-	271	254
Overhead allocation	160	-	160	141
	716	-	716	668

The total costs of generating funds (£556,000) represented 9% (2008: 20%) of the total value of new money raised during the financial year. £5,880,000 was raised during the year (£1,525,000 was raised by the Public Fundraising team and £4,355,000 in new grants was won by the Institutional Fundraising team). Some of the funds raised by the Institutional Fundraising team have not yet however been recognised in the Statement of Financial Activities. These are restricted funds that can only be recognised upon implementation of the project activities they are financing.

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

4 CHARITABLE ACTIVITIES

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	Foundation		Consolidated			
	2009	2008	2009	2009	2009	2008
	Total	Total	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	£000	£000	£000
International Programmes						
Direct salaries	-	-	193	137	330	327
Travel & accommodation	-	-	61	68	129	95
Direct programme costs	-	-	405	1,059	1,464	1,225
Overhead allocation	-	-	188	59	247	246
	-	-	847	1,323	2,170	1,893
Social & Ethical Programmes						
Direct salaries	-	-	177	68	245	247
Travel & accommodation	-	-	8	13	21	32
Direct programme costs	-	-	78	77	155	197
Overhead allocation	-	-	140	28	168	147
	-	-	403	186	589	623
Grants to Traidcraft Exchange	-	-	-	-	-	-
	-	-	1,250	1,509	2,759	2,516

5 RESOURCES EXPENDED

	Consolidated					
	Direct	Travel &	Direct	Overhead	Total	Total
	salaries	accomm.	programme	allocation	2009	2008
	£000	£000	costs	£000	£000	£000
	£000	£000	£000	£000	£000	£000
Costs of generating funds						
Voluntary income	127	-	254	81	462	437
Institutional sources	154	4	17	79	254	231
Charitable activities						
International programmes	330	129	1,464	247	2,170	1,893
Social & ethical programmes	245	21	155	168	589	623
Governance	-	-	26	-	26	24
Other finance costs	-	-	1	-	1	-
Total Resources Expended	856	154	1,917	575	3,502	3,208

THE TRADCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

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5 RESOURCES EXPENDED (CONTINUED)

Total resources expended include the following amounts:-

	Consolidated	
	2009 £000	2008 £000
Depreciation	18	20
Operating leases	50	43
Auditor's remuneration		
- as auditors	14	13
- for other services	6	5
Social Audit	6	5

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

	2009	2008
	£000	£000
Baker Tilly UK Audit LLP:Audit	8	8
Baker Tilly Tax & Accounting Limited:Accountancy	6	-
Baker Tilly Tax and Advisory Services LLP:Accountancy	-	5
	<u>14</u>	<u>13</u>

6 DIRECT PROGRAMME COSTS

	Consolidated	
	2009 £000	2008 £000
Consultants	337	214
Programme running cost	511	524
In-country management costs	272	197
Governance	26	24
Transfers to local partners	770	741
Finance costs	1	-
	<u>1,917</u>	<u>1,700</u>
Reallocated to:		
Charitable activities	271	1,422
Costs of generating funds	1,619	254
Governance	26	24
Finance costs	1	-
	<u>1,917</u>	<u>1,700</u>

7 GOVERNANCE

	Foundation		Consolidated	
	2009 £000	2008 £000	2009 £000	2008 £000
Audit fees and related costs	-	-	16	12
Internal audit costs	-	-	2	2
Board meetings and overseas travel	6	2	8	7
Legal and statutory	-	-	-	3
	<u>6</u>	<u>2</u>	<u>26</u>	<u>24</u>

THE TRADCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

Included in the Consolidated Audit Fees is the Social Audit fee of £5,600 (2008: £5,300).

8 ANALYSIS OF OVERHEAD ALLOCATION

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	<u>Salaries</u>						<u>Consolidated</u>	
	<u>Mgmt & Admin</u>	<u>Support</u>	<u>Office services</u>	<u>Office machinery & consumables</u>	<u>Financial services</u>	<u>PR & Comms</u>	<u>Total 2009</u>	<u>Total 2008</u>
	£000	£000	£000	£000	£000	£000	£000	£000
Costs of generating funds								
Voluntary income	55	-	18	3	2	3	81	75
Statutory bodies	54	-	17	3	2	3	79	66
Charitable activities								
International programmes	149	28	48	9	6	7	247	246
Social & ethical programmes	87	27	41	5	3	5	168	147
Governance	-	-	-	-	-	-	-	-
Other resources expended	-	-	-	-	-	-	-	-
Total Resources Expended	345	55	124	20	13	18	575	534

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

Management and administration salaries include the salaries of staff working in IT (£28,000), Finance (£74,000), HR (£39,000), Public Relations (£88,000) and general management (£50,000). It also includes recruitment, relocation, training and other staff costs. Support salaries include the salaries of employees directly supporting staff working in the Policy Unit and on International Programmes.

Office services include rent, insurance and general office running expenses.

Office machinery and consumables includes depreciation and non-capital office furniture, fittings and equipment.

Financial services include bank charges, irrecoverable VAT and membership fees and subscriptions. There is also a charge of £1,837 (2008: £1,837) for Trustees Indemnity Insurance.

PR & Comms is the cost of preparing communications for the Charity and includes the cost of trips to visit projects to provide reports to our supporters.

THE TRAIDCRAFT FOUNDATION

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For the year ended 31 March 2009

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9 STAFF COSTS AND RELATED EXPENDITURE

	Consolidated	
	2009	2008
	£000	£000
Salaries	1,027	1,002
Social security costs	97	85
Pension costs (excluding contributions to defined benefit scheme – FRS 17)	72	62
Subtotal: employment costs	1,196	1,149
Overseas salaries and staff costs	198	144
Recruitment and relocation	12	7
Training and other staff costs	44	24
	1,450	1,324

In note 6 above, the overseas salaries and staff costs (of £198,000) are included within 'In-country management costs' under 'Direct Programme Costs'.

One member of staff, the Chief Executive, earned a salary of between £60,000 - £70,000 per annum during the year. This was paid by Traidcraft plc with 50% of the salary costs borne by Traidcraft Exchange.

The costs of employing the senior management team, who work across both the Charity and Traidcraft plc, including the executive officers, are shared between both companies in proportion to time spent.

The average number of full-time equivalent employees during the year was:

	Consolidated	
	2009	2008
	No.	No.
International Programmes, Policy Unit and support	29	27
Fundraising	10	10
Management and administration	9	8
	48	45

10 TRANSACTIONS WITH TRUSTEES

Paul Chandler, the Chief Executive of Traidcraft plc and Traidcraft Exchange, was paid by Traidcraft plc with Traidcraft Exchange sharing a proportion of these costs.

There are no trustees to whom retirement benefits are accruing under the defined benefit pension scheme. Trustees received no remuneration from the Foundation. Total expenses paid to six (2008: three) trustees of the Foundation amounted to £1,186 (2008: £145). Total expenses paid to eight (2008: eight) of the Trustees of Traidcraft Exchange amounted to £2,859 (2008: £3,561). These related to the costs of attendance at board and other meetings and also included visits to Country Programme made by one trustee. These trips are part of induction and training for Trustees.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

11 TANGIBLE FIXED ASSETS

	Consolidated	
	2009	2008
	£000	£000
Furniture and Equipment		
Cost		
At 1 April 2008	179	177
Additions	10	18
Disposals	(1)	(16)
At 31 March 2009	<u>188</u>	<u>179</u>
Depreciation		
At 1 April 2008	136	132
Less depreciation on disposals	(1)	(16)
Charge for year	18	20
At 31 March 2009	<u>153</u>	<u>136</u>
Net Book Value at 31 March 2009	<u>35</u>	<u>43</u>
Net Book Value at 31 March 2008	<u>43</u>	<u>45</u>

12 DEBTORS

	Foundation		Consolidated	
	2009	2008	2009	2008
	£000	£000	£000	£000
VAT receivable	-	-	2	12
Accrued income	-	-	275	179
Other debtors	3	-	190	112
	<u>3</u>	<u>-</u>	<u>467</u>	<u>303</u>

13 INVESTMENTS

	Foundation		Consolidated	
	2009	2008	2009	2008
	£000	£000	£000	£000
At 1 April 2008	1	1	23	16
Additions in period	-	-	3	7
Disposals in period	-	-	-	-
Market value at 31 March 2009	<u>1</u>	<u>1</u>	<u>26</u>	<u>23</u>
Cost	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Shares in Traidcraft plc are not listed on any stock exchange and were valued by the Trustees as at 31 March 2009 at the price at which Traidcraft plc share were sold to the public during the year. The Trustees are of the opinion that there is no material difference between this price and the market value. Other shares were valued at market value on 31 March 2009. Additions during the year were the result of donations of shares to Traidcraft Exchange.

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

14 CREDITORS: amounts falling due within one year

	Foundation		Consolidated	
	2009 £000	2008 £000	2009 £000	2008 £000
Supporters loans	-	-	2	2
Trade creditors	-	-	12	52
Accrued expenses and deferred income	3	-	1,226	443
Traidcraft plc	-	-	42	23
Other creditors	-	-	2	2
	3	-	1,284	522

Included within 'Accrued expenses and deferred income' is:

- £49,000 for the Tsunami project and £6,500 for the ISLAND project which relates to funds received from the Big Lottery Fund that had not been spent at the year end and
- £18,000 for the Kenyan Dairy Farmers project which relates to funds received from DFID that had not been spent at the year end.

15 PENSIONS

Closed defined benefit scheme:

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

The triennial actuarial valuation prepared as at 1 April 2007 indicated that the scheme is approximately 89% funded against technical provisions with a deficit of £502,000. The agreed ongoing funding to be paid by the employer is £101,000 per annum which is intended to bring the scheme up to a fully-funded position by 31 March 2013. The total charge for the year paid by Traidcraft relating to this scheme, including administration costs, was £151,000 (2008 - £156,000). This cost is divided between Traidcraft plc and Traidcraft Exchange, according to the prevailing advice about the split of liabilities in the scheme.

The Financial Reporting Standard 17 "Retirement Benefits" (FRS 17) 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 2009. Assumptions used were:

	Value at 31 March 2009 (per annum)	Value at 31 March 2008 (per annum)	Value at 31 March 2007 (per annum)
Rate of increase of pensions accrued post 5 April 1997	2.9%	3.4%	3.1%
Rate of revaluation of deferred pensions	2.9%	3.4%	3.1%
Discount rate	7.2%	6.4%	5.3%
Inflation assumption	2.9%	3.4%	3.1%

THE TRADCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

15 PENSIONS (CONTINUED)

The amounts recognised in the balance sheet are as follows:

	2009	2008
	£000	£000
Present value of funded obligations	(710)	(853)
Fair value of scheme assets	584	764
Deficit in the scheme	(126)	(89)

Changes in the present value of the defined benefit obligation scheme are as follows:

	2009	2008
	£000	£000
Opening defined benefit obligation	853	981
Interest on scheme liabilities	55	52
Actuarial loss/(gain)	(181)	(125)
Benefits paid	(17)	(55)
Closing defined benefit obligation	710	853

Changes in the fair value of scheme assets are as follows:

	2009	2008
	£000	£000
Opening fair value of scheme assets	764	855
Expected return on scheme assets	54	61
Contributions by employer	22	23
Actuarial loss	(239)	(120)
Benefits paid	(17)	(55)
Closing fair value of scheme assets	584	764

Amounts charged to the Statement of Financial Activities:

	2009	2008
	£000	£000
Interest on obligation	55	52
Expected return on assets	(54)	(61)
Total operating charge/(income)	1	(9)

The charity expects to contribute £22k to its defined benefit pension plan in the year to 31 March 2010.

Amounts charged to the Statement of Recognised Gains and Losses are as follows:

	Company		Cumulative	
	2009	2008	2009	2008
	£000	£000	£000	£000
Actuarial (loss)/gains	(58)	5	20	78

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

15 PENSIONS (CONTINUED)

The major categories of plan assets as a percentage of total plan assets are as follow:

The assets in the old scheme and the expected rate of return were:

	Assets at 31 March 2009(%)	Assets at 31 March 2008(%)
Equities	71.2	80.1
Bonds	28.6	19.5
Other	0.2	0.4

The overall expected long term return on plan assets is a weighted average of the expected long term returns for equity securities, debt securities and other assets.

History of asset values, present value of liabilities and surplus/deficit

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Defined benefit obligation	(710)	(853)	(981)	(985)	(835)
Fair value of scheme assets	584	764	855	759	578
(Deficit)/surplus in the scheme	(126)	(89)	(126)	(226)	(257)
Experience gains/(losses) on scheme liabilities:	7	(15)	-	3	1

Principal demographic assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on future lifetime from retirement age 65 are:

	2009	2008
<i>Males</i>		
Retiring today	20.8	21.9
Retiring in 20 years	22.6	23.1
<i>Females</i>		
Retiring today	24.0	24.8
Retiring in 20 years	26.0	25.9

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) with a company contribution rate of 7.5% (2008 7.5%). Traidcraft Exchange made contributions of £62,000 during the past year (2008 - £53,000) and this cost, together with administration charges of £10,000 (2008 £9,000) relating to the closed scheme comprise the pension cost of £72,000 (2008 £62,000) shown in Note 9 to these accounts.

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

16 TRANSACTIONS WITH RELATED PARTIES

The following are related parties of the Foundation and the relationship is as follows:

1. Traidcraft Exchange is a company limited by guarantee, a registered charity and a subsidiary of The Traidcraft Foundation. The activities of the organisation include fund-raising, media exposure, developing partners in the third world and ethical business work. Traidcraft Foundation is the founder member of Traidcraft Exchange and in a general meeting has the number of votes that exceeds by one the number of all other votes cast. All activities of Traidcraft Exchange have been consolidated on a line by line basis in the SOFA.
2. Traidcraft plc is a company of which Traidcraft Foundation owns the one Guardian Share. This confers certain protective powers on the Foundation (see note on Page 5 under "Consolidated Accounts"). Traidcraft plc imports handicrafts, fashion goods and clothing, tea, coffee and foodstuffs from developing countries, which it sells through its Fair Trader network, by wholesale and by direct mail.
3. Costs of running Traidcraft Foundation are met equally by Traidcraft Exchange and Traidcraft plc.

Transactions during the year were as follows:

	2009 £000	2008 £000
Traidcraft Exchange		
Donations to Traidcraft Foundation	(1)	-
Traidcraft plc		
Purchase of goods and services by Traidcraft Exchange	191	207
Sale of services by Traidcraft Exchange (mainly consultancy services)	(20)	(18)
Donations to Traidcraft Exchange	(13)	(6)
Donations to Traidcraft Foundation	(3)	-
Balance due from related parties at 31 March 2009		
Traidcraft Exchange	3	-

17 ANALYSIS OF FUNDS

	Foundation			Consolidated		
	Restricted 2009 £000	Unrestricted 2009 £000	Total 2009 £000	Restricted 2009 £000	Unrestricted 2009 £000	Total 2009 £000
Fixed assets	-	-	-	-	35	35
Debtors	-	3	3	278	189	467
Investments	-	1	1	-	26	26
Cash at bank & in hand	-	-	-	1,116	661	1,777
Creditors due in 1 year	-	(3)	(3)	(1,142)	(142)	(1,284)
Defined benefit pension scheme liability	-	-	-	-	(126)	(126)
	-	1	1	252	643	895

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

The Designated Fund represents funds that Traidcraft Exchange has set aside to fund its Catalyst Fund. This fund will support the further development of our strategic programmes by making grants for much needed feasibility studies and innovative pilot projects to facilitate the development of more significant and effective programmes of work for which we can then seek project funding. In total £140,000 has been designated to the Catalyst Fund since its inception in 2004/5. £100,000 was undesignated in 2008/09 and £29,333 has been utilised, leaving a balance of

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

17 ANALYSIS OF FUNDS (CONTINUED)

£10,667 in the Designated fund as at 31st March 2009 (most of which has already been committed to Catalyst Projects). Restricted funding has also been received for the Catalyst Fund and is disclosed separately in Note 21.

Unrestricted Funds (£000)

	B/fwd	Income	Expenditure	Other gains/(losses)	Transfers	C/fwd
Unrestricted funds	885	1,681	(1,993)	(11)	70	632
Designated Catalyst fund	111	-	-	-	(100)	11
	<u>996</u>	<u>1,681</u>	<u>(1,993)</u>	<u>(11)</u>	<u>(30)</u>	<u>643</u>

During the year European Commission (EC) appointed auditors carried out audits on four of our EC funded projects. The auditors have classified some of the project expenditure claimed by Traidcraft as ineligible and subject to repayment. Whilst disputing these findings we feel it is prudent to provide for £30,000 of these costs.

Due to the deficit in the year the Trustees undesignated £100,000 which had been designated last year to support the Catalyst Fund.

18 RESTRICTED FUNDS

	<u>Foundation</u>		<u>Consolidated</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Grants received for work not yet completed	-	-	<u>252</u>	<u>225</u>
	<u>-</u>	<u>-</u>	<u>252</u>	<u>225</u>

See note 21 for detailed analysis of the movement on Restricted Funds.

19 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2009 the charity had annual commitments under non-cancellable operating leases as set out below.

	<u>2009</u>	<u>2008</u>
	<u>£000</u>	<u>£000</u>
Operating leases which expire:		
<u>Land and Buildings</u>		
Within 1 year	43	38
Within 2 to 5 years	47	33
<u>Other</u>		
Within 1 year	7	7
Within 2 to 5 years	8	4
	<u>105</u>	<u>82</u>

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

20 TRAIDCRAFT PLC AND TRAIDCRAFT EXCHANGE - FINANCIAL DETAILS

The Foundation holds directly 1,000 shares in Traidcraft plc and indirectly, through Traidcraft Exchange, a further 23,790 shares in Traidcraft plc:

	2009 No.	2008 No.
Ordinary voting 10p shares	24,790	10,820
	<u>24,790</u>	<u>10,820</u>

Summary Financial Statements: Traidcraft plc.

	2009 £000	2008 £000
Aggregate value of capital and reserves	<u>5,062</u>	<u>5,364</u>
Turnover:		
Continuing operations	15,938	16,822
Commissions	(169)	(229)
	<u>15,769</u>	<u>16,593</u>
Cost of sales	(10,085)	(10,503)
Gross profit	<u>5,684</u>	<u>6,090</u>
Distribution costs	(825)	(889)
	<u>4,859</u>	<u>5,201</u>
Administration expenses	(5,513)	(5,725)
Other operating income	716	687
Operating (loss)/profit before interest	<u>62</u>	<u>163</u>
Interest receivable	7	15
Interest payable	(25)	(31)
Income from fixed asset investments	18	10
Other finance income (costs)	6	45
(Loss)/Profit before taxation	<u>68</u>	<u>202</u>
Taxation	(16)	(51)
	<u>52</u>	<u>151</u>

Summary Financial Statements: Traidcraft Exchange

	2009 £000	2008 £000
Aggregate value of capital and reserves	<u>894</u>	<u>1,218</u>
Incoming resources	3,187	3,258
Resources expended	3,500	3,206
	<u>(313)</u>	<u>52</u>

THE TRADCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

21 RESTRICTED FUNDS

The table on pages 32 and 33 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. The column for 'Overhead Allocation' includes management and administration costs and support salaries. 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. The restricted funds are listed below and the details include the main funder. It should be noted however that with some projects there have been other sources of funding.

International Programmes

Tea Producers Theme

Sustainable Livelihoods for Indian Tea Producers: This project addresses issues related to smallholder tea growers in the Indian tea industry who have been greatly affected by the current crisis in the industry. The model being used is organising small tea growers to give them identity, improve their production prices to draw better prices, develop negotiation skills to further their position in the supply chain, and establish a national organisation to get Government and Tea Board attention to small growers needs. This is being complemented by international policy work to address issues around volatile pricing, global over supply, and better purchasing practices. Donor: DFID.

Cotton Producers Theme

Fair Trade Cotton, Kenya. The project's overall aim is to reduce poverty amongst poor communities in the Eastern Province of Kenya. Specifically, the project aims to enable small-scale farmers in the Kitui and Mwingi Districts to earn increased income from trade in cotton. The farmers will have increased voice by forming farmers groups and umbrella organizations, better working relationships with the ginneries and access to inputs and credit from lending institutions. Donor: Comic Relief

From Field to Market: sustainable livelihoods for cotton farmers & labourers: The project will increase farmers'/labourers' understanding of the cotton trade & policy environment, develop their collective voice, & enable them to negotiate more effectively with duty bearers (policy makers & supply chain actors). The cotton farmers/labourers will benefit from improved income, better working conditions, improved health & improved environmental conditions. Donor: DFID

Sustainable Textiles for Sustainable Development: The project will promote sustainable production & consumption of textile products through awareness raising, capacity building & providing support to the private sector. The project will ensure sustainable production by implementing eco-friendly technologies in textile production, reducing usage, spillage & wastage of water & energy & promoting organic textiles. On the demand side, product development based on market research & effective marketing strategies to promote environment friendly textiles will positively impact consumers' choice/buying decisions, leading to sustainable consumption. Working with the textile small & medium enterprises (SMEs) will directly & indirectly contribute to poverty alleviation by improving working & living conditions of artisans & of SMEs by reducing water pollution. Donor: European Commission.

Craft Producers Theme

Mainstreaming African Crafts: this project aims to improve the livelihoods of African crafts producers, who struggle to access European markets and have seen declining sales in recent years. This innovative two-year pilot project is developing a producer-owned brand under which African crafts will be promoted in the European market. Donor: Mark Leonard Trust.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

21 RESTRICTED FUNDS (CONTINUED)

CraftNetwork Cambodia project: this aims to support the growth of the Cambodian handicrafts industry by facilitating sales to international buyers, and by providing producers with technical assistance and capacity building. During the year the project was registered as a business in which Traidcraft Exchange took a 20% shareholding with consideration provided in the form of the waiving of fees for work carried out. Unfortunately the business was not successful in securing long-term financial backing and is in the process of being wound up. Donor: International Finance Corporation.

The Fair Trade Design Network project, now finished, was funded by the EU-India Economic Cross Cultural Programme and over a 2-year period aimed to increase fair trade of non-food products from India to Europe by strengthening Indian suppliers and producer organisations.

The Kenyan Wood Carvers project aims to upgrade the Kenyan wood carving sector enabling carvers to produce more competitive products. Donor: Seba Trust.

BDS Theme

Market Access Programme, Vietnam: The project is targeting 30 small and medium businesses (mainly FAHA members) engaged in handicraft production in North Central Vietnam, as well as 15 local product development consultants and 10 local business consultants. The project consists of 4 technical assistance phases: initial product selection and market research (phase 1); increasing knowledge and skills for market access, to include building the capacity of 10 local business consultants to provide training and on-going support services (phase 2); improving product development capacity, to include training of local product development consultants (phase 3); and actual linking to European markets (phase 4). Donor: European Commission.

Sustainable Trade for Social Enterprises, Cambodia: The project has three target groups: local partner the Artisans Association of Cambodia (AAC), 40 social enterprises (20 AAC members and 20 others) engaged in handicraft production, and 15 local consultants (5 local product development consultants and 10 local business consultants). The project consists of 5 main phases of activities: organisational strengthening of AAC and participating social enterprises (phase 1), increasing knowledge and skills for market access (phase 2), improving product development capacity (phase 3), developing the capacity of AAC and its members to engage in policy issues (phase 4), and stimulating demand for local business development services (phase 5). Donor: European Commission.

Sustainable Livelihoods for Poor Producers, Bangladesh: This project aims to reduce poverty among poor and marginalised communities in Northern Bangladesh by increasing income and employment opportunities and strengthening the ability of local organisations to support poor producers. Donor: European Commission.

Kenyan Craft Producers: The project's overall aim is to reduce poverty amongst poor craft producers in Kenya. Specifically, the project aims to enable small-scale craft producers to earn increased income from trade in crafts. The crafts producers will be able to increase their skill sets and ability to operate as viable businesses through accessing Business Development Services. Donor: Ferguson Trust.

'Sarthee' Business Counselling, India: The aim of this 33-month project is to support Business Development Services (BDS) provider organisations to develop high quality, effective business counselling skills for pro-poor micro and small enterprises (MSEs) so that they are able to access European markets effectively. This project will focus on 10 BDS provider organisations working with MSEs all over India. It will train 20 business counsellors, 2 from each BDS provider. Each of the participants will work with at least 5 MSEs. During the life of the project, 100 microenterprises with an average of 2000 employees will receive business services from the participating organisations. The project will also train 10 trainers who will continue to train business counsellors after the end of the project. Donor: European Commission.

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For the year ended 31 March 2009

21 RESTRICTED FUNDS (CONTINUED)

'Kudumbashree' Tsunami Relief in Kerala State: The aim of this 30-month project is to support Kudumbashree (an Indian intermediary business organization) and their team of 350 Micro Enterprise Consultants (MECs) to develop high quality, effective business development and counselling skills for pro-poor micro and small enterprises (MSEs) so that they are able to access European markets effectively. This project will start with a training of trainers programme for 15 participants. These 15 trainers will then train an additional 40 MECs. Each of the 55 participants will work with at least 5 MSEs. This will ensure that the project directly benefits at least 275 MSEs and 5500 producer employees. Donor: European Commission.

Sustainable Livelihoods for Young People and Women in Tamil Nadu: The overall goal of the project is to alleviate poverty and contribute towards the social and economic development of communities devastated by tsunami in Tamil Nadu. Research has shown that rather than concentrating on replicating previous livelihoods (like fishing), recovery and rehabilitation efforts should focus more on increasing alternative livelihood opportunities and supporting women, young people and other vulnerable groups. This project will support the diversification of livelihoods into non-fishing and non-farm activities through capacity building and skills training for young people (18-25 years) and women. Donor: Big Lottery Fund.

Building Market Services Programme in East Africa: aims to test an approach for enhancing small producer's access to markets, which enables them to increase their earnings and capture a greater share of consumer prices. In addition, to deepen the understanding of the extent to which local market intelligence and brokering services can be provided commercially to producers and develop best practice on how IFAD can promote and support the supply of these services. Donors: IFAD and FAO.

Initiative for Sustainable Livelihoods for Andaman and Nicobar Development (ISLAND): The overall goal of the project is to alleviate poverty and contribute towards the social and economic development of communities devastated by the tsunami in the Andaman and Nicobar islands. The major livelihoods of the population in tsunami-affected areas were fishing and agriculture. This project will support the diversification of livelihoods into allied activities by organising communities into producer groups, developing business services and providing training and support in seaweed farming or fruit/vegetable cultivation. The project is in line with the government's efforts to rebuild livelihoods in the islands and revitalize the economy through new livelihood opportunities in the form of high value agriculture and aquaculture that is not harmful for the local environment. The sustainability of this project will be ensured by developing and ensuring sustainable business service provision in the Islands. Donor: Big Lottery Fund.

Fair Trade Theme

Promoting Fair Trade, India (PROFIT): aims to reduce poverty amongst more than 40,000 poor and marginalised producers in India by developing fair trade markets in India. The PROFIT Secretariat has funding from ICCO to secure three positions for staff to work on the project. Two staff members commenced work in May 08 and the third mid-June 08. Donor: European Commission.

Fair Trade Plus: The aim of this project is to increase the impact of fair trade on poverty in India. The project will train 10 trainers from fair trade intermediary organisations. The training will consist of two parts: Fair Trade Standards, and Training skills. These courses, along with a fair trade tool-kit, will enable the participant trainers to train fair trade MSEs to understand the rights and responsibilities of different actors in the fair trade supply chain. The participant trainers will receive mentoring to ensure learning is embedded and implemented. The participant trainers will visit Europe to: meet fair trade intermediary organisations to learn from their experience of supporting MSEs and understand the fair trade market; and meet fair trade buyers to learn about their expectations and to explain producer constraints in implementing standards. The project will directly benefit at least 100 MSEs and 2,000 producers. Donor: European Commission.

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For the year ended 31 March 2009

21 RESTRICTED FUNDS (CONTINUED)

Fair Trade Craft Labelling: The project is focused on understanding the UK market for a Fair Trade crafts standard and mark. While the outputs of this project will benefit crafts producers across the developing world, much of the work will necessarily be undertaken in the UK. Donor: Sainsbury Fair Development Fund.

EC NGO Co-financing funded the Fair Trade Assistance to Community Enterprises (FACE) project, now completed. The aim of the 4-year project was to contribute to poverty alleviation in the Philippines by bringing about the sustained application of fair trade practices and the development of market linkages in order to enhance economic viability and sustainability in the country's micro, cottage and small enterprises in the handicrafts and food sectors. The project also aimed to increase awareness of and support for fair trade principles and practices and to increase the capability and sustainability of local partner APFTI (Advocate for Philippines Fair Trade Inc.) to deliver fair trade technical services in an effective and sustained manner.

Emerging Themes

Strengthening community based Non Timber Forest Produce (NTFP) management and trade for livelihood enhancement and ecological security in Orissa, India: The project is implemented in 8 clusters/zones belonging to 4 districts of Orissa in India. It focuses on creating institutions of forest dependent communities, sensitizing them on the issues in sustainable forest management and building up their capacity to protect, manage and conserve environmental and forest resources. The project aims to achieve greater control of local communities especially the forest dependents over forest resources. Sustainable forest resource management along with forest product development and market development would definitely enhance the livelihood options for the primary collectors and producers of Non Timber Forest Produce. Donor: European Commission.

Bee Fair, Tanzania: This project worked with poor communities in the rural and isolated region of Tabora, Tanzania. These communities are marginalized by a myriad of factors, most notably their lack of access to markets and important public services (such as education, health care, and financial resources). Their situation is made worse by the fact that they have relatively few income-generating opportunities available to them and of those some, such as tobacco farming and logging, are highly destructive to their environment. Together, the result is a high incidence of poverty in the region and the use of natural resources for short-term gain, rather than sustainable development over the longer term. Our mission is to assist small-scale farmers in Tabora so they can successfully break out of the poverty trap and adopt a lucrative livelihood based upon sustainable utilization of natural resources. Donors: various.

Beekeeper Economic Empowerment (BEE) Project Tabora, Tanzania: The aim of this project is to reduce poverty among poor communities in the Tabora region of Tanzania. This will be achieved by enabling small scale farmers in the Urambo and Sikonga districts in the region to earn an increased income from trade in honey and beeswax products. Donor: European Commission.

Beekeeping Enterprise for Livelihood Improvement in Extremely Vulnerable Environments 'BELIEVE,' Tanzania: The project's objectives are to: Enable beekeepers to form groups and act collectively, so they are in a stronger position to negotiate fairer prices with buyers and make their collective voice heard with policy makers; Improve beekeepers' bee husbandry skills and quality control methods, enabling them to produce larger quantities of better quality honey which they can sell for higher prices; Encourage improved environmental management, so that natural resources in the target districts are protected and sustained (essential for successful honey production); Establish an independent intermediary business service to bridge the gap between isolated rural beekeepers and Nairobi-based honey buyers/packers; Increase national and regional demand for Kenyan honey, assuring the long-term viability of beekeeping as a sustainable livelihood. Donor: Big Lottery Fund

THE TRAIDCRAFT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

21 RESTRICTED FUNDS (CONTINUED)

Improving Livelihoods in the Smallholder Dairy Sector. Kenya: The project will enable traders of raw milk in the Kenyan dairy industry to contribute effectively to the creation of policy and institutional frameworks that are responsive to the needs of the poor. These frameworks should provide equal access to markets and the right to trade for raw milk traders, and access to affordable, good quality milk for poorer consumers. Learning from the project will contribute to the wider goal of ensuring that the informal sector, small traders and producers enjoy their right to a dignified livelihood through inclusion in legalized markets. Donor: DFID.

Other projects

The Catalyst Fund consists of projects that allow Traidcraft Exchange to undertake small-scale activities (less than £10,000) that, despite their small size, could potentially have wide-scale positive impacts for poor producers and that might lead to the development of larger-scale projects. During the year the Catalyst Fund costs were met via both designated funds and restricted donations. Remaining expenditure on on-going Catalyst Fund projects at the end of 2008/2009 was approximately £19,000.

Producer Support Fund to enable potential or existing Traidcraft suppliers of fair trade products to develop the skills and technical capacity to commence or to improve their trading relationship with Traidcraft and by doing so to create opportunities for wider market access. Donors: part funded by Traidcraft plc and part funded by restricted donations.

EC repayment (provision) Details of this are covered in the Trustees Report (page 15).

Policy and Campaigning Programme

The Buying Into Development project was funded by DFID's Development Awareness Fund. The project aimed to encourage purchasers to buy more responsibly from developing countries, and in a manner that alleviates poverty. It raised awareness of international development issues with new target audiences, mainly in the business sector, so that UK purchasers become both a partner and supporter of international development.

Triodos has provided funding for further work on purchasing practices.

The Responsible Purchasing Phase 2 project aimed to raise awareness in Europe about the impact of purchasing practices through supply chains on the lives of people in developing countries. This 18-month project was implemented in collaboration with two European partners.

The Strengthening Fairtrade Policy project is a three year project funded by Oxfam to strengthen Traidcraft Exchange's capacity to work on fair and ethical trade policy

Christian Aid has provided funding to support work on trade policy and commodities.

CAFOD is funding a three-year project to support a comprehensive portfolio of projects, which together will form a coherent and effective programme with the aim of encouraging and enabling trade policy to have a positive and growing impact on poverty.

CAFOD has also provided additional support for one year for the above work.

THE TRADCRAFT FOUNDATION - NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

21 RESTRICTED FUNDS (CONTINUED)

International Programmes

	Income						Total Income	Restricted Fund B/F	Total Available	Expense			Restricted Fund C/F
	Statutory	Trusts	Charity	Company	Donations	Other				Direct Charitable	Overhead Allocation	Total Expend	
Indian Tea Producers	119,852						119,852	-	119,852	117,243	2,609	119,852	-
Fair Trade Cotton			29,488				29,488	-	29,488	29,386	102	29,488	-
From Field to Market	91,818						91,818	-	91,818	91,482	336	91,818	-
Sustainable Textiles	47,449					499	47,948	-	47,948	47,754	193	47,948	-
Mainstreaming African Crafts		8,914					8,914	-	8,914	7,631	1,283	8,914	-
CraftNetwork project		500		38,721	256		39,477	-	39,477	39,477	-	39,477	-
Fair Trade Design Network							-	5,229	5,229	5,229	-	5,229	-
Kenyan Wood Carvers		5,300					5,300	-	5,300	4,000	-	4,000	1,300
MAP Vietnam	72,175	3,500		5,000		218	80,893	-	80,893	66,936	13,957	80,893	-
Sustainable Trade Social Enterprises	210,550				1,875	699	213,124	-	213,124	212,551	572	213,124	-
SLIPP Bangladesh	61,916	22,500			1,000	171	85,587	-	85,587	80,294	793	81,087	4,500
Kenyan Craft Producers							-	86,727	86,727	902	348	1,250	85,477
Business Counselling	17,142					70	17,212	7,790	25,002	20,552	4,451	25,002	-
Tsunami Relief in Kerala State	66,577					344	66,921	-	66,921	65,580	1,342	66,921	-
Big Lottery Tsunami Tamil Nadu			30,481				30,481	-	30,481	30,107	374	30,481	-
Building Market Services Prog. - FAO	4,417						4,417	-	4,417	4,380	37	4,417	-
Building Market Services Prog. - IFAD	96,457						96,457	-	96,457	70,983	25,474	96,457	-
Big Lottery ISLAND			91,674				91,674	-	91,674	91,419	255	91,674	-
PROFIT	8,480	45,000				135	53,615	-	53,615	23,837	49	23,886	29,729
PROFIT Secretariat	33,244	8,000				627	41,871	61	41,932	38,051	3,880	41,932	-
Fair Trade Plus	35,686	1,000				94	36,780	2,130	38,910	36,992	918	37,910	1,000
Fair Trade Craft Labelling			4,247				4,247	-	4,247	4,010	237	4,247	-
FACE							-	3,652	3,652	-	-	-	3,652
NTPF Orissa	11,191					89	11,280	-	11,280	10,951	329	11,280	-
Bee Fair		42,111			487		42,598	1,244	43,842	12,100	1,227	13,327	30,515
BEE		3,000				147	3,147	-	3,147	452	15	466	2,681
Big Lottery BELIEVE	560	200					760	-	760	421	139	560	200
Smallholder Dairy	129,901						129,901	-	129,901	129,451	450	129,901	-
Catalyst Fund		1,000					1,000	22,360	23,360	14,808	37	14,846	8,514
Producer Support				12,743			12,743	6,421	19,164	4,397	-	4,397	14,767
Craft Producers Network						156	156	-	156	-	-	-	156
Eksteenskuil Farmers Association							-	2,771	2,771	2,715	-	2,715	56
EC repayment (provision)	(30,000)						(30,000)	-	(30,000)	-	-	-	(30,000)
Total 2009	977,415	141,025	155,890	56,464	3,618	3,249	1,337,661	138,385	1,476,046	1,264,091	59,407	1,323,498	152,547

THE TRADCRAFT FOUNDATION - NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

21 RESTRICTED FUNDS (CONTINUED)

Policy Unit and Campaigning

	Income						Total Income	Restricted Fund B/F	Total Available	Expense			Restricted Fund C/F
	Statutory	Trusts	Charity	Company	Donations	Other				Direct Charitable	Overhead Allocation	Total Expend	
Buying Into Development	35,416						35,416	-	35,416	24,980	10,436	35,416	-
Small Policy projects		2,000					2,000	-	2,000	-	-		2,000
Responsible Purchasing Phase II	66,766					88	66,854	-	66,854	63,394	3,460	66,854	-
Strengthening Fairtrade			30,000				30,000	23,418	53,418	28,124	1,025	29,149	24,269
Christian Aid Policy Support			10,000				10,000	25,000	35,000	11,219	8,781	20,000	15,000
CAFOD Trade Policy		1,000	22,800				23,800	13,797	37,597	20,376	2,115	22,491	15,106
CAFOD Trade Issues							-	11,131	11,131	6,583	2,124	8,707	2,424
EPA Conference							-	13,752	13,752	2,720	-	2,720	11,032
	102,182	3,000	62,800			88	168,070	87,098	255,168	157,396	27,941	185,337	69,831

Total Charitable Activities

	Income						Total Income	Restricted Fund B/F	Total Available	Expense			Restricted Fund C/F
	Statutory Funding	Trusts	Charity	Company	Donations	Other Income				Direct Charitable	Overhead Allocation	Total Expend	
Transfer between funds													30,000
Total 2009	1,079,597	144,025	218,690	56,464	3,618	3,337	1,505,731	225,483	1,731,214	1,421,487	87,348	1,508,836	252,378
Total 2008	888,760	88,885	215,670	124,524	3,222	2,553	1,323,614	357,639	1,681,253	1,324,718	131,048	1,455,766	225,487