

Company Registration No. 01333367 (England and Wales)



TRAI DCRAFT PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

TRAIDCRAFT PLC

COMPANY INFORMATION

Directors	R Gidoomal J Borden M Edmundson (retired October 2019) S Hughes C Moorhouse D Neale R Roth
Secretary	M Edmundson (resigned 22 October 2019), J Sobotowski (appointed 22 October 2019)
Company number	01333367
Registered office	Kingsway Gateshead NE11 0NE
Auditor	UNW LLP Citygate St James' Blvd Newcastle upon Tyne NE1 4JE

TRADCRAFT PLC

CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

1 CHIEF EXECUTIVE'S REPORT

2020 will be remembered as the year of COVID 19. Our financial year 2019/20 ended, however, just as the first waves of panic buying had begun to sweep across the country, and whilst dramatic, the pandemic had relatively little impact on the year as a whole. Our results in 2020/21 by contrast will be largely measured against the full impact and consequences of the virus upon our economy, and against the backdrop of Brexit.

Our financial year ended on March 31st, just one full week after lockdown was formally imposed. Panic buying of certain staples, disinfectants and toilet rolls had already been occupying the warehouse for several weeks and turnover in that month was substantially higher than anticipated.

2019, though it seems a age ago now, was influenced much more forcefully by political impasse, uncertainty around the date upon which the UK would actually leave the EU and, finally, a convincing win for the Conservative party in the December general election. The economy did not blossom in this extended period of drift, and the post-election realisation that Brexit would indeed happen, and possibly on WTO terms, led to a general listlessness in the economy overall and a disappointing final quarter.

I am pleased to confirm that Traidcraft weathered all of these storms to achieve its hoped-for trading turnaround.

The plan at the start of the year was to reach a turnover of around £5.4m and an EBITDA profit of £160k. Given the painful restructuring process that had concluded in the spring of 2019 there was a great deal of uncertainty as to how the new Traidcraft would perform and the budget was necessarily speculative to some degree. Specifically, we did not know how many customers would remain with us, but we were determined to prove that there was still a necessary role for a company whose primary mission is to seek justice in international trade.

Our reduced team spent a lot of time thinking through what this means in today's economy. Fairtrade in its best-known sense – the label and its certification processes – continues to play an important role in British supermarkets and we are pleased that this direct legacy of our work remains in place. Starting again as a company, however, gave us the opportunity to think through what it really does mean to “put the principles of fair trade into commercial practice” as laid out in our Articles of Association. The international definition of Fairtrade defines these principles as “dialogue, respect and transparency” and we have sought to embrace these fundamentals anew.

We have spent and invested a lot of time in how we work together, aware that visionary companies can sometimes be exploitative of their own staff's eagerness to engage. We have agreed to work holocratically – in self-management mode – but also to overlay this with a piratical culture that embraces risk and seeks to challenge conventions: looking to cause “good trouble” wherever and whenever we can. We boycotted Black Friday and went on strike on the busiest day of the year because we feel disgust at this purposeless promotion of over-consumption. We wished to take a stand, no matter how small in the overall context of the economy.

All of this contributed to, rather than deflected from, our acute need to achieve a trading profit. Our goal of a positive EBITDA result was achieved and predicted turnover matched reality almost to the pound. There were, inevitably, ups and downs along the way. We had originally intended to sell Kingsway and outsource our customer services and warehouse operations. The sale, however, fell through just days before completion which left us with the opportunity to rethink our company structure again. We decided to continue as before, operating a full service from order entry to goods despatch and in hindsight, being able to control our entire process from start to finish put us in a good place to deal with COVID.

Indeed, flexibility has been the hallmark of Traidcraft over the course of the financial year. We are increasingly learning to react swiftly to changing circumstances. This has been made possible by a responsive and encouraging Board. After 9 years we say goodbye to Ram Gidoomal (Board Chair) and Jenny Borden, both of whom have served the company during its long and dark progression back to health. I am grateful to both for their encouragement, wisdom, and kindness in the more difficult days. I would also like to thank Matt Edmundson who left the Board in October for his many words of insight and direction.

Traidcraft was supported faithfully throughout the year by HSBC and with an additional voluntary loan from an individual shareholder in the most capital-intensive months from August to December. Both facilities are available to us again going forward.

TRADCRAFT PLC

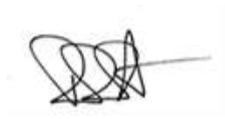
CHIEF EXECUTIVE'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

There has been an on-going, open and professional discussion with the Pension Trustees, in particular with its chair, Philip Angier. The exchange of information has been transparent, upholding both the spirit and letter of the relevant legislation. The most recent review of the Pension Fund showed a technical surplus and the ongoing recovery plan which had entailed continued financial support from the plc and from Traidcraft Exchange was no longer deemed necessary,

The Boards of Traidcraft plc and Traidcraft Exchange continue to develop in different directions with new members for both Boards being actively sought. The current strategic review process underway at the Exchange will hopefully define a way in which both organisations are able to complement each other to the full whilst also allowing each to strike out independently. We continue to look on with great respect at the Exchange's remarkable work and its dynamic campaigning.

The year ended with COVID 19 and with Brexit still without shape or clarity. We are grateful for a successful first year of recovery, but we are conscious of significant headwinds to come.



Robin Roth

21 August 2020

TRAIDCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report and financial statements for the year ended 31 March 2020.

2 STRATEGIC REPORT

2.1 About Traidcraft

In December 2019 the executive management of Traidcraft plc and Traidcraft Exchange (Registered Charity No. 1048752) was separated. The two organisations continue to share some non-executive directors/trustees, though its two boards are not identical, and the continued separation of the two organisations at a strategic level continues. The organisations are financially independent, and these financial statements only reflect the trading entity, Traidcraft plc. Both Traidcraft plc and Traidcraft Exchange work within the oversight and guidance of The Traidcraft Foundation. A broader summary of the entire work of Traidcraft is available on our website www.traidcraft.co.uk. This includes the broader environmental, social, employee and producer impact dimensions of activity.

2.2 Business Model

Traidcraft plc is a social enterprise with a focus on tackling poverty through trade.

Traidcraft plc is one of the oldest dedicated fair-trade companies in the UK. It is a trading company, owned by around 5,000 individual shareholders who have invested their capital to deliver social impact rather than to maximise their financial return.

Many of our products are sold through activists, known as Fair Traders, who operate in churches, schools and other locations around the UK. We also sell through small retailers, to online / mail order customers, and to wholesale distributors. Sales of certain Traidcraft approved products (charcoal, rubber gloves) into supermarkets are largely handled in collaboration with licence partners who handle their manufacture and distribution whilst Traidcraft sources the ingredients and is responsible for branding and messaging.

2.3 Relevant Trends and Factors

Traidcraft's original desire to see fairly traded products widely available in UK shops has been largely realised. Labelled Fairtrade has become an everyday feature of many people's shopping experience with the concomitant effect of weakening Traidcraft's USP and relevance in the market. Traidcraft products are no longer available in any UK supermarket. (except rubber gloves and charcoal which are sold by our licensees).

The overall Fairtrade market encountered growing resistance from brands and supermarkets. Sainsbury's decision to move from Fairtrade certified tea to an in-house sustainability system caused outrage and whilst this may have somewhat slowed down a longer term transition away from labelled Fairtrade, other brands have started moving to cheaper and less socially intensive schemes. Rainforest Alliance, an industry designed "me too" certification system which can in no sense be described as a "fair trade", seems to be the main beneficiary having swallowed up the Utz Kapeh certification scheme back in 2018. There is a growing sense amongst many Fairtraders that it has become increasingly difficult to explain the value, and the added expense, of a real fair-trade product.

Traidcraft substantially reduced its range of craft items following its restructure. As a result, only 21% of turnover was in the non-food range (2019:34%). As in previous years, the best-selling ranges were coffee, chocolate, and tea. This is unlikely to change in the coming years and the company invested in updated packaging, and new products in all three ranges.

The ethical consumer's interest in organic food, veganism, vegetarianism, flexitarianism, locavorism, zero waste, community supported agriculture, slow food and upcycling has given us many opportunities to present fairly traded products which also embody some of these related qualities. Our consumer base is broadening and changing. This development was particularly noticeable after lockdown as consumers went on-line.

Traidcraft continues to rely most heavily on its activist / reseller channel and direct B2C sales. The Fairtrader outlet was forced into sudden closure in March following the government-imposed lockdown but the loss of this hitherto critical group was to a large degree offset by a surge in new B2C consumers seeking ethical goods online. As the lockdown continues, we are trying to maintain a direct link to our many – often frustrated – Fairtraders whilst developing a healthy conversation with our new supporters.

TRADCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Pre Brexit uncertainty continues to disrupt planning and supply chain management and remains a significant threat to the orderly provision of food and goods. The notable lack of any coherent government planning and advice to businesses reflects the overall confusion within the country as to what Brexit means and what collateral consequences the government believes the public will accept.

2.4 Principal risks and uncertainties

Traidcraft plc's risk matrix has changed considerably over the past 12 months.

The principal short-term risks are clearly associated with the ongoing consequences of COVID 19. The closure of many businesses across the globe for three months, the concomitant fall in incomes for many people and the fear or expectation of a second wave in the autumn has had its due impact on the overall economy. As an online retailer of ethical food products, detergents, and household goods, Traidcraft did at least have a fighting chance. We have made use of the government's furlough scheme to reduce costs where appropriate and have sustained our sales by redirecting our marketing focus to new customers. The ongoing and potentially increasing risks of continued demand weakness are the focus of a lot of planning. Our customer profile has shifted decisively since March, with end consumers now making up the bulk of sales, and our traditional Fairtrader community stymied by the closure of many churches and local markets.

Brexit – and its potential to add further disruption to international trade by introducing cost and delay - remains the second most immediate risk to the company. Brexit offers no potential upsides for Traidcraft: all our markets are domestic; all our products are imported. Brexit will involve additional cost, additional delay and potentially, a further weakening of the pound against the dollar. The specific risk is that a COVID-19 damaged economy multiplied by the consequences of a badly implemented Brexit may prove too much for many businesses to survive, thus weakening an already difficult environment.

The Pension Fund, thanks to the rising stock market in 2019, found itself in surplus thus reducing it as an immediate risk to the company. The Pension Trustees agreed that the recovery plan introduced in 2016 could be put in abeyance. However, because the company's covenant was considered "weak", the Trustees adopted a portfolio strategy that focused more on gilts and less on equities. This acted, fortuitously, as a firewall to the sharp declines in the stock market that followed lockdown. The Trustees are in the process of acquiring contingent assets rights to Kingsway in the case of failure and this has provided them with significant comfort during these difficult months.

The company continues to fund the administration costs of the pension scheme. As a result, the net contribution to the scheme in the year to March 2020 was £66,000.

The financial pressures on the company have clearly eased over the course of 2019. This easing has provided staff with time to focus on the implementation of a new IT system and an opportunity to focus on our core business.

The company has traditionally mainly sold to individual resellers on credit terms. Credit risk is deemed to be relatively low, with the majority of these customers operating on ethical principles, either by business mission or through links with churches. Bad debts have been insignificant historically and there is no exposure to any single customer. The sudden rush of new customers (over 6,000 in just three months) has provided an additional sense of stability for the company. These new customers pay in advance and this has helped our cash flow position considerably.

Retail prices are currently stable, but we see a substantial further downside should a no deal Brexit be pursued. This emanates from both further currency depreciation, but also the costs of slower transport, longer storage, and the possible introduction of tariffs on goods entering the UK. Whilst most Traidcraft products have their origins outside of Europe, nearly all transportation links for food are consolidated in Hamburg and Rotterdam.

Traidcraft's public credit rating rose during 2020 and the announcement of a trading profit should reinforce this trend. Successful management of stock and cash means that all suppliers are being paid in full and to terms.

The company has largely ceased trading in foreign currency and sources its goods from trusted UK partners who now purchase on our behalf and consolidate our goods with theirs for ease of shipment. The risk of foreign currency movements has therefore been reduced in the balance sheet. Prices going forward will now largely be affected by the consequences of any Brexit related policies.

TRAIDCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

2.5 Business Performance

Results for the year

Sales tracked budget relatively consistently throughout the year and while some months saw unexpected down sides, particularly following the general election result in December, these could be compensated for elsewhere.

The trading profit in 2019/20 was £22,000, compared with a loss of £400,000 in the previous year. This improvement was largely due to the cost reductions implemented at the end of the 2019 financial year.

Depreciation costs remained constant at £167,000 (2019: £166,000)

Full year pension costs fell from £205,000 to £101,000.

Overall, the full year result shows a loss of £244,000. This compares to a loss the previous year of £1,304,000.

Future Outlook

Traidcraft plc has benefited from its downsizing and re-focusing on a smaller range of everyday household products. Looking forward, we note a continued concentration of effort on:

- Food staples
- Practical Household items (cleaning materials, toilet rolls)
- Practical gift items (sustainable clothing)
- Close stock management to preserve cash
- Continuing to look at new opportunities as they present themselves
- Building a new B2C community of engaged ethical shoppers who are increasingly looking online to purchase products.

Cash Flow

Cash flow has been carefully managed throughout the year. HSBC provides the company with working capital up to £250,000. This proved adequate for most of the year, though a supplementary loan from an engaged shareholder helped us through our most capital-intensive months (August through to December) when stock levels are higher to match increased turnover and need. The bank loan is secured against the value of our property, Kingsway, and has been renewed for the forthcoming 12 months.

The Board reviews cashflow on a monthly basis and was regularly able to confirm that the company was trading legally and within its limits.

TRADCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

2.6 Key Performance Indicators and social accounts information

KPIs

As described in 2.5. above, the company's trading loss improved from £400,000 to a trading profit of £22,000.

The company shrank in size, not only in terms of costs, but also in sales. Traidcraft has not succeeded in replacing retiring Fairtraders with a new generation of committed re-sellers but has been able to engage many new consumers who are happy to buy directly on-line. Moreover, the company has not been able to re-establish itself as a supplier of Fairtrade products to retailers or wholesalers.

Overall sales dropped by 33% to £5.433m. This figure was expected and was adequate to provide a small trading profit. The reduction in turnover reflected the significant reduction in SKU's, particularly in the craft range.

Staff salaries were considerably lower than in 2019 and the number of FTE employees at the end of March was 32.96 compared to a high point of 78 in the previous year and before redundancies took effect.

Spending on Producer Support and Innovation

No funds were set aside for producer support activities in the last financial year.

Environmental impact

Given the overall reduction in sales, and the subsequent reduction in activities, including travel to visit producers, the environmental impact of the company has been substantially reduced. No carbon footprint measurements could be taken this year.

The company has been introducing plant-based packaging on as many products as possible and this process will continue as and when manufacturers are able to accommodate our requests.

Travel to visit producers was severely curtailed in 2019 and will only take place on a needs must basis in 2020.

Staff: Demographics, annual survey and remuneration

In January 2019, the company agreed to implement, on a step by step basis, a self-management process. Holacracy defines roles rather than overall job descriptions, connects roles with similar purpose, and creates an altogether different looking organigram to those found in conventional companies. Each role is defined precisely in terms of what it should achieve, but also in terms of the limits placed on it. Within these limits each role holder has the absolute authority to get on with their work. The result is often described in terms of each role holder being the "CEO of their own role." The system removes the need for a management structure. This way of working is entirely counter-intuitive to staff brought up on the command and control systems prevalent in most businesses. It has been challenging to learn and implement but the overall response has been immensely satisfying. Work gets done, priorities are set, and collaborations emerge on an organic basis. Importantly, tensions are raised in weekly meetings and progressed as and when they arise.

The company has a Staff Association whose elected officials have the right to address the Board in the absence of the CEO. The Staff Association has regularly made use of this opportunity. We remain accredited as an Investor in People, Living Wage Employer and Positive about Disabled People. The Investor in People report found holacratic working principles challenging but also encouraging and were encouraged to press ahead with sufficient training for everyone to benefit fully.



TRADCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Remuneration policy and practice

The Board recognises that director and staff remuneration is of legitimate concern to shareholders and is committed to following current best practice. The agreed ratio between lowest and highest FTE salary going forward is 1: 2.8.

Non-executive directors agreed to suspend their fees in 2019 and voted to continue this practice into 2020.

Staff survey

Staff did not feel that a survey was needed in 2019. Holacracy creates a space for problems and issues to be resolved on an ongoing basis and this was deemed adequate.

Health and safety

Promoting high standards of health and safety is important to us, as we care for staff, visitors and teams involved with our projects. We report weekly on health and safety within the warehouse circle where this responsibility sits. All accidents this year were minor in nature. After every accident we review and improve any necessary changes to procedures, facilities or practices.

A full system for social distancing and additional personal hygiene, was introduced in March 2019. Staff who could, were encouraged to work from home, and anyone who needed to shield, look after children or who were at risk themselves were given the immediate right to do so. Furlough was introduced where appropriate.

Risk assessment procedures are applied to all travel and international travel has specific requirements, including following Foreign Office guidance and consulting with local security bodies.

2.7 Governance

The company has always aspired to a high standard of corporate governance. As an unlisted PLC, we have not been bound by Stock Exchange rules, but we have voluntarily adopted principles contained in the Combined Code required for listed PLCs. This section describes the company's governance structure and compliance.

Operation of the Foundation

The Traidcraft Foundation is charitable trust. (Registered Charity No. 294953)

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 in the panel to the right, 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.

The Foundation is the founder member of The Traidcraft Exchange and appoints the trustees of The Traidcraft Exchange. Through participation in the Nominations Committee, it has a role in the appointment of directors of Traidcraft plc. 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.

Operation of the Board

Traidcraft's Board is responsible for approving Traidcraft's policy and strategy. It held four regular meetings in the year, and additionally held 1 EBMs and met monthly to discuss financial performance by telephone. Board meetings of Traidcraft plc and of The Traidcraft Exchange were physically separated in 2019 and the Boards began to diverge in terms of their members. This section on governance therefore covers only those matters dealt with by Traidcraft plc.

TRAIDCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Information concerning the remuneration of directors is included in note 10 to the accounts.

Governance changes in the year

A resolution passed at the 2019 AGM reduced the requirement to have 9 Directors to 5. With the departure of Matt Edmundson in October 2019 the number of Directors was 6. No new Directors were added in the course of the year, though Charlotte Timson, Director of Traidcraft Exchange joined all Board Meetings and will be presented for election at the AGM in September 2020.

The Board reviews the requirement for a Risk Register, covering all aspects of the company's business and its operations, including management information systems. During the year, the Board noted management's commitment to focus on the key risks of business viability and strategic planning and a full update of the risk register was not deemed necessary until Traidcraft's future had been settled.

Shareholders

At 31 March 2020 there were 5,058 individual shareholders in Traidcraft plc. Many of these are also Fair Traders and donors and provide other support to Traidcraft's work. Traidcraft plc has one main class of shares, which are 10p Ordinary voting shares. There is also one Guardian Share, which is held by the trustees of The Traidcraft Foundation. The powers of the Guardian Share are protective, designed to reassure shareholders and others that the ethos and Foundation Principles of the company will be preserved and to protect the company from a hostile takeover which might jeopardise these

Shareholders wishing to buy or sell shares may do so through a Match Bargain service provided by Ethex, an ethical investment club. As a consequence of Traidcraft plc's difficulties share trading was suspended in December 2018. No shares were traded in 2019 or in 2020 to date.

Material Changes post Year end

There have been no material changes or events post year end.

Research and Development

The company does not undertake research and development.

Political Contributions

Traidcraft plc makes no donations to any political parties.

Overseas Branches

Traidcraft plc owns a 100% subsidiary in Germany. This vehicle has no trading purpose and existed for the purpose of part-employing the current CEO. This subsidiary is in the process of being closed as the CEO has relocated to the UK.

Dividend Payments

The Directors are unable to recommend the payment of any dividend based on the results generated in 2020.

TRADCRAFT PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

2.8 Going concern statement

The first three months of the new financial year have performed in line with expectations and point to a modest profit at the end of the full year.

Kingsway, the warehouse from which Traidcraft operates, has not been sold. A potential buyer was unwilling to accede to the Freeholder's intention to charge a ground rent in return for amending the long-term leasehold. This change would have permitted the new owner to sublet the building in whole or part. Traidcraft remains, therefore, in a building that is currently too large for its immediate operations but with opportunities to expand our fulfilment and storage options. The failure to sell deprived the company of a small cash flow boost, but there is adequate financing to cover this with a potential to secure income through increased activities in the future. Kingsway was valued at £800,000 during the sale process and this value has been transferred to the Balance Sheet.

The Pension Fund moved into a technical surplus in 2019. As a consequence, the third year of the recovery plan formed in 2016 was considered superfluous, and the Trustees have not requested a further recovery plan for the following three years. The Pension Trustees have requested a second charge on the Kingsway property to provide a contingent asset. The first charge provides security to HSBC and forms the basis of its willingness to provide an overdraft facility.

COVID-19 has changed the trading landscape for Traidcraft plc as well as for many other businesses. Traidcraft plc was fortunate to have a robust online presence and limited exposure to bricks and mortar customers. As a result, cash flow was boosted by a rush of end consumers paying up front and a subsequent reduction in our exposure to high street businesses. The longer-term impacts of COVID-19, especially in terms of a general downturn in consumer sentiment is difficult to predict, but the first 3 months of the new financial year have not created a significant delta from pre COVID forecasts.

The company prepares an annual cashflow forecast as part of its budgeting process. The cash flow forecast is monitored monthly. Cash flow projections for the year following approval of these financial statements are within anticipated facility limits.

The company has stock control processes in place to ensure that any downturn in sales is reflected in lower stock purchases at the earliest opportunity. Short-term cash forecasts are revised regularly to ensure that purchase commitments are not made without the company having available facilities to pay creditors to terms.

The company has introduced a three-monthly re-budgeting exercise to adapt to short term variations in sales and purchasing trends. Given the close adherence to budget in the course of 2019, only minor revisions were required in 2019.

During the year Traidcraft plc had no difficulty in renewing its overdraft facility with HSBC plc, and the bank has confirmed that this facility has been rolled over for a further 12 months commencing 1st August 2020.

Traidcraft plc has never breached any of its agreed limits with its bankers nor does it expect to now facilities are renewed. Traidcraft plc has net assets of approximately £1million against which borrowings are currently secured.

Traidcraft has not encountered any inability to pay its trade creditors within agreed payment terms.

After making enquiries, the Board of Directors has a reasonable expectation that the company 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.

By order of the board



R Roth

Director

21 August 2020

TRAIDCRAFT PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of a fair-trade company selling a wide range of grocery, crafts and clothing products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Gidoomal
J Borden
R Roth
M Edmundson (resigned 1st October 2019)
S Hughes
C Moorhouse
D Neale

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Matters covered in the strategic report

The following information, which would otherwise be disclosed in the directors' report, is instead disclosed in the strategic report, as permitted by S414C (11) of the Companies Act 2006:

- future developments and events after the balance sheet date
- financial risk management objectives and policies.

Auditor

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

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



R Roth

Director

21 August 2020

TRAIDCRAFT PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAIDCRAFT PLC FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Traidcraft PLC (the “company”) for the year ended 31 March 2020, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAIDCRAFT PLC FOR THE YEAR ENDED 31 MARCH 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 12, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

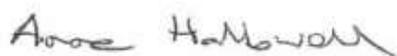
Auditor's responsibilities for the audit of the financial statements

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

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

Who are we reporting to

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



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

Chartered Accountants
Newcastle upon Tyne

21 August 2020

TRAIDCRAFT PLC

STATEMENT OF COMPREHENSIVE INCOME

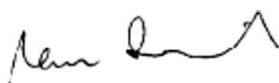
FOR THE YEAR ENDED 31 MARCH 2020

Profit and loss account	Note	2020 £000	2019 £000
Turnover	3	5,400	8,087
Cost of sales		(3,233)	(4,892)
		<hr/>	<hr/>
Gross profit		2,167	3,195
Distribution costs		(354)	(471)
Administration expenses		(2,091)	(3,916)
Other operating income	4	58	88
		<hr/>	<hr/>
Operating loss before interest		(220)	(1,104)
Fair value loss on foreign exchange contracts		-	-
Interest payable and similar charges	5	(24)	(30)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	6	(244)	(1,134)
Taxation	7	-	4
		<hr/>	<hr/>
Loss for the financial year		(244)	(1,130)
Other comprehensive income			
Actuarial losses on defined benefit pension	17	-	(174)
Revaluation of property, plant and equipment	11	691	-
		<hr/>	<hr/>
Total comprehensive income for the year		447	(1,304)

TRAIDCRAFT PLC**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	10	249	312
Tangible assets	11	858	222
Investments	12	1	1
		<u>1,108</u>	<u>535</u>
Current assets			
Stocks	13	688	700
Debtors due within one year	14	603	581
Cash at bank and in hand		27	-
		<u>1,318</u>	<u>1,281</u>
Current liabilities			
Loans and overdrafts	15	-	(133)
Creditors due within one year	16	(931)	(635)
		<u>(931)</u>	<u>(768)</u>
Net current assets		<u>387</u>	<u>513</u>
Net assets excluding pension liability		<u>1,495</u>	<u>1,048</u>
Defined benefit pension liability	17	-	-
Net assets including pension liability		<u>1,495</u>	<u>1,048</u>
Capital and reserves			
Called up share capital	18	489	489
Share premium account	19	2,730	2,730
Capital redemption reserve	19	1,477	1,477
Investment property revaluation	19	-	-
Revaluation reserve	19	691	-
Profit and loss account	19	(3,892)	(3,648)
Total equity		<u>1,495</u>	<u>1,048</u>

The financial statements on pages 14-36 were approved by the Board of Directors on 21 August 2020 and are signed on its behalf by:



Ram Gidoomal, Chair

Company Registration No. 01333367

TRAIDCRAFT PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Note	Share Capital £000	Share Premium £000	Capital Redemption £000	Investment Property Revaluation £000	Revalu- ation Reserve £000	Profit & loss £000	Total £000
Balance at 1 April 2018		489	2,730	1,477	382	-	(2,726)	2,352
Year ended 31 March 2019:								
Loss for the year		-	-	-	-	-	(1,130)	(1,130)
Actuarial losses on defined benefit scheme	17	-	-	-	-	-	(174)	(174)
Transfer of property gain		-	-	-	(382)	-	382	-
Transactions with owners:								
Unclaimed dividends		-	-	-	-	-	-	-
Balance at 31 March 2019		<u>489</u>	<u>2,730</u>	<u>1,477</u>	<u>-</u>	<u>-</u>	<u>(3,648)</u>	<u>1,048</u>
Year ended 31 March 2020:								
Loss for the year		-	-	-	-	-	(244)	(244)
Actuarial losses on defined benefit scheme	17	-	-	-	-	-	-	-
Revaluation of building	11	-	-	-	-	691	-	691
Transactions with owners:								
Unclaimed dividends		-	-	-	-	-	-	-
Balance at 31 March 2020		<u>489</u>	<u>2,730</u>	<u>1,477</u>	<u>-</u>	<u>691</u>	<u>(3,892)</u>	<u>1,495</u>

TRAIDCRAFT PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Note	£000	2020 £000	£000	2019 £000
Operating activities					
Cash (absorbed by)/generated from operations	20	233		(790)	
Interest paid		<u>(24)</u>		<u>(30)</u>	
Net cash used in operating activities			209		(820)
Investing activities					
Interest received		-		-	
Purchase of intangible assets		(49)		(69)	
Purchase of tangible fixed assets		-		(8)	
Purchase of investment		-		-	
Sale of investment properties		<u>-</u>		<u>1,094</u>	
Net cash used in investing activities			(49)		1,017
Financing activities					
Increase / (Repayments) of borrowings			<u>(3)</u>		<u>(404)</u>
Net (decrease)/increase in cash			157		(207)
Cash and cash equivalents at start of year			<u>(130)</u>		<u>77</u>
Cash and cash equivalents at end of year			<u>27</u>		<u>(130)</u>
Cash and cash equivalents comprise:					
Cash at bank and in hand			-		-
Loans and overdrafts			<u>27</u>		<u>(130)</u>
	21		<u>27</u>		<u>(130)</u>

TRADCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

1.1 Company information

Traidcraft Plc is a limited company domiciled and incorporated in England. The registered office is Kingsway, Gateshead, NE11 0NE.

The company's principal activities are disclosed in the Directors' Report.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are presented in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on the historical cost convention, modified to include the deemed cost of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted, which have been applied consistently to all years presented unless otherwise stated, are set out below.

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 3 to 9. At the balance sheet date, the company had net current assets of £387,000, and net assets of £1,495,000.

Following the company's improved trading performance during the year, after making enquiries and having regard for the factors set out in the Strategic Report, the Board of Directors has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

The company meets its day to day working capital requirements through operating cash flows supported by bank and other finance facilities. The directors have considered the present outlook for the business and, having regard for the challenges it faces, have prepared forecasts and projections which take account of reasonably positive changes in trading performance and the mitigating actions they consider are available to them in the event of forecast performance not being achieved. These forecasts show that if trading continues as expected the company has sufficient financial resources and should be able to continue meeting its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of the financial statements, assuming continued availability of the annual finance facilities which were renewed on 1 August 2020. In addition, a shareholder who has previously provided short term cash flow facilities has indicated their willingness to do so again should it be required.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Commission receivable on licensed products, disclosed under operating income, is the total amount of royalty earned by the company from the sale of Traidcraft branded products.

1.5 Intangible assets

Intangible assets represent major commercial software development costs and are capitalised as incurred. They are stated at cost less accumulated amortisation and accumulated impairment losses. Software development costs are amortised on a straight-line basis over a period of four years beginning when the related assets are brought into active business use.

Useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The effect of any change is accounted for prospectively.

1.6 Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses.

Long leasehold assets relate to buildings which are stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The difference between depreciation based on the deemed cost charged in the profit and loss account and the asset's original cost is transferred from revaluation reserve to retained earnings.

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long leasehold and leasehold improvements	2.5-10% Straight line
Plant and machinery	10% Straight line
Office and computer equipment	10-25% Straight line

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Subsequent costs, including replacement parts and major inspections, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit and loss as incurred.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

Land and buildings are accounted for separately even when acquired together.

Asset residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. The effect of any change is accounted for prospectively

1.7 Investment properties

Investment property, which is property held to earn rentals from third parties, is measured using the fair value model and stated at its fair value as at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the previous financial year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

1.8 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.10 Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

De-recognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss as finance costs or finance income as appropriate.

De-recognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

1.11 Derivatives

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

1.12 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to the profit or loss account, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

For defined contribution schemes the amount charged to profit and loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net defined benefit pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.16 Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies under FRS 102, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Saleable value of stock

Stock impairment calculations are made based upon the judgement of whether any individual stock item can be sold at a price which exceeds its carrying value. Some handicrafts lines move slowly but remain in a saleable condition and are sold over several seasons. Bulk food products and ingredients have a shorter storage life and future utilisation volume and sale price has to be judged before potential impairment can be determined. See note 14 for the carrying value of stock.

Valuation of leasehold buildings

Long leasehold buildings held as tangible assets are revalued on a periodic basis and reviewed annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. Advice has been provided by external valuers. See note 11 for the net book value of leasehold properties.

Key sources of estimation uncertainty

The company has used assumptions regarding discount rates and mortality for retirement benefits. However, material adjustment is considered unlikely because the estimation risk has been mitigated by using calculations validated by a qualified actuary. Intangible asset values for capitalised software use estimates of the useful life in calculating amortisation. Although this is reviewed annually, the potential for technological change to change the useful life is greater than would be the case with tangible assets.

There are no other estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover

Turnover analysed by category:

	2020	2019
	£000	£000
Food	2,774	3,375
Beverages	1,332	1,503
Crafts, clothing and hand-made paper	747	2,261
Non-food consumables	18	152
Cards and calendars	412	495
Recycled paper products	84	291
Sundry	33	10
	<u>5,400</u>	<u>8,087</u>

Turnover analysed by geographical market

	2020	2019
		£000
UK	5,395	7,913
Other EU	-	148
Rest of the world	5	26
	<u>5,400</u>	<u>8,087</u>

4 Other Operating Income

	2020	2019
	£000	£000
Rent and service charges receivable from Traidcraft Exchange	-	7
Rent of investment property	-	35
Commission receivable on licensed products	42	42
Other	16	4
	<u>58</u>	<u>88</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5 Interest Payable and Similar Charges

	2020	2019
	£000	£000
Interest on overdrafts and loans	(24)	(30)
Interest on net defined benefit asset	-	-
	<u>(24)</u>	<u>(30)</u>

6 Loss on Ordinary Activities Before Taxation

Loss on ordinary activities before taxation is stated after (charging)/crediting:

	2020	2019
	£000	£000
Depreciation of owned tangible fixed assets	(47)	(54)
Amortisation of Intangible assets	(120)	(112)
Movement in stock provision	(3)	48
Movement in provision for doubtful debts	(72)	10
Auditors' remuneration	(15)	(15)

Reconciliation of EBITDA trading (loss)/profit to operating (loss)/profit:

	2020	2019
	£000	£000
Underlying EBITDA trading profit/(loss)	22	(400)
Depreciation of owned tangible fixed assets	(47)	(54)
Amortisation of intangible fixed assets	(120)	(112)
Rent of investment property (note 4)	-	35
Redundancy costs	(9)	(568)
Interest	(24)	(31)
Tax	-	-
Costs relating to pension scheme	(66)	(174)
	<u>(244)</u>	<u>(1,304)</u>
Operating loss	<u>(244)</u>	<u>(1,304)</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7 Taxation

	2020	2019
	£000	£000
UK corporation tax on income for the period	-	-
Adjustment in respect of prior periods	-	(4)
Deferred tax relating to defined benefit pension scheme	-	-
	<u>-</u>	<u>(4)</u>

The charge for the year can be reconciled to the loss per the Statement of Comprehensive Income as follows:

	2020	2019
	£000	£000
Loss on ordinary activities before tax	(244)	(1,308)
Expected tax charge based on corporation tax rate of 19%	(46)	(249)
Movement in unrecognised deferred tax asset	43	247
Revaluations		
Expenses not deductible	3	2
Adjustments from prior periods	-	(4)
	<u>-</u>	<u>(4)</u>

The company has an unprovided deferred tax asset, principally in respect of trading losses, of £943,000 at 31 March 2020 (2019 - £807,000) available to be utilised against future profits as they arise. As it is not known with certainty what the pattern of future profitability will be, the losses have not been recognised as a deferred tax asset in the financial statements, but this will be reassessed on an annual basis.

8 Employees

The average number of employees (including executive directors) during the year and their payroll costs were:

	2020	2019
Full time	28	44
Part time	7	13
	<u>35</u>	<u>57</u>
	2020	2019
	£000	£000
Wages and salaries	705	1,969
National Insurance	58	151
Pension costs	31	67
Redundancy costs	9	568
	<u>803</u>	<u>2,755</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

9 Directors

Remuneration in respect of directors was as follows:

	Salary	National Insurance	Expenses	Compensation	Total	Total	Pensions	
	2020	2020	2020	2020	2020	2019	2020	2019
	£	£	£	£	£	£	£	£
Executive:								
Andy Biggs	-	-	-	-	-	28,141	-	735
Robin Roth	42,800	2,328	13,834	-	58,962	60,033	-	-
Non-executive:								
Jenny Borden	-	-	-	-	-	487	-	-
Liz Cotton	-	-	-	-	-	-	-	-
Matt Edmundson	-	-	-	-	-	487	-	-
Ram Gidoomal	-	-	-	-	-	1,125	-	-
Sarah Hughes	-	-	-	-	-	487	-	-
David Neale	-	-	-	-	-	487	-	-
Margaret Sentamu	-	-	-	-	-	-	-	-
Chris Moorhouse	-	-	-	-	-	487	-	-
	<u>42,800</u>	<u>2,328</u>	<u>13,834</u>	<u>-</u>	<u>58,926</u>	<u>91,734</u>	<u>-</u>	<u>735</u>

The number of directors for whom retirement benefits accrued under defined contribution schemes was 0 (2019 – 1).

The directors and non-executive directors are the key management personnel of the business, with total remuneration as disclosed above.

10 Intangible Fixed Assets

	Computer software £000
Cost	
At 31 March 2019	447
Additions	49
Transfer from tangible fixed assets	8
At 31 March 2020	<u>504</u>
Amortisation	
At 31 March 2019	135
Provided for in the year	120
At 31 March 2020	<u>255</u>
Net book value at 31 March 2020	<u>249</u>
Net book value at 31 March 2019	<u>312</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible Fixed Assets

	Long Leasehold £000	Plant and Machinery £000	Office & Computer Equipment £000	Total £000
Cost or Valuation				
At 31 March 2019	971	349	425	1,745
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer to intangible assets	-	-	(8)	(8)
Revaluation	691	-	-	691
At 31 March 2020	<u>1,662</u>	<u>349</u>	<u>417</u>	<u>2,428</u>
Depreciation				
At 31 March 2019	847	309	367	1,523
Provided in the year	15	7	25	47
Eliminated on disposals	-	-	-	-
At 31 March 2020	<u>862</u>	<u>316</u>	<u>392</u>	<u>1,570</u>
Carrying amount				
Net book value at 31 March 2020	<u>800</u>	<u>33</u>	<u>25</u>	<u>858</u>
Net book value at 31 March 2019	<u>124</u>	<u>40</u>	<u>58</u>	<u>222</u>

The Long Leasehold property was revalued in 2020 by Sanderson Weatherall, an independent valuer using market-based evidence for similar properties sold in the local area. If the revalued asset was stated on an historical cost basis rather than a fair value basis the amounts included would have been:

	2020 £000	2019 £000
Cost	809	809
Accumulated depreciation	<u>(741)</u>	<u>(738)</u>
Carrying value	<u>68</u>	<u>71</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

12 Fixed Asset Investments

	2020	2019
	£000	£000
Traidcraft Germany	1	1
Paper Dove	-	-
	<u>1</u>	<u>1</u>

Traidcraft plc holds 14.34% (10 "B" shares) of the share capital of Paper Dove Company Limited, a company registered in England. The nominal value and cost of the shareholding is £10. Dividend income of £nil (2019 - £nil) has been recognised.

During the prior year the company acquired a 100% interest in a German subsidiary, Traidcraft Germany Limited, whose registered office is at 69 Great Hampton Street, Birmingham, United Kingdom, B18 6EW. The company has taken advantage of the exemption from preparing group accounts available to small groups within the Companies Act 2006.) Traidcraft Germany Ltd is inactive and in the process of being closed according to German law.

13 Stocks

	2020	2019
	£000	£000
Goods for resale	670	672
Packing materials	18	28
	<u>688</u>	<u>700</u>

14 Debtors Due Within One Year

	2020	2019
	£000	£000
Trade debtors	406	448
Other debtors	52	46
Prepayments and accrued income	115	58
Amounts owed by Traidcraft Exchange	30	29
	<u>603</u>	<u>581</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

15 Loans and Overdrafts

	2020	2019
	£000	£000
Bank overdraft	-	130
Bank loans payable within one year	-	3
	<u>-</u>	<u>3</u>
	<u>-</u>	<u>133</u>

The company bankers, HSBC, retain a fixed and floating charge over the assets of the company which can be used in the future as security for any borrowing facility. HSBC have a right of set off between the bank accounts operated by the company.

The bank loans represent a purchase credit facility provided by Shared Interest Society Limited to finance purchase orders placed by Traidcraft with producers.

16 Creditors Due Within One Year

	2020	2019
	£000	£000
Trade creditors	790	437
Other creditors	1	4
Accrued expenses and deferred income	116	136
Other tax and social security	24-	58
	<u>931</u>	<u>635</u>

17 Pensions

Defined contribution scheme

At 31 March 2001 Traidcraft closed entry to the defined benefit scheme (below) and closed accrual of future benefit within that scheme. On 1 April 2001 Traidcraft introduced a Group Personal Pension Scheme, for all qualifying employees, which now has a standard employer's contribution rate of 5% (2019 - 5%).

The assets of the scheme are held separately from those of the company in an independently administered fund. The charge to profit or loss in respect of the scheme was £31,000 (2019 - £67,000).

Defined benefit scheme (closed)

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.

The triennial actuarial valuation prepared as at 1 September 2019 indicated that the scheme was in technical surplus. The agreed ongoing cost to be funded by the employer covers administration costs borne by Traidcraft PLC to the value of approximately £66,000. The total charge for the year paid by Traidcraft relating to this scheme, shown below, is divided between Traidcraft plc and Traidcraft Exchange according to the prevailing advice about the split of liabilities in the scheme.

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17 Pensions (continued)

	2020 Traidcraft PLC	2020 Traidcraft Exchange	2020 Total	2019 Traidcraft PLC £000	2019 Traidcraft Exchange £000	2019 Total £000
Pension Contributions	-	-	-	108	46	154
Other costs	-	-	-	66	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>174</u>	<u>46</u>	<u>220</u>

In the year to 31 March 2021 Traidcraft plc expects to contribute £nil to its defined benefit pension plan and incur around £33,000 of direct administration costs. It should be noted that the deficit calculated in the triennial valuation and the surplus or deficit calculated under FRS102 differ as the two methods require different assumptions to be used.

The Financial Reporting Standard 102 Section 28 requires that the following further disclosure is made about the closed defined benefit pension scheme. The actuarial valuation has been updated by the qualified scheme actuary to 31 March 2020.

Key assumptions:

	2020	2019
Rate of increase of pensions accrued post 5 April 1997	2.00%	2.25%
Rate of revaluation of deferred pensions	2.00%	2.25%
Discount rate	2.30%	2.35%
Expected rate of salary increases	2.00%	2.25%

Mortality assumptions:

The assumed life expectations on retirement at age 65 are:

	2020	2019
<i>Retiring today</i>		
Males	21.3	21.3
Females	23.2	23.2
<i>Retiring in 20 years</i>		
Males	22.3	22.3
Females	24.4	24.4

Amounts recognised in the profit and loss account:

	2020 £000	2019 £000
Net interest on defined benefit asset	<u>-</u>	<u>-</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17 Pensions (continued)

Amounts taken to other comprehensive income:

	2020	2019
	£000	£000
Remeasurement gains/(losses)		
Return on plan assets, excluding interest	(193)	102
Actuarial losses on plan assets	74	(123)
Other movements, including change in net pension asset not recognised	119	(153)
	<u>-</u>	<u>(174)</u>

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

	2020	2019
	£000	£000
Present value of defined benefit obligations	(5,855)	(5,967)
Fair value of plan assets	<u>5,855</u>	<u>5,967</u>
Surplus in the scheme	<u>-</u>	<u>-</u>

In the year ended 31 March 2020 the actuarial valuation for accounting purposes showed a surplus of assets over liabilities at that date of £639,000 (2019 - £740,000).

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. Movements in the present value of the defined benefit obligation:

	2020	2019
	£000	£000
Opening defined benefit obligation	(5,967)	(5,995)
Interest cost	(138)	(152)
Actuarial (losses)/gains	74	(123)
Expenses	4	75
Benefits paid	172	228
Closing defined benefit obligation	<u>(5,855)</u>	<u>(5,967)</u>

Movements in the fair value of scheme assets:

	2020	2019
	£000	£000
Opening fair value of scheme assets	6,707	6,565
Interest income	156	169
Return on plan assets excluding interest	(193)	102
Contributions by employer	-	174
Expenses	(4)	(75)
Benefits paid	(172)	(228)
Closing fair value of scheme assets	<u>6,494</u>	<u>6,707</u>
Value recognised limited under FRS102	<u>(639)</u>	<u>(740)</u>
Closing fair value of scheme assets recognised	<u>5,855</u>	<u>5,967</u>

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

17 Pensions (continued)

Analysis of the scheme assets at the reporting date:

	2020	2019
	£000	£000
Equities	815	2,188
Bonds	5,529	2,705
Other	150	1,814
	<u>6,494</u>	<u>6,707</u>
Value recognised limited under FRS102	(639)	(740)
Total market value recognised	<u><u>5,855</u></u>	<u><u>5,967</u></u>

Return on plan assets:

The actual return on the plan was (£37,000) (2019 - £271,000).

18 Share Capital

	2020	2019
	£000	£000
Ordinary share capital issued and fully paid:		
4,891,620 ordinary shares of 10p each	489	489
1 guardian share of £1	-	-
	<u>489</u>	<u>489</u>

The Guardian Share has special rights, and these are described in the governance section of the strategic report.

19 Reserves

Share premium reserve

Consideration received for shares issued in 2003, above the nominal value of the shares.

Capital redemption reserve

The nominal value of shares repurchased as part of the share issue in 2003.

Investment property revaluation reserve

The element of the profit and loss reserve relating to the increase in fair value of the Queensway leasehold property in 2014 on conversion to investment property, being the non-distributable element. The property was disposed of during the prior year and the accumulated reserve has been transferred to the profit and loss reserve.

Revaluation reserve

The reserve amount which has been recognised on moving the Kingsway property from the cost to the valuation model and increasing the asset value to be held at fair value.

Profit and loss reserve

The profit and loss account represents cumulative profits and losses net of cumulative dividends and other adjustments.

TRAIDCRAFT PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

20 Cash Generated from Operations

	2020	2019
	£000	£000
Loss for the year	(244)	(1,130)
Adjustments for:		
Charge for taxation	-	-
Interest charge in respect of closed defined benefit pension scheme	-	-
Finance costs	24	30
Depreciation charges	47	54
Amortisation charges	120	112
Loss on disposal of assets	-	-
Contributions to closed defined benefit pension scheme	-	(174)
Revaluation of investment property	-	-
Movements in working capital:		
(Increase)/decrease in stocks	12	752
(Increase)/decrease in debtors	(22)	429
Increase/(decrease) in creditors	296	(863)
	<hr/>	<hr/>
Cash (absorbed by) / generated from operations	<u>233</u>	<u>(790)</u>

21 Analysis of changes in net debt

	At 1 April 2019	Cash flows	Other non-cash changes	At 31 March 2020
	£000	£000	£000	£000
Cash and cash equivalents				
Cash	-	-	-	-
Overdrafts	(130)	157	-	27
Cash equivalents	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(130)	157	-	27
Borrowings				
Debt due within one year	(3)	3	-	-
Debt due after one year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(3)	3	-	-
Total	<hr/>	<hr/>	<hr/>	<hr/>
	(133)	160	-	27

22 Financial Commitments and Contingent Liabilities

At the year-end contingent liabilities existed in respect of indemnities given by HSBC on behalf of Traidcraft plc to HM Revenue and Customs to the value of £50,000 (2019 - £50,000), and to the Rural Payments Agency of £5,000 (2019 - £5,000).

TRAIDCRAFT PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

23 Related Party Transactions

Traidcraft Exchange

The Traidcraft Exchange, a registered charity, is a subsidiary of the Traidcraft Foundation, a charitable Trust which controls the Guardian Share in Traidcraft plc.

Transactions with Traidcraft Exchange during the year were as follows:

	2020	2019
	£000	£'000
Purchases from The Traidcraft Exchange	14	46
Rent charge	-	7
Sales to The Traidcraft Exchange	24	40
Net balances owing to/(from) Traidcraft Exchange at 31 March	30	29

24 Ultimate Controlling Party

The Traidcraft Foundation controls the Guardian Share in Traidcraft plc and also holds 1,000 ordinary shares. The Guardian Share gives protective rights and does not confer control over the company. Therefore, the directors are of the opinion that there is no controlling party.