

**TEXTILE RECYCLING FOR AID AND
INTERNATIONAL DEVELOPMENT (TRAID)**

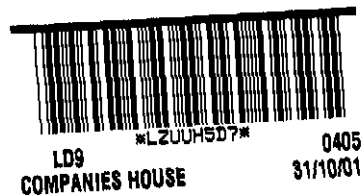
Report and Financial Statements

Year ended
31 December 2000

(A company limited by
guarantee and not having
a share capital)

Company number 2143753

Registered charity number: 297489



BDO
BDO Stoy Hayward
Chartered Accountants

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Annual report and financial statements for the year ended 31 December 2000

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TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Report of the trustees for the year ended 31 December 2000

The trustees, who are the directors for the purposes of company law, submit their annual report and financial statements for the year ended 31 December 2000.

Trustees and administrative details

The Trustees, who held office during the year were:

Ms Julie Davis	(Treasurer)
Mr Ian Hagg	(Chairman)
Mr Bob Lisney	(resigned 12 October 2000)
Mr Girish Vaidya	(resigned 9 December 2000)
Mrs Gillian Gee	

Trustees are appointed by the members in accordance with the provisions of the Memorandum and Articles of Association.

Registered office

Unit 5, Second Way, Wembley, Middlesex, HA9 0YS

Bankers

Barclays Bank
36-38 Park Royal Road, London NW10 7WJ

Solicitors

Bates Wells and Braithwaite
61 Charterhouse Street, London EC1M 6HA

Auditors

BDO Stoy Hayward
Emerald House, East Street, Epsom KT17 1HS

Insurance Brokers

Lark
Wigham House, Wakering Road, Barking, Essex IG11 8PJ

Constitution

Textile Recycling for Aid and International Development (TRAID) is a registered UK charity no. 297489 and a company limited by guarantee (registration no. 2143753). The governing document is the Memorandum and Articles of Association.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Report of the trustees for the year ended 31 December 2000 (*Continued*)

Policies Adopted:

TRAID – Textile Recycling for Aid and International Development, is a charity committed to combating world poverty and promoting development. TRAIID does this by financially supporting development projects (implemented by organisations such as Oxfam, Care International, CIVA, Children at Risk Foundation) in some of the poorest regions of the world. Funds are raised in the UK, through the collection and sale of second-hand clothing and shoes.

With over 600 TRAIID clothes and shoe banks (800 in 1999), primarily throughout the South-East, but also in the Midlands and the North, recycling is made both easy and convenient. During 2000 these clothes banks collected approximately 150 tonnes of clothing each month (200 tonnes in 1999). Selected textiles were in turn retailed through a total of 7 retail outlets within London and Brighton, with the remaining stock graded and sold in bulk within the UK and Europe.

Not only does TRAIID raise funds to finance international development projects among communities in need, but closer to home TRAIID reduces waste and waste disposal costs in the UK by providing accessible recycling facilities.

2000 Funding Allocation:

2000 has seen TRAIID continue to fund and support inspiring and progressive programmes in Ethiopia, Brazil, India, Tibet and Nepal.

These programmes work with the most vulnerable groups in society, encouraging local innovation and creativity in the fight against poverty. Community participation and capacity building are fundamental aspects of all TRAIID's funded programmes. Key elements are:

- Ensuring that money spent now has an impact long into the future, ensuring local sustainability. TRAIID continues to focus on projects that help communities help themselves.

TRAID has a young ethos and a youthful support base in the UK. This is reflected in the Charity's choice of funding.

TRAID actively seeks out those development programmes which aim to provide children and young people with a healthy environment, improved standards of living, education and employment opportunities.

Funding Profile 2000:

- **Ethiopia**

In Jijiga, Ethiopia, a single dry year can push people into destitution. Oxfam's three-year integrated development programme encompasses elements as diverse as reforestation, health care, water supply and credit schemes to regenerate the region sustainably.

TRAID donated a further £109,000 in 2000 (£109,000 in 1999). Unfortunately, due to adverse weather conditions OXFAM had to halt this programme of work during 2000.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Report of the trustees for the year ended 31 December 2000 (*Continued*)

- **Brazil**

The Children at Risk Foundation (CARF) began work in Sao Paulo in 1993, rehabilitating some of the hundreds of children who mainly run away from abusive families and end up living on the streets. CARF ultimately settles each child with a foster family or their natural family within one year of leaving the street.

TRAID donated £15,000 in 2000 (£15,000 in 1999)

- **India**

In the northern state of Uttar Pradesh, only 19 per cent of girls are literate. Patriarchal attitudes, early marriage, domestic responsibilities and poverty frequently prevent rural girls from attending school. CARE International's Girls' Primary Education programme works to establish community schools in remote villages.

TRAID donated £25,000 in 2000 (£25,000 in 1999)

The Centre for Innovation in Voluntary Action (CIVA) is working in conjunction with local organisations in New Delhi to set up a fund making modest grants to small community groups. This fund encourages people living in extreme poverty to find creative solutions to their problems.

TRAID donated £30,000 in 2000 (£30,000 in 1999)

Future Funding Considerations:

During 2000 a Development professional was engaged by TRAID to work with the Director and Board of Trustees on the development of TRAID's charitable role, future funding criteria, project evaluation and selection methodology. This is an ongoing process, which has continued throughout 2001.

The Trustees take account of the following points for future consideration:

- Although TRAID's success as a Charity will always be determined by its success as a business, the primary focus remains the charity's beneficiaries – those in some of the poorest communities in the world
- TRAID recognises that the annual cost of recycling clothes and shoes remains high. The uniqueness of the Charity prevents easy comparison with other recycling organisations and development agencies. Whilst TRAID ensures that administration and head office management costs remain at a minimum level, it recognises the high labour costs required to maintain the operation, and the costs associated with managing a range of commercial properties. Head Office/Warehousing costs alone have increased by 50% per annum as a result of compulsory re-location during 2000.
- In view of the high cost of maintaining the Charity, the Trustees will consider alternative options for future organisational status during 2001/2002. These options will include a detailed analysis of how best the organisation is positioned and structured for the future. In carrying out this review, and implementing any future changes, the Trustees will ensure that the charity's beneficiaries remain the main priority.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Report of the trustees for the year ended 31 December 2000 (*Continued*)

Analysis of both income and expenditure (non-charitable) for the period 1996-2000 shows a net profit being achieved of £992,630, corresponding to the total level of charitable grants awarded during the same period in question.

Organisation:

2000 has seen the continuation of the programme of change initiated at the beginning of 1999. Most significantly, the Head Office and Warehouse re-located in July 2000 to Wembley in North London. This new site has provided an opportunity for greater operating efficiencies and improved conditions for staff to work in. The new Management Team has continued to review all internal systems and processes during the year.

The overall results for 2000 have largely been in line with results achieved in previous years by the Charity.

Whilst the results would indicate that income has remained static over the last 2 years, this does not take account of the following factors:

- Collection Sites in London and the SE have reduced by approximately 25% during the period in question. This situation is being addressed during 2001 and led by TRAID's newly appointed National Recycling Manager. It is anticipated that Collection Site levels will be increased by 25% by the end of 2002
- The fuel crisis in October 2000 and the exceptional wet weather in the last quarter of the financial year resulted in a significant decrease in kilograms of clothing collections, with a higher than average tippage figure
- The new Wembley Head Office/Warehouse was not fully operational until the end of December 2000

2000 witnessed the closure of the smaller retail outlet in Shepherds Bush, and the opening of TRAID's first "out of town" shop in Brighton. The number of shops operating has continued to increase during 2001 with the opening of a new outlet on the Holloway Road, and a temporary shop in operation on Portobello Road. No further increases are planned until Collection Site levels have been increased during 2002.

The results of the tenth annual "Charity Finance" Magazine Charity Shops Survey 2001 supports the fact that TRAID retains a top position in the performance league. The survey reviewed 116 charities covering a total of 7,165 charity shops, over £432 million in annual turnover and over £70 million in annual profit. The league table shows TRAID ranked at 26 (total 116) for levels of total profit generated, despite only having 7 shops during 2000. TRAID sits at the very top of the league (1st place) for highest income per shop per week, and sits in 3rd position for highest profit per shop per week.

Charity Finance Magazine presents 5 awards per year, designed to recognise, celebrate and motivate all those involved in charity retailing. Based on overall performance in 2000, and after the deduction of both direct and indirect costs, TRAID not only won the award for Highest Sales, but was also commended for Highest Profit – the only charity to be mentioned for 2 separate awards.

The Trustees extend their congratulations to all staff on achieving these excellent results. They reflect the hard work and innovation that everyone at TRAID has continued to demonstrate within a highly competitive sector.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Report of the trustees for the year ended 31 December 2000 *(Continued)*

Future Considerations:

At a general level, TRAIID needs to consider its ability to generate further revenue. The Charity has been through a significant and all encompassing programme of change during the last 2 years. It will however be essential, that TRAIID has raised its levels of income by the end of 2002. The Trustees are confident that the necessary actions have been taken, and that the required systems are in place to ensure the Charity achieves its financial targets by 2002. Results to the end of September 2001 indicate an increase in retail sales of 13% on 2000. As a result of the Collection Site Refurbishment Programme initiated at the beginning of 2001, the levels of donated goods has risen by an average of 37%. Close financial planning enables the Charity to determine its future levels of charitable funding, and the Trustees will continue to ensure a sustainable and realistic growth in charitable grants over the next 3 years.

Review of Financial Position:

The statement of financial activities on page 8 shows the deficit from fundraising activities for the year of £124,770. The accumulated funds of £492,313 at 31 December 2000 will be applied to support long-term projects in line with the objectives and policies described above.

It is confirmed that these accounts comply with current statutory requirements and with the requirements of the charity 's Memorandum and Articles of Association.

Reserves Policy:

The policy of the Charity takes account of the forecasts of future income and expenditure on planned activities and on analysis of future needs and opportunities. In addition, it provides funds for emergency relief in third world areas.

Finally, an assessment has been made of the risk of not being able to fund future needs, and the consequences of this for the Charity. The present level of reserves representing some 3 months of predicted operating costs, is considered to be a reasonable and fair assessment.

The level of unrestricted funds at the balance sheet date is £492,313

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Report of the trustees for the year ended 31 December 2000 (*Continued*)

Trustees' responsibilities

Company 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 charitable company and of the income and expenditure of the charitable company for that period. In preparing those financial statements, the trustees are required to:

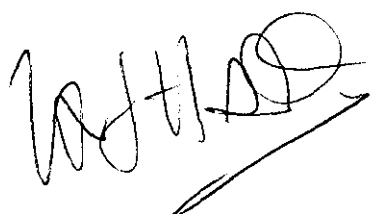
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, subject to any material departures disclosed and explained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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the trustees



Ian Hagg

22 October 2001

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Report of the auditors

To the members of Textile Recycling for Aid and International Development (TRAID)

We have audited the financial statements on pages 8 to 16 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of trustees and auditors

As described on page 6 the charitable company's trustees are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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 of the state of the charitable company's affairs as at 31 December 2000 and of its incoming resources and application of resources, including income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD

Chartered Accountants
and Registered Auditors
Epsom, Surrey

30 October 2001

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)**Statement of financial activities for the year ended 31 December 2000**

	Note	Total 2000 £	Total 1999 £
Income and expenditure			
Incoming Resources			
Sales of donated goods		1,640,520	1,632,940
Miscellaneous income		1,572	1,907
Interest receivable		21,052	27,073
Total incoming resources		1,663,144	1,661,920
Resources expended			
Direct charitable expenditure:			
Grants payable	4	179,000	336,272
Other expenditure:			
Fundraising and publicity	4	1,346,263	1,348,292
Reorganisation and re-branding	4	-	205,064
Management and administration	4	262,651	127,337
Total resources expended		1,787,914	2,016,965
Net movement in funds		(124,770)	(355,045)
Fund balances brought forward		617,083	972,128
Fund balances carried forward		492,313	617,083

All amounts relate to continuing activities. All funds are unrestricted. There were no other recognised gains and losses other than those shown above in either 2000 or 1999.

The notes on pages 11 to 17 form part of these financial statements.

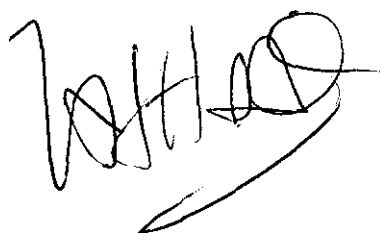
TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Balance sheet at 31 December 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	5	122,988	188,869
Current assets			
Debtors	6	179,974	191,331
Cash at bank and in hand		401,412	372,217
		<u>581,386</u>	<u>563,548</u>
Creditors: amounts falling due within one year	7	212,061	123,695
		<u>369,325</u>	<u>439,853</u>
Net current assets			
		369,325	439,853
Total assets less current liabilities		492,313	628,722
Creditors: amounts falling due after more than one year	8	-	(11,639)
		<u>492,313</u>	<u>617,083</u>
Net assets			
		492,313	617,083
Represented by			
Unrestricted funds			
Designated funds	9	50,000	308,000
Fixed assets		122,988	188,869
Free reserves		319,325	120,214
		<u>492,313</u>	<u>617,083</u>

The financial statements were approved by the trustees on 22 October 2001 and signed on their behalf by

Ian Hagg



The notes on pages 11 to 12 form part of these financial statements.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Notes forming part of the financial statements for the year ended 31 December 2000

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities 1995 ("the SORP").

TRAID falls outside the scope of Financial Reporting Standard No.1, Cash Flow Statements, and accordingly no such statement is presented.

The following accounting policies have been applied consistently throughout the year:-

Income

Income is accounted for on an accruals basis, except that income from sales of donated goods is recognised on sale.

Expenditure

Expenditure is recognised on an accruals basis. Expenditure is allocated to the activity to which it relates where possible. Direct charitable expenditure is incurred by way of grants to projects which fulfil the charity's objects. Fundraising costs include direct costs of collection and sorting, distribution and operating the shops and also central costs of managing those operations. Management and administration costs are statutory costs incurred in managing the charitable company including the costs of the directors.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

1 Accounting policies (*Continued*)

Capitalisation and depreciation

Fixed assets are capitalised at cost of acquisition or manufacture, for assets constructed by the charitable company. Cost of manufacture represents materials and direct labour used in production.

Depreciation is provided on tangible fixed assets to write off the cost over their estimated useful lives at the following annual rates:

Containers	33 $\frac{1}{3}$ % reducing balance
Furniture and equipment	25% reducing balance
Motor vehicles - owned and hire purchase	25% reducing balance
Motor vehicles - finance leases	Over the lease term

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease using the straight line method. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Staff costs

	2000 £	1999 £
Wages and salaries	778,587	747,962
Social security costs	62,374	60,056
	840,961	808,018

No member of the trustees received remuneration during the year (1999: £Nil). The trustees had expenses reimbursed for travel and subsistence of £Nil (1999: Five trustees were reimbursed £3,488).

The average number of employees was 57 (1999: 59). One employee earned in excess of £40,000 in the year.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID) (formerly HUMANA LIMITED)

Notes forming part of the financial statements for the year ended 31 December 2000 (Continued)

3 Taxation

As the charity only undertakes activities relating to its registered charitable status it has no liability to taxation.

4 Analysis of resources expended

	Staff costs £	Other £	2000 Total £	1999 Total £
Direct charitable expenditure				
Grants	-	179,000	179,000	336,272
Fund raising and publicity				
Central costs	-	109,922	109,922	75,794
Shop costs	262,599	246,138	508,737	548,169
Collecting, sorting and distribution costs	406,326	321,278	727,604	724,329
	668,925	677,338	1,346,263	1,348,292
Reorganisation and re-branding	-	-	-	205,064
Management and administration	172,036	90,615	262,651	127,337
Total expenditure	840,961	946,953	1,787,914	2,016,965
Grants payable			2000 £	1999 £
Oxfam:				
Ethiopia project			109,000	109,000
Care International UK:				
Girls Education Project (India)			25,000	25,000
Tibet Relief Fund			-	32,242
Children at Risk Foundation			15,000	15,000
Children in Crisis			-	5,000
CIVA			30,000	30,000
DEC - Emergency Relief			-	120,000
Other			-	30
			179,000	336,272

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

4 Analysis of resources expended(*Continued*)

Management and administration includes:		2000 £	1999 £
Salaries		172,036	105,752
Auditor's remuneration	- audit	10,804	8,000
Legal and professional		46,046	250
Other costs		33,765	13,335
		262,651	127,337

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)Notes forming part of the financial statements for the year ended 31 December 2000 *(Continued)***5 Tangible fixed assets**

	Containers	Furniture & equipment	Motor vehicles	Total
	£	£	£	£
	2000	2000	2000	2000
Cost				
At 1 January 2000	274,184	63,656	143,066	480,906
Additions	-	17,708	-	17,708
Disposals	-	-	(29,861)	(29,861)
At 31 December 2000	274,184	81,364	113,205	468,753
Depreciation				
At 1 January 2000	192,175	32,303	67,559	292,037
Charge for year	27,337	12,616	43,636	83,589
Disposals	-	-	(29,861)	(29,861)
At 31 December 2000	219,512	44,919	81,334	345,765
Net book value				
At 31 December 2000	54,672	36,445	31,871	122,988
At 31 December 1999	82,009	31,353	75,507	188,869

The net book value of tangible fixed assets includes £15,659 (1999 : £40,218) representing assets held under finance leases. Depreciation of (1999 : £18,982) was charged on these assets.

All fixed assets are held for the continuing use of the Charitable Company.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)**6 Debtors**

	2000 £	1999 £
Due within one year		
Trade debtors	34,759	93,741
Other debtors	96,485	34,327
Prepayments and accrued income	48,730	63,263
	<u>179,974</u>	<u>191,331</u>

7 Creditors: amounts falling due within one year

Trade creditors	62,461	46,861
Obligations under finance leases	12,081	19,226
Other taxes and social security costs	17,255	22,750
Accruals and deferred income	120,264	34,858
	<u>212,061</u>	<u>123,695</u>

8 Creditors: amounts falling due after more than one year

Obligations under finance leases	-	11,639
	<u>-</u>	<u>11,639</u>

9 Designated funds

The income funds of the charity include the following designated funds which have been set aside all of unrestricted funds by the trustees for specific purposes:

	31 December 1999	New Designation	Payments/ transfers	31 December 2000
Oxfam: Ethiopia project	218,000	-	(218,000)	-
Care International UK:				
Girls Education Project (India)	25,000	-	(25,000)	-
Tibet Relief Fund	20,000	-	-	20,000
Children Risk Foundation	15,000	-	(15,000)	-
CIVA	30,000	-	-	30,000
	<u>308,000</u>	<u>-</u>	<u>(258,000)</u>	<u>50,000</u>

All designation are in respect of projects which the trustees are committed to for next year.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

10 Liability of members

The charity not having a share capital, the members' liability is limited to £1 each by the Memorandum of Association.

11 Commitments under operating leases

	Land and Buildings	
	2000	1999
	£	£
Leases expiring :		
Within one year	-	41,900
In 1 - 2 years	36,000	-
In 2 - 5 years	155,500	107,000
After 5 years	86,500	46,500
	278,000	195,400