

Company Registration No. 2143753 (England and Wales)

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

(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2001**

HLB **AV** audit



TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

(A Company Limited by Guarantee)

LEGAL AND ADMINISTRATIVE INFORMATION

Company number 2143753

Registered charity number 297489

Governing document Memorandum and Articles of Association

Trustees Mr Ian Hagg (Chairman)
Ms Julie Davies (Treasurer)
Mrs Gillian Gee

Secretary Mr Ian Hagg

Registered office Unit 5
Second Way
Wembley
Middlesex
HA9 0YJ

Auditors HLB AV Audit plc
66 Wigmore Street
London
W1U 2HQ

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

Solicitors Bates, Wells & Braithwaite
Cheapside House
138 Cheapside
London
EC2V 6BB

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The Trustees present their annual report and financial statements for the year ended 31 December 2001.

Trustees

The Trustees who served during the year were as follows:-

Mr Ian Hagg (Chairman)
Ms Julie Davies (Treasurer)
Mrs Gillian Gee

All Trustees shall continue in office until they retire.

The Trustees may appoint a person who is willing to act as a Trustee, either to fill a vacancy or as an additional Trustee, provided that the appointment does not cause the number of Trustees to exceed the maximum number. A Trustee so appointed shall hold office only until the next following Annual General Meeting.

Only persons who are members of the charitable company shall be eligible to become Trustees.

The maximum number of Trustees is 5 and the minimum is 2. This can be changed by the passing of an ordinary resolution.

Objectives

TRAID - Textile Recycling for Aid and International Development, is a charity which is committed to advance education and relieve poverty and relieve suffering where caused by famine, war, natural and man-made disasters anywhere in the world. Also to procure the carrying out of research into the cause of poverty, suffering and disasters and the publication of the useful results of such research through the provision of money and financial support.

TRAID 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.

Review of activities

With over 640 TRAIID clothes and shoe banks (718 in 2000), primarily throughout the South-East, but also in the Midlands and the North, recycling is made both easy and convenient. During 2001 these clothes banks collected approximately 190 tonnes of clothing each month (205 tonnes in 2000). Selected textile were in turn sold through a total of 8 retail outlets within London and in 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.

Future developments

TRAID has reviewed and revised its project selection process, which includes employees and Trustees. It is expected that a number of funding decisions will be made in 2002. TRAIID will continue to seek alliances with established development NGO's as part of this process.

TRAID is also reviewing its retail strategy and wants to build upon the success of stores such as Brighton. TRAIID will be exploring opportunities with other retail partners in 2002.

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REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

Reserve 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 2 months of predicted operating costs, is considered to be a reasonable and fair assessment.

The level of general funds at the balance sheet date is £306,294.

Investment policy

The policy of the charity is that it is more appropriate to maintain excess funds in a treasury deposit account. The ability to have recourse to funds at fortnightly intervals is best served by a deposit account. The charity has looked at the possibility of an investment account with CAF, however most investment strategies require a long term approach that TRAIID could not meet. The balance on the treasury varies from £384K in January 2001 to £303K at December 2001. The gross interest rate varied from 3.93% to 3.02% for the same period.

Grant making policy

Project applications are reviewed twice yearly. TRAIID has established an in house based policy review board. In conjunction with the Trustees the in house board will shortlist projects for funding.

Risk management

The Board is in the process of examining the principal areas of the charity's operations and considering the major risks which may arise in each of these areas. The Trustees will establish systems which under normal conditions will allow risks identified to be mitigated to an acceptable level in its day to day operations.

Impact of the Euro

The Trustees have considered the impact of the Euro and they feel they will not be directly affected, and therefore no future provision is necessary.

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 company and of the profit or loss of the 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 applicable 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 Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

Auditors

AV Audit Limited were appointed auditors during the year. On 2 July 2002 AV Audit Limited changed its name to HLB AV Audit plc. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

By Order of the Board



.....
Mr Ian Hagg
Chairman

Date

27.10.02

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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INDEPENDENT AUDITORS' REPORT TO THE MEMEBERS OF TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

We have audited the financial statements of Textile Recycling for Aid and International Development (TRAID) on pages 5 to 11 for the year ended 31 December 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of Trustees and auditors

As described in the statement of Trustees' responsibilities on page 2 the company's trustees who are also the directors of TRAID for the purposes of Company Law, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 2001 and of its incoming resources resources expended, including income and expenditure, the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB A V Audit plc

HLB AV Audit plc

Registered Auditor

28 October 2002

Date

66 Wigmore Street
London
W1U 2HQ

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2001

INCOME AND EXPENDITURE ACCOUNT

	Notes	2001 Unrestricted funds £	2000 Unrestricted funds £
Incoming resources			
Activities for generating funds:			
Sale of donated goods		1,738,170	1,640,520
Interest receivable		14,781	21,052
Miscellaneous income		64	1,572
Insurance claims received		17,623	-
Total incoming resources		1,770,638	1,663,144
Cost of generating funds:			
Shop costs		722,473	530,882
Collecting, sorting and distribution costs		696,772	728,950
		1,419,245	1,259,832
Net incoming resources available for charitable application		351,393	403,312
Charitable expenditure:			
Cost of activities in furtherance of the objects of the charity:			
Grants payable	2	47,433	179,000
Support costs		222,466	232,065
Management and administration		80,302	117,017
		350,201	528,082
Total resources expended	3	1,769,446	1,787,914
Net movement in funds	4	1,192	(124,770)
Fund balances brought forward at 1 January 2001		492,313	617,083
Fund balances carried forward at 31 December 2001		493,505	492,313

- All transactions are derived from continuing activities.
- All recognised gains and losses are included in the Statement of Financial Activities.

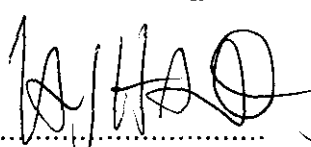
TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	7		133,711		122,988
Current assets					
Debtors	8	183,399		179,974	
Cash at bank and in hand		327,364		401,412	
			510,763		581,386
Creditors: amounts falling due within one year	9	150,969		212,061	
Net current assets			359,794		369,325
Total assets less current liabilities			493,505		492,313
FUNDS					
Unrestricted funds					
Designated funds:					
Other designated funds	10		53,500		50,000
Fixed asset fund			133,711		122,988
General funds			306,294		319,325
			493,505		492,313

These financial statements were approved by the Board of Trustees on 27.10.02 and signed on its behalf by:-


Ian Hagg
Trustee

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), Accounting and Reporting by Charities published in October 2000 and applicable accounting standards.

The format of the statement of financial activities has been reviewed and amended in order to comply with SORP 2000. Comparative figures have been amended accordingly.

1.2 Funds

Unrestricted funds:

The general funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in note 10 to the financial statements.

1.3 Incoming resources

Income from sales of donated goods is recognised on sale. All other income is accounted for on an accruals basis.

1.4 Resources expended

The cost of generating funds, grants payable and of administration comprise expenditure, including staff costs, directly attributable to the activity on an accruals basis. Where costs cannot be directly attributed they have been allocated to activities on a cost basis.

Support costs comprise all services supplied centrally, identifiable as wholly or mainly in support of direct charitable purposes and include an appropriate proportion of general overheads.

Central overheads are allocated to operational and the cost of generating funds on the basis of their use of central support services with the aim of ensuring that those costs remaining within administration relate to the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

1.5 Grants payable

These are recognised when approval for payment has been given by the Trustees subject to any necessary proper conditions having been met by the beneficiaries.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Containers	33 1/3% reducing balance
Furniture and equipment	25% reducing balance
Motor vehicles – owned and hire purchase	25% reducing balance

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

(continued)

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Foreign currencies

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

All differences are taken to the Statement of Financial Activities.

2 Grants payable

	2001 £	2000 £
Oxfam:		
Ethiopia Project	-	109,000
Care International UK:		
Girls Education Project (India)	-	25,000
Tibet Relief Fund	20,242	-
Children at Risk Foundation	-	15,000
Children in Crisis	30,000	30,000
Returned Project Money – Project Concern International	(2,809)	-
	<u>47,433</u>	<u>179,000</u>

3 Analysis of total resources expended

	Staff costs £	Other £	2001 Total £
Cost of generating funds			
Shop costs	359,677	362,796	722,473
Collecting, sorting and distribution costs	352,989	343,783	696,772
	<u>712,666</u>	<u>706,579</u>	<u>1,419,245</u>
Charitable expenditure			
Grants	-	47,433	47,433
Support costs	90,649	131,817	222,466
Management and Administration	56,606	23,696	80,302
	<u>859,921</u>	<u>909,525</u>	<u>1,769,446</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

4 Movement in funds

	2001 £	2000 £
Net movement in funds is stated after charging:		
Depreciation of tangible assets	54,207	83,589
Operating lease rentals		
- Land and buildings	325,492	256,126
Auditors' remuneration: - Audit – current year	5,000	10,804
- Audit – prior years	12,500	-
- Other services	400	-
	<u> </u>	<u> </u>

5 Trustees' remuneration and reimbursed expenses

None of the Trustees received remuneration for their services during the year.

None of the Trustees were reimbursed for any expenses during the year (2000: Nil).

Trustees Indemnity Insurance of £751 was paid during the year (2000: £682).

6 Staff costs

	2001 £	2000 £
Wages and salaries	796,475	778,587
Social security costs	63,446	62,374
	<u> </u>	<u> </u>
	859,921	840,961
	<u> </u>	<u> </u>

One member of staff received emoluments of between £50,000 - £60,000 (2000: One).

Staff costs

The average number of employees during the year analysed by function was:-

	2001 £	2000 £
Shop - full time	22	20
- part time	13	10
Collecting, sorting and distributing	20	18
Support costs	6	6
Management and administration	3	3
	<u> </u>	<u> </u>
	64	57
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

7 Tangible fixed assets

	Containers £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2001	274,184	81,364	113,205	468,753
Additions	36,940	27,990	-	64,930
Disposals	(99,110)	-	-	(99,110)
At 31 December 2001	212,014	109,354	113,205	434,573
Depreciation				
At 1 January 2001	219,512	44,919	81,334	345,765
On disposals	(99,110)	-	-	(99,110)
Charge for the year	30,537	15,702	7,968	54,207
At 31 December 2001	150,939	60,621	89,302	300,862
Net book value				
At 31 December 2001	61,075	48,733	23,903	133,711
At 31 December 2000	54,672	36,445	31,871	122,988

The net book value of tangible fixed assets includes £ Nil (2000: £15,659) representing assets previously held under finance leases. Depreciation of £ Nil (2000: £14,550) was charged on these assets.

All fixed assets are held for the continuing use of the charitable company.

8 Debtors

	2001 £	2000 £
Trade debtors	30,689	34,759
Other debtors	55,656	96,485
Prepayments and accrued income	97,054	48,730
	183,399	179,974

Included within other debtors is £34,775 of rent deposits which are repayable in greater than one year. The rent deposits are charged as security for amounts payable under the respective leases.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

9 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	72,005	62,461
Net obligations under finance lease and hire purchase contracts	-	12,081
Other taxes and social security costs	19,453	17,255
Accruals and deferred income	59,511	120,264
	<u>150,969</u>	<u>212,061</u>

10 Other designated funds

The income fund of the charity include designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance 31 December 2000 £	New designations £	Payments/ transfers £	Balance 31 December 2001 £
Tibet Relief Fund	20,000	-	(20,000)	-
CIVA	30,000	-	(30,000)	-
Container renewal	-	53,500	-	53,500
	<u>50,000</u>	<u>53,500</u>	<u>(50,000)</u>	<u>53,500</u>

All designated funds are in respect of projects which the Trustees are planning to do next year.

11 Liability of members

The charitable company is limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity as stated in the Memorandum and Articles of Association.

12 Financial commitments

At the year end, the charity was committed to making the following payments during the next year in respect of operating leases, which expire in the following periods:-

	Land and buildings		Other	
	2001 £	2000 £	2001 £	2000 £
Leases expiring:				
Within one year	61,000	-	-	-
In 2-5 years	277,000	191,500	2,123	2,123
After 5 years	-	86,500	-	-
	<u>338,000</u>	<u>278,000</u>	<u>2,123</u>	<u>2,123</u>