

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 2002**



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)
Mr Tony Bottomley
Mr David Williams

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 2002

The Trustees present their annual report and financial statements for the year ended 31 December 2002.

Trustees

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

Mr Ian Hagg	(Chairman)
Ms Julie Davies	(Treasurer) (Resigned 30 September 2003)
Mrs Gillian Gee	(Resigned 30 September 2003)
Mr Tony Bottomley	(Appointed 30 May 2003)
Mr David Williams	(Appointed 30 September 2003)

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 committed to combating the effects of world poverty by recycling at home. The collection and sale of second clothing contributes to the protection of the environment in the UK and funds sustainable development in some of the poorest regions of the world.

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 670 TRAIID clothes and shoe banks (640 in 2001), primarily throughout the South-East, but also in the Midlands and the North, recycling is made both easy and convenient. During 2002 these clothes banks collected approximately 200 tonnes of clothing each month (190 tonnes in 2001). 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.

Project funding

The following funding decisions were made in 2002, totalling £70,396.

Funding of a primary educational project in a rural district of Afghanistan, run by Care International. TRAIID disbursed £32,060 of funds in 2002.

Helping Azafady, a local organisation funded to bring clean water, basic sanitation and primary healthcare to rural areas of Madagascar. TRAIID disbursed £26,900 of funds in 2002.

Supporting a project in Costa Ricato combat domestic violence, run by Vida Nueva, a local NGO. TRAIID disbursed £11,436 of funds in 2002.

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REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

Future developments

TRAID's project selection process now involves trustees and employees and will be further reviewed with a view to finalising in 2003. In 2002 TRAIID identified and funded three new projects run by Azafedy, Care International UK and Vida Nueva. TRAIID will continued to seek alliances with established development NGOs as well as smaller indigenous development organisations into the future.

TRAID constantly reviews and refreshes its retail strategy and will continue to build upon the successes of stores such as Brighton. TRAIID will also explore retail opportunities with partners such as Topman.

Competition is increasing in the wholesale recycling market and in the high street charity market, and TRAIID will face a very challenging environment in 2003.

In response to the increased competition among second hand charity retailers, and indeed generally for high street traders, TRAIID responded by focusing on its innovative customisation of goods in its shops. This has succeeded in differentiating the TRAIID brand from its direct competitors.

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 £276,957.

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 £304K in January 2002 to £304K at December 2002. The gross interest rate varied from 30% to 2.97% 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.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

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:

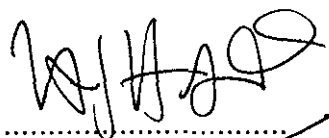
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

Auditors

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 29th October 2003

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) for the year ended 31 December 2002 which comprise Statement of Financial Activities the Balance Sheet and related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 found.

Respective responsibilities of Trustees and Auditors

The Trustees' (who are also directors of Textile Recycling for Aid and International Development (TRAID) for the purpose of company law) responsibilities for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

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 other information contained in the Trustees' Report, and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

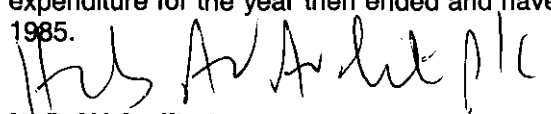
Basis of audit opinion

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 trustees 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 2002 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


HLB AV Audit plc

Registered Auditor

Date 31st October 2003

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 2002

INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted funds 2002 £	2001 £
Incoming resources			
Activities for generating funds:			
Sale of donated goods		1,925,629	1,738,170
Interest receivable		8,046	14,781
Miscellaneous income		9,264	64
Insurance claims received		2,983	17,623
Total incoming resources		1,945,922	1,770,638
Cost of generating funds:			
Shop costs		900,161	722,473
Collecting, sorting and distribution costs		673,276	696,772
		1,573,437	1,419,245
Net incoming resources available for charitable application		372,485	351,393
Charitable expenditure:			
Cost of activities in furtherance of the objects of the charity:			
Grants payable	2	70,396	47,433
Support costs		197,571	222,466
Management and administration		111,821	80,302
		379,788	350,201
Total resources expended	3	1,953,225	1,769,446
Net movement in funds	4	(7,303)	1,192
Fund balances brought forward at 1 January 2002		493,505	492,313
Fund balances carried forward at 31 December 2002		486,202	493,505

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

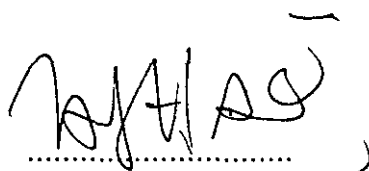
TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	£	2002 £	£	2001 £	£
Fixed assets						
Tangible assets	7			155,745		133,711
Current assets						
Debtors	8	229,809			183,399	
Cash at bank and in hand		299,407			327,364	
			529,216			510,763
Creditors: amounts falling due within one year	9	(198,759)			(150,969)	
Net current assets				330,457		359,794
Total assets less current liabilities				486,202		493,505
FUNDS						
Unrestricted funds						
Designated funds:						
Other designated funds	10		53,500			53,500
Fixed asset fund	10		155,745			133,711
General funds			276,957			306,294
				486,202		493,505

These financial statements were approved by the Board of Trustees on 29 October 03 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 2002

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.

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 2002

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

	2002 £	2001 £
Oxfam:		
Azafady: Project Rano	26,900	-
Care International UK: COPE	32,060	-
Vida Neuva – Centre for APDB	11,436	-
Tibet Relief Fund	-	20,242
Children in Crisis	-	30,000
Returned Project Money – Project Concern International	-	(2,809)
	70,396	47,433

3 Analysis of total resources expended

	Staff costs £	Other £	2002 Total £
Cost of generating funds			
Shop costs	405,824	494,337	900,161
Collecting, sorting and distribution costs	374,366	298,910	673,276
	780,190	793,247	1,573,437
Charitable expenditure			
Grants	-	70,396	70,396
Support costs	88,960	108,611	197,571
Management and Administration	71,023	40,798	111,821
	940,173	1,013,052	1,953,225

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

4 Movement in funds

	2002 £	2001 £
Net movement in funds is stated after charging:		
Depreciation of tangible assets	61,876	54,207
Operating lease rentals		
- Land and buildings	350,039	325,492
Auditors' remuneration: - Audit – current year	5,000	5,000
- Audit – prior years	-	12,500

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 (2001: Nil).

Trustees Indemnity Insurance of £987 was paid during the year (2001: £751).

6 Staff costs

	2002 £	2001 £
Wages and salaries	873,322	796,475
Social security costs	66,851	63,446
	940,173	859,921

One member of staff received emoluments of between £50,000 - £60,000 (2001: One).

Staff costs

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

	2002 £	2001 £
Shop - full time	20	22
- part time	16	13
Collecting, sorting and distributing	21	20
Support costs	6	6
Management and administration	3	3
	66	64

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Tangible fixed assets

	Containers £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2002	212,014	109,354	113,205	434,573
Additions	74,660	9,250	-	83,910
At 31 December 2002	286,674	118,604	113,205	518,483
Depreciation				
At 1 January 2002	150,939	60,621	89,302	300,862
Charge for the year	41,416	14,484	5,976	61,876
At 31 December 2002	192,355	75,105	95,278	362,738
Net book value				
At 31 December 2002	94,319	43,499	17,927	155,745
At 31 December 2001	61,075	48,733	23,903	133,711

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

8 Debtors

	2002 £	2001 £
Trade debtors	72,054	30,689
Other debtors	54,163	55,656
Prepayments and accrued income	103,592	97,054
	229,809	183,399

Included within other debtors is £35,000 (2001: £35,000) 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 2002

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	82,885	72,005
Other taxes and social security costs	19,166	19,453
Accruals and deferred income	96,708	59,511
	<u>198,759</u>	<u>150,969</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 2001 £	New designations £	Payments/ Transfers £	Balance 31 December 2002 £
Container renewal	53,500	-	(53,500)	-
Fixed asset fund	133,711	22,034	-	155,745
	<u>187,211</u>	<u>22,034</u>	<u>(53,500)</u>	<u>155,745</u>

The fixed asset fund has been set-up to assist in identifying those funds that are not free funds and it represents the net book value of tangible assets.

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	
	2002 £	2001 £	2002 £	2001 £
Leases expiring:				
Within one year	108,000	61,000	-	-
In 2-5 years	179,000	277,000	2,872	2,123
After 5 years	-	-	-	-
	<u>287,000</u>	<u>338,000</u>	<u>2,872</u>	<u>2,123</u>