

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 2003**

HLB **AV** audit



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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/Ms Maria Chenoweth
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

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The Trustees present their annual report and financial statements for the year ended 31 December 2003.

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 650 TRAIID clothes and shoe banks (670 in 2002), primarily throughout the South-East, but also in the Midlands and the North, recycling is made both easy and convenient. During 2003 these clothes banks collected approximately 190 tonnes of clothing each month (200 tonnes in 2002). 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 and 2003:

Funding of a primary educational project in a rural district of Afghanistan, run by Care International. TRAIID disbursed £10,617 of funds in 2003 - these were committed to in 2002.

Helping Azafady, a local organisation funded to bring clean water, basic sanitation and primary healthcare to rural areas of Madagascar. TRAIID disbursed £6,250 of funds in 2003 – these were committed to in 2002.

Supporting a project in Costa Rica to combat domestic violence, run by Vida Nueva, a local NGO. TRAIID disbursed £5,275 of funds in 2003 – these were committed to in 2002.

Medicines San Frontiers – Treatment of Kala Azar partners in Iraq: £5,000 committed and spent in 2003.

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REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

Future developments

TRAID has acknowledged that to increase Overseas Development Funding it needs to increase its recycling activities and increase productivity through its existing structure.

It has been established that TRAID can increase income through increasing the tonnage of textile it collects and processes. To achieve this, TRAID is working to a strategy of increasing its number of textile banks, increasing the efficiency of its collections and educating people and schools on the benefits of recycling in the UK, and sustainable development overseas.

During 2003 TRAID lost a prime retail site, which had a significant impact on income. Part of the retail strategy for 2003 was to replace this outlet/income stream.

TRAID shops still retain their niche within the market and continue to establish themselves as innovators within charity retail, and have a unique position as a recycling organisation and overseas development fundraiser and educator.

Reserve policy

TRAID has a fluctuating level of reserve due largely to the cash based nature of the organisation.

The policy of the charity is for all financial activities to be managed through forecasting future income and expenditure combined with an analysis of future needs and opportunities.

The current level of unrestricted funds total £164,934 which currently approximates to one months operating costs.

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 TRAID could not meet. The balance on the treasury varies from £289K in January 2003 to £182K at December 2003. The gross interest rate varied from 2.9% to 2.53% for the same period.

Grant making policy

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

The policy is to financial support development projects in some of the poorest regions of the world.

Risk management

The Board is aware of risk factors which may effect the organisation. Risks are identified annually, with measures taken to minimise potential impact. Risks are then reviewed quarterly.

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REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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



.....
Ms Maria Chenoweth
Company secretary

Date 21st Jan 2005

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2003 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 2003 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
HLB AV Audit plc

Registered Auditor

24 January 2005
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 2003

INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted funds	
		2003 £	2002 £
Incoming resources			
Activities for generating funds:			
Sale of donated goods		1,792,492	1,925,629
Interest receivable		5,090	8,046
Miscellaneous income		10,397	9,264
Insurance claims received		-	2,983
Total incoming resources		1,807,979	1,945,922
Cost of generating funds:			
Shop costs		931,078	900,161
Collecting, sorting and distribution costs		787,860	673,276
		1,718,938	1,573,437
Net incoming resources available for charitable application		89,041	372,485
Charitable expenditure:			
Cost of activities in furtherance of the objects of the charity:			
Grants payable	2	5,000	70,396
Support costs		211,418	197,571
Management and administration		61,113	111,821
		277,531	379,788
Total resources expended	3	1,996,469	1,953,225
Net movement in funds	4	(188,490)	(7,303)
Fund balances brought forward at 1 January 2003		486,202	493,505
Fund balances carried forward at 31 December 2003		297,712	486,202

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

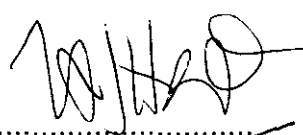
TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	£	2003 £	£	2002 £	£
Fixed assets						
Tangible assets	7			132,778		155,745
Current assets						
Debtors	8	180,871			229,809	
Cash at bank and in hand		181,920			299,407	
			362,791		529,216	
Creditors: amounts falling due within one year	9	(197,857)			(198,759)	
Net current assets				164,934		330,457
Total assets less current liabilities				297,712		486,202
FUNDS						
Unrestricted funds						
Designated funds:						
Fixed asset fund	10		132,778			209,245
General funds			164,934			276,957
				297,712		486,202

These financial statements were approved by the Board of Trustees on 21/01/05 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 2003

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 2003

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

	2003 £	2002 £
Oxfam:		
Azafady: Project Rano	-	26,900
Care International UK: COPE	-	32,060
Vida Neuva – Centre for APDB	-	11,436
Medeans Sans Frontiers	5,000	-
	<u>5,000</u>	<u>70,396</u>

3 Analysis of total resources expended

	Staff costs £	Other £	2003 Total £
Cost of generating funds			
Shop costs	444,649	486,429	931,078
Collecting, sorting and distribution costs	400,340	387,520	787,860
	<u>844,989</u>	<u>873,949</u>	<u>1,718,938</u>
Charitable expenditure			
Grants	-	5,000	5,000
Support costs	26,499	184,919	211,418
Management and Administration	34,341	26,772	61,113
	<u>60,840</u>	<u>216,691</u>	<u>277,531</u>
Total resources expended	<u>905,829</u>	<u>1,090,640</u>	<u>1,996,469</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

4 Movement in funds

	2003 £	2002 £
Net movement in funds is stated after charging:		
Depreciation of tangible assets	52,237	61,876
Operating lease rentals		
- Land and buildings	342,020	350,039
Auditors' remuneration: - Audit – current year	5,500	5,000
- Audit – prior years	555	-

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 (2002: Nil).

Trustees Indemnity Insurance of £987 was paid during the year (2002: £987).

6 Staff costs

	2003 £	2002 £
Wages and salaries	839,739	873,322
Social security costs	66,090	66,851
	905,829	940,173

One member of staff received emoluments of between £50,000 - £60,000 (2002: One).

Staff costs

The average number of employees (full time equivalent) during the year analysed by function was:-

	2003 £	2002 £
Shop - full time	21	20
- part time	16	16
Collecting, sorting and distributing	24	21
Support costs	5	6
Management and administration	2	3
	68	66

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

7 Tangible fixed assets

	Containers £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2003	286,674	118,604	113,205	518,483
Additions	7,612	21,658	-	29,270
At 31 December 2003	294,286	140,262	113,205	547,753
Depreciation				
At 1 January 2003	192,355	75,105	95,278	362,738
Charge for the year	33,654	14,102	4,481	52,237
At 31 December 2003	226,009	89,207	99,759	414,975
Net book value				
At 31 December 2003	68,277	51,055	13,446	132,778
At 31 December 2002	94,319	43,499	17,927	155,745

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

8 Debtors

	2003 £	2002 £
Trade debtors	43,477	72,054
Other debtors	53,712	54,163
Prepayments and accrued income	83,682	103,592
	180,871	229,809

Included within other debtors is £34,775 (2002: £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.

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

9 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	113,267	82,885
Other taxes and social security costs	19,011	19,166
Accruals and deferred income	65,579	96,708
	<u>197,857</u>	<u>198,759</u>

10 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 2002 £	New designations £	Payments/ Transfers £	Balance 31 December 2003 £
Fixed asset fund	155,745	-	(22,967)	132,778

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 2003 £	2002 £	Other 2003 £	2002 £
Leases expiring:				
Within one year	53,000	108,000	6,176	-
In 2-5 years	260,500	179,000	-	2,872
	<u>313,500</u>	<u>287,000</u>	<u>6,176</u>	<u>2,872</u>