

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

FOR THE YEAR ENDED 31 DECEMBER 2004

HLB
ACCOUNTANTS



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 David Williams
Mr Steven Roberts (appointed 8 December 2004)

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 2SB

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)

(A Company Limited by Guarantee)

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TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

The Trustees present their annual report and financial statements for the year ended 31 December 2004.

Trustees

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

Mr Ian Hagg	(Chairman)
Mr Tony Bottomley	(Resigned 12 August 2005)
Mr Steven Roberts	(Appointed 8 December 2004)
Mr David Williams	

All Trustees shall continue in office until in 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 to exceed the maximum number. A Trustee so appointed shall hold office only until the next Annual General Meeting.

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

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

The Trustees reviewed their skills set during the year with a view to recruiting supplemental Trustees. This is an ongoing process.

Objectives

TRAID - Textile Recycling for Aid and International Development - is a charity committed to protecting the environment and reducing world poverty by recycling and campaigning at home. Funds raised in the United Kingdom by TRAID through the collection and sale of reclaimed clothing and shoes help to divert waste from landfill and fund sustainable development projects in some of the poorest regions of the world.

TRAID raises funds to finance overseas development projects among communities in need, and closer to home TRAID reduces waste and waste disposal costs in the United Kingdom by providing accessible recycling facilities for public benefit.

The Trustees reviewed the charitable object set out in the company's memorandum and articles of association in 2004. The Trustees agreed to amend the stated object in the forthcoming year to more accurately reflect its work affecting the environment for public benefit in the United Kingdom in addition to the funding of overseas development projects.

Review of Activities

The number of TRAID textile banks in operation during 2004 increased by 52. There were 648 at the end of December 2003 and 700 at the end of December 2004, primarily in the South-East, the Midlands and the North of England. Of the 125 new sites found 60 were on Local Authority sites, 17 were on Commercial sites, 41 were on Private sites and 7 were on School sites. Several existing sites were lost through natural attrition.

Through these textile banks recycling is made both easy and convenient. During 2004 these textile banks collected approximately 190 tonnes of materials each month.

Textiles collected are graded at a central warehouse; the prime clothing and shoes are sold through eight TRAID retail outlets in London and Brighton. The remaining textile stock is graded and sold in bulk in the United Kingdom and Europe.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

Review of Activities (Continued)

TRAID delivered presentations to 17 assemblies and 19 workshops to 20 primary schools and 1 secondary school in 2004. TRAIID also delivered workshops to both primary and secondary school students at the Better Haringey Schools Launch in March 04, to primary school students at Kazzum's Made to Measure Project in September 04, and to secondary school students at the Justice for Arts Education Project's Flight of Fashion Conference in November 04. In addition, TRAIID participated in 10 green fairs in 2004 in Islington, Haringey, Camden and Fareham.

The following Local Authorities allowed TRAIID to place its textile banks on their Bring Centres: LB Brent, LB Hammersmith & Fulham, LB Hackney, LB Lambeth, Lewes DC, Basingstoke & Deane DC, Portsmouth CC and Wigan MBC.

TRAID also piloted a door to door collection of textile in the LB Waltham Forest in March 2004. 2.3 tonnes were collected. The partnership with Lewes DC resulted in the addition of textile as a material accepted in Lewes' kerbside Box It! scheme.

TRAID also partnered with the Co-operative Group and Wyevale Garden Centre and placed its textile banks on their shop and garden centre properties during 2004.

TRAID has continued to participate in information-sharing and profile-raising events during 2004 in relation to its recycling activities – events participated in included the Waste Watch Annual Seminar, the North London Recycling Forum, the London Community Recycling Network, the Slim Your Bin Seminar, Household Waste - Attitudes, Behaviours & Opinions, Innovation for Sustainability, the London Remade Network Meeting, the Community Recycling Network Conference, the Association of Charity Shops Recycling Group meeting, the Leonardo Training Programme, the Materials Recycling Strategy meeting - Project Integra with Hampshire County Council and the National Recycling Awards.

Project Funding

The following funding decisions were made in 2004:

As part of the general review of the charity's operations and objects the Trustees temporarily suspended the funding of overseas development projects during 2004 and invested in essential core operational activities to ensure that the recycling model would in the future be able to accumulate a sufficient surplus to continue funding such projects.

TRAID continued to support the appeals of the Disasters Emergency Committee in the United Kingdom during 2004. TRAIID collected £733 on behalf of the Disasters Emergency Committee during the latter part of 2004 for its Sudan appeal.

TRAID has continued to campaign on environmental and world poverty issues through its shops and through its partners in local authorities and in the private sector. The charity has ensured that it has maintained its Project Advisory Committee among its staff, led by a senior manager who maintains contact with potential development partners.

TRAID disbursed £5,275 in the current year, of the funds committed to in 2002, for a project in Costa Rica combating domestic violence run by Vida Nueva, a local NGO.

During the year, TRAIID also disbursed £6,250 of funds committed to in 2002 for helping Azafady, a local organisation funded to bring clean water, basic sanitation and primary healthcare to rural areas of Madagascar.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

Future Developments

The charity received a random inspection visit from the Charity Commission during 2004. The subsequent report identified to the Trustees the need to review the charitable object which governs its performance to better recognise the overall public benefit of its work in the environment since the inception of the charity in 1999.

The charity will be preparing a strategy and five year business plan in 2005 that will be used to amend the object to add to its historic and ongoing work in protecting the environment in the United Kingdom in addition to its funding of projects addressing world poverty and thereby re-weight the objects to reflect more accurately the activity and charitable impact of TR Aid.

TRAID will be continuing its original charitable model developed since 1999, increasing the tonnage of textile it collects and processes; improving the efficiency of its central sorting and distribution activities; making operational improvements in its retail premises, and gradually increasing the number of those premises.

In addition TR Aid will continue to expand in 2005 its campaigning and outreach, educating people and schools in both the benefits of effective recycling in the United Kingdom and in the need for sustainable development overseas.

The charity also intends to implement in 2005 direct appeals for money in support of overseas development and the Disasters Emergency Committee through its shops and through its outreach activities. Separate accounts will be kept for money so raised. TR Aid is authorised to make appeals in its governing document.

Reserve Policy

TRAID has historically had a fluctuating level of reserves due to the cash-based nature of its recycling activities. It is the policy of the Trustees for all financial activities, including reserves, to be managed through forecasting future income and expenditure combined with an analysis of future needs and opportunities.

As at 31 December 2004 the level of unrestricted funds totalled £141,818 which represents approximately one month's operating costs. The Trustees intend to amend the reserves policy in 2005 to maintain two month's operating costs.

Investment Policy

It is the policy of the Trustees of the charity to maintain surplus funds in an interest-bearing treasury or deposit account that may be accessed as required for the maintenance of its recycling activities in the United Kingdom.

The balance in the treasury account was £182,056 in January 2004 and £71,650 in December 2004. The gross interest rate varied from 2.9% to 2.53% for the same period.

Grant making policy

TRAID's grant making policy was to provide financial support to development projects in some of the poorest regions of the world. Project applications were reviewed twice yearly. TR Aid established an in house based policy review board which in conjunction with the Trustees, would shortlist projects for funding.

The charity did not make any pledges to pay any grants during the year – please refer to the paragraph on the previous page in respect of project funding for further details.

Risk Management

The Trustees are aware of the risks that may affect the organisation. The risks are identified annually and measures required to minimise their potential impact are taken. The risks are then reviewed quarterly.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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 the affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing those financial statements, the Trustees are required to:

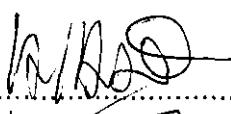
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

In accordance with section 385 of the Companies Act 2005, a resolution proposing that HLB AV Audit plc be reappointed will be put to the Annual General Meeting.

By Order of the Board


.....
Ian Hagg
Company secretary

Date 28 October 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 2004 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 charitable 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 charitable 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 charitable company and the charitable 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 charitable 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 charitable 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 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 2004 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 Audit plc
HLB AV Audit plc

Registered Auditor

Date 31 October 2005
66 Wigmore Street
London
W1U 2SB

TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2004

INCOME AND EXPENDITURE ACCOUNT

	Notes	Unrestricted funds £	Restricted funds £	Total 2004 £	Total 2003 £
Incoming resources					
Activities for generating funds:					
Sale of donated goods		1,824,983	-	1,824,983	1,792,492
Donations received		-	800	800	-
Interest receivable		2,221	-	2,221	5,090
Miscellaneous income		19,760	-	19,760	10,397
Total incoming resources		1,846,964	800	1,847,764	1,807,979
Cost of generating funds:					
Shop costs		924,745	-	924,745	931,078
Collecting, sorting and distribution costs		803,465	-	803,465	787,860
		1,728,210	-	1,728,210	1,718,938
Net incoming resources available for charitable application		118,754	800	119,554	89,041
Charitable expenditure:					
Cost of activities in furtherance of the objects of the charity:					
Grants payable	2	-	-	-	5,000
Support costs		110,194	-	110,194	211,418
Management and administration		63,821	800	64,621	61,113
		174,015	800	174,815	277,531
Total resources expended	3	1,902,225	800	1,903,025	1,996,469
Net movement in funds	4	(55,261)	-	(55,261)	(188,490)
Fund balances brought forward at 1 January 2004		297,712	-	297,712	486,202
Fund balances carried forward at 31 December 2004		242,451	-	242,451	297,712

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

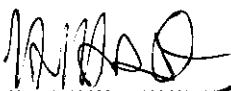
TEXTILE RECYCLING FOR AID AND INTERNATIONAL DEVELOPMENT (TRAID)

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BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	£	2004	£	£	2003	£
Fixed assets							
Tangible assets	7			100,633			132,778
Current assets							
Debtors	8	172,299			180,871		
Cash at bank and in hand		137,530			181,920		
			309,829		362,791		
Creditors: amounts falling due within one year	9	(168,011)			(197,857)		
Net current assets				141,818			164,934
Total assets less current liabilities				242,451			297,712
FUNDS							
Unrestricted funds							
Designated funds:							
Fixed asset fund	10			100,633			132,778
General funds				141,818			164,934
Restricted funds	11			-			-
				242,451			297,712

These financial statements were approved by the Board of Trustees on 28 October 2005 and signed on its behalf by:-


Ian Hagg
Trustee

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

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.

Restricted funds:

Restricted funds are funds subject to specific restricted conditions imposed by the donors.

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	25% reducing balance

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

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 exchange differences are taken to the Statement of Financial Activities.

2 Grants payable

	2004 £	2003 £
Medecins Sans Frontiers	-	5,000

3 Analysis of total resources expended

	Staff costs £	Other £	2004 Total £
Cost of generating funds			
Shop costs	445,738	479,007	924,745
Collecting, sorting and distribution costs	364,773	438,692	803,465
	810,511	917,699	1,728,210
Charitable expenditure			
Support costs	19,399	90,795	110,194
Management and Administration	31,567	33,054	64,621
	50,966	123,849	174,815
Total resources expended	861,477	1,041,548	1,903,025

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

4 Movement in funds

	2004 £	2003 £
Net movement in funds is stated after charging:		
Depreciation of tangible assets	37,976	52,237
Operating lease rentals		
- Land and buildings	333,132	342,020
Auditors' remuneration: - Audit – current year	6,000	5,500
- Audit – prior years	514	555
	<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 (2003: Nil).

The charitable company did not pay for Trustees Indemnity Insurance during the year (2003: £987).

6 Staff costs

	2004 £	2003 £
Wages and salaries	798,283	839,739
Social security costs	63,194	66,090
	<u> </u>	<u> </u>
	861,477	905,829
	<u> </u>	<u> </u>

No member of staff received emoluments of between £50,000 - £60,000 (2003: One) during the year.

Staff numbers

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

	2004 No	2003 No
Shops	36	37
Collecting, sorting and distributing	22	24
Support	6	5
Management and administration	2	2
	<u> </u>	<u> </u>
	66	68
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

7 Tangible fixed assets

	Containers £	Furniture and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2004	294,286	140,262	113,205	547,753
Disposals	-	-	(52,124)	(52,124)
Additions	6,295	9,877	-	16,172
At 31 December 2004	300,581	150,139	61,081	511,801
Depreciation				
At 1 January 2004	226,009	89,207	99,759	414,975
Disposals	-	-	(41,783)	(41,783)
Charge for the year	23,031	14,169	776	37,976
At 31 December 2004	249,040	103,376	58,752	411,168
Net book value				
At 31 December 2004	51,541	46,763	2,329	100,633
At 31 December 2003	68,277	51,055	13,446	132,778

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

8 Debtors

	2004 £	2003 £
Trade debtors	27,427	43,477
Other debtors	62,544	53,712
Prepayments and accrued income	82,328	83,682
	172,299	180,871

Included within other debtors is £34,775 (2003: £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 2004

9 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	119,302	113,267
Other taxes and social security costs	16,478	19,011
Accruals and deferred income	32,231	65,579
	<u>168,011</u>	<u>197,857</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 2003 £	Payments/ Transfers £	Balance 31 December 2004 £
Fixed asset fund	132,778	(32,145)	100,633

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 Restricted funds

	Balance 31 December 2003 £	Incoming resources £	Outgoing resources £	Balance 31 December 2004 £
Training	-	800	(800)	-

The charity received donations during the year towards the costs of training which was expended by the year end.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Analysis of net assets between funds

	General funds £	Designated funds £	Total £
Fund balances at 31 December 2004 are represented by:			
Tangible fixed assets	-	100,633	100,633
Current assets	309,829	-	309,829
Creditors in one year	(168,011)	-	(168,011)
Total net assets	141,818	100,633	242,451

13 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	
	2004 £	2003 £	2004 £	2003 £
Leases expiring:				
Within one year	67,800	53,000	6,176	6,176
In 2-5 years	260,500	260,500	-	-
	328,300	313,500	6,176	6,176

14 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.