

**THE FAIR TRADERS CO-OPERATIVE LIMITED
DIRECTORS' REPORT AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022**



The Fair Traders Co-operative Limited
Directors' Report and Unaudited Financial Statements
For The Year Ended 31 January 2022

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The Fair Traders Co-operative Limited
Society Information
For The Year Ended 31 January 2022

Directors

Gerard Hetherington
Margaret Dale
Mark Lewis
Kathryn Sheard
Simon Kenworthy
Victoria Waugh
Scott Arlidge
Nick Batty

Society Number

30710R

Registered Office

32 - 34 Huddersfield Road
Holmfirth
West Yorkshire
HD9 2JS

Accountants

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

The Fair Traders Co-operative Limited
Society No. 30710R
Directors' Report For The Year Ended 31 January 2022

The directors present their report and the financial statements for the year ended 31 January 2022.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Society law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under society law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the profit or loss of the society for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Review of Business

INTRODUCTION

This report covers the financial year for the Fair Traders Co-operative from 1 February 2021 to 31 January 2022. As with reports for previous years the report also comments on developments between the end of the financial year and the preparation of this report for the Annual General Meeting (AGM).

CONTEXT

Trading in 2021-22 continued to be challenging, mainly because of the coronavirus epidemic. The shop was closed for significant periods of the year. Even when the shop was open, we had to adopt social distancing measures such as limiting the number of customers in the shop and the introduction of a one-way system, and the use of facemasks and hand sanitiser. All this inhibited the level of trading.

Nevertheless, the business withstood the pandemic remarkably well in large part thanks to the hard work and dedication of our staff and volunteers, the support of our customer base and the generous understanding of our landlords.

SALES

Sales for the year to 31 January 2022 were £186,599 compared with £107,613 for the previous financial year 1 February 2020 to 31 January 2021. Trading in the year from 2020 to 2021 was obviously much more greatly affected by the pandemic.

The gross profit margin for 2021-22 was 48% compared to 44% in the previous financial year (2020-21).

There continued to be exceptional factors in 2021-22 because of the continuing impact of the coronavirus pandemic and associated restrictions on retail businesses. Fair Trader was closed from Jan 2021 until mid-April 2021. When the shop re-opened on 12 April 2021, it was decided to extend the opening hours to seven days a week.

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**The Fair Traders Co-operative Limited
Directors' Report (continued)
For The Year Ended 31 January 2022**

Review of Business - continued

SUPPORT DURING PANDEMIC

The business benefitted from a grant from the government of £7,430 to compensate from having to close the shop intermittently between November 2020 and April 2021.

The business also received support through the government's furlough scheme. The general manager Karen Jones worked limited furlough hours (two days a week between February 2021 and April 2021). We were able to pay our buyer Lucy Cartledge her full wage as she worked her full hours during February, March and the first half of April 2021

It is usual to compare performance in the financial year just ended with performance in the previous financial year. However, because of the pandemic the shop was closed for long periods in 2020-21. This makes comparisons of performance in 2021-22 with that in 2020-21 unhelpful. Of more use is the comparison between performance in 2021-22 and 2019-20.

Sales for the four-month period from 1 April 2021 (when the shop reopened) to 31 July 2021 were £47,784. While the shop was closed during this period in 2020, sales for the same period in 2019 were £38,890. Thereby showing a significant and positive uplift in trading and profit.

In the following quarter between 1 August 2021 and 31 October of that year sales were £49,262. In 2020 the shop was only open partially between those dates. For comparison purposes in 2019 sales for the same period were £31,919. Once again showing a healthy uplift in trading and profit.

In the crucial Christmas trading period (two months) in 2021, from 1 November to 31 December sales were £84,529. In the continuing disruption in 2020 sales in this period were only £48,861. For the purposes of comparison in the same period in 2019 sales were £67,016. The continued upward trend in trading and sales is worthy of note.

The best-selling categories of goods during the year were fashion accessories which contributed 28% of profits, followed by homewares (25%) and stationery (12%).

We have always had some difficulty in working out how to make best use of the upstairs room in the Fair Trader shop. In over a decade of trading we have used the space for food and drink, toys, and tweed clothing and accessories. More recently we have used the space to show and sell the works of local artists, craftspeople and makers in a space called featured @ fairtrader. This has made a worthwhile direct contribution to the revenue of the business as well as generating enhanced footfall for the rest of the shop. Currently displays run for a period of around eight weeks, but as sales tend to tail off towards the end of this period, we propose to change to a period of four weeks in 2023. Income from this source contributed 7% towards the surplus, approximately £16,000 (gross). The first exhibitors were Jo Blaker and Kate Thornton who launched at the beginning of Holmfirth Art Week in July 2021

FINANCIAL INDICATORS

Cash reserves at the end of the 2021-22 trading year (31 January 2022) were £116, 739 versus £77,238 in January 2021.

Total creditors at the end of 2021-22 were £28,951 versus £9,575 the previous year.

The net assets of the business at the end of January 2022 were £111,311 compared to £95,300 in January 2021. This in-year uplift was accrued alongside the co-operative's investment in a new point of sale system and an upgraded burglar alarm for the premises.

In the first ten years of the existence of the business the board consistently declined requests from members to withdraw or reduce their investment. This was on the grounds of ensuring the survival of the business which consistently made a loss in its early years. Exceptions were made only when the member had died and their heirs wished to withdraw the investment, or in cases of financial hardship.

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**The Fair Traders Co-operative Limited
Directors' Report (continued)
For The Year Ended 31 January 2022**

Review of Business - continued

At the AGM in 2021 it was decided that, because of improved trading performance, the business could afford to allow investors to withdraw some or all of their investment. Twelve members availed themselves of this opportunity leading to the withdrawal of £5,650 in investments.

Towards the end of the 2021-22 Financial Year the Board convened a Special General Meeting (SGM) of the Fair Traders' Co-operative to consider a resolution to change the reporting accountants. Following a request for expressions of interest in the role, the SGM appointed Third Sector Accounting as reporting accountants for the business.

ONLINE TRADING

The business has continued to maintain its online presence during the pandemic. However, whilst on-line trading maintained some business during the pandemic, once the shop returned to full opening on-line trading was more difficult to sustain.

In response to this we engaged a consultant, Lucy Haslam from the highly successful Acorn & Pip business in Slaithwaite to advise on improving our on-line business performance.

In response to these experiences coupled with Fair Trader's sales and profit performance and mindful of the opportunities that on-line Trading can bring, the Board of Directors has explored the expansion of Fair Trader into the development of a sustainable on-line business to augment its existing business.

SUPPLIERS

Fairtrader has continued to support a range of suppliers who produce fair traded, ethically sourced goods with a sound record of sustainability. in the developing world and the UK. During the year, the business spent broadly in excess of £100,000 with over 150 suppliers in 25 different countries.

The business did however encounter issues with continuity of supply and shipping duties because of the impact of EU legislation following the UK's departure from the European Union. We have been working with other retailers and businesses in the community and helped launch the "Blooming Marvellous" lockdown reopening in April 2021 and coordinated 100's of paper flowers for shops made by children from local schools around Holmfirth.

We also launched the family River Walk and Quiz in April 2021 in collaboration with River Holme Connections and a litter pick promotion in June 2021 working with Holmepride

MEMBERSHIP

During the year we had ten new members join the Fair Traders Co-operative investing a total of £340 in shares.

STAFFING

In September 2021 we engaged Bryony Salmon to work a part time and flexible contract for up to twenty hours per week working alongside Manager Karen Jones and Buyer Lucy Cartledge. Bryony devotes four hours a week to social media and marketing to build on community and customer relations which builds sales and loyalty to our brand.

KICKSTART

Fairtrader participated in the government's Kickstart scheme where we offered training places to young people whose employment prospects were detrimentally affected by the pandemic. The participants worked 25 hours per week for six months and received an allowance from the Department of Work and Pensions (DWP). The business received a fee of £1,000 for each participant.

We took on a total of four Kickstart trainees. Two of these, Nia Ross and Shelby Kelly, successfully completed their full placement and are now in full time employment. Both said that they were grateful to Fairtrader for the opportunity and felt that working with us helped to increase their confidence. Our success rate is in-line with that nationally.

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The Fair Traders Co-operative Limited
Directors' Report (continued)
For The Year Ended 31 January 2022

Review of Business - continued

VOLUNTEERS

The business has continued to benefit from the support of a highly dedicated team of volunteers with a broad range of skills and experience. The volunteers have continued to support the business throughout the pandemic, although a number of volunteers were unable to continue with their normal level of support because of concerns about shielding themselves or members of their household.

Volunteer numbers actually increased during the reporting year, so that the business now is supported by twenty regular volunteers. The Fair Traders' Co-operative could not achieve what it does without the enthusiastic support of its volunteers.

BOARD MEMBERS

During the year Nick Batty, Simon Kenworthy, Kathryn Sheard and Victoria Waugh stepped down from the board. After attending board meetings as an observer Joanne Higginson decided not to pursue the option of joining the board. We are grateful to all of the retiring board members for their contribution. Paul Brennan joined the board early in 2022. We continue to look for prospective board members to broaden the range of skills and backgrounds among the directors.

THE TOLL HOUSE

Throughout the difficulties of the pandemic the business has benefitted greatly from the generous and unwavering support of our landlords in the Toll House Chris and Elaine Beardsall. Chris and Elaine offered a very generous arrangement where the rent we paid was reduced and linked to sales over a certain level. This arrangement benefitted the business to the tune of several thousand pounds.

In the period since the end of the financial year we have carried out an extensive programme of redecoration of the Toll House. This was only possible because of the exceptional hard work of both staff and volunteers.

OUTLOOK

The easing of the pandemic restrictions was followed by a small recovery for specialist shops in smaller towns as consumers opted to shop local. There has also been an increase in interest in ethical and sustainable consumerism.

However, the continuing trend towards on-line shopping and the developing cost-of-living crisis with increasing inflation and static earning is squeezing discretionary spending on items like those stocked by Fair Trader. Realistically, we expect the climate for trading to be challenging for the foreseeable future. The forthcoming redevelopment of the Market Hall is also likely to disrupt trading in Holmfirth.

The prospects for the business in 2022-23 and beyond may be much influenced by decisions at the AGM about on-line trading.

**The Fair Traders Co-operative Limited
Directors' Report (continued)
For The Year Ended 31 January 2022**

Directors

The directors who held office during the year were as follows:

Gerard Hetherington

Margaret Dale

Mark Lewis

Kathryn Sheard

RESIGNED

15/07/2021

Simon Kenworthy

RESIGNED

31/10/2021

Victoria Waugh

RESIGNED

15/07/2021

Scott Arlidge

Nick Batty

RESIGNED

12/02/2021

On behalf of the board

GERARD HETHERINGTON

Gerard Hetherington
Director

Date 05 / 07 / 2022

**The Fair Traders Co-operative Limited
Accountant's Report
For The Year Ended 31 January 2022**

Independent reporting accountant's report to the directors on the unaudited accounts of The Fair Traders Co-operative Limited for the year ended 31 January 2022

We report on the accounts for the year ended 31 January 2022 set out on pages 8 to 14.

Respective responsibilities of the committee of management and the independent reporting accountant

The society's committee of management is responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for the year ended 31 January 2022 are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- having regard only to, and on the basis of the information contained in the books of account, the revenue account and balance sheet for the year ended 31 January 2022 comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

Third Sector Accountancy Limited

Date 05 / 07 / 2022

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

The Fair Traders Co-operative Limited
Revenue Account
For The Year Ended 31 January 2022

	Notes	2022 £	2021 £
TURNOVER		186,599	107,613
Cost of sales		(96,999)	(59,797)
GROSS PROFIT		89,600	47,816
Distribution costs		(198)	(203)
Administrative expenses		(88,360)	(60,095)
Other operating income		25,730	19,658
OPERATING PROFIT AND PROFIT BEFORE TAXATION		26,772	7,176
Tax on Profit		(5,441)	(311)
PROFIT AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		21,331	6,865

The notes on pages 11 to 14 form part of these financial statements.

The Fair Traders Co-operative Limited
Balance Sheet
As at 31 January 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible Assets	4	277	2,247
		277	2,247
CURRENT ASSETS			
Stocks	5	22,712	24,451
Debtors	6	174	939
Cash at bank and in hand		116,739	77,238
		139,625	102,628
Creditors: Amounts Falling Due Within One Year	7	(28,591)	(9,575)
NET CURRENT ASSETS (LIABILITIES)		111,034	93,053
TOTAL ASSETS LESS CURRENT LIABILITIES		111,311	95,300
NET ASSETS		111,311	95,300
CAPITAL AND RESERVES			
Called up share capital	8	118,260	123,580
Revenue Account		(6,949)	(28,280)
SHAREHOLDERS' FUNDS		111,311	95,300

The notes on pages 11 to 14 form part of these financial statements.

For the year ending 31 January 2022 the society was entitled to disapply the requirement to have its financial statements for the financial year audited. The members passed a resolution in general meeting to disapply the audit requirement, as required by S84(2) Co-operative and Community Benefit Societies Act 2014.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the management committee on 05 / 07 / 2022 and signed on their behalf by:

GERARD HETHERINGTON

(Gerard Hetherington, Chair)

M Dale

(Margaret Dale, Treasurer)

Mark Lewis

(Mark Lewis, Secretary)

The Fair Traders Co-operative Limited
Statement of Changes in Equity
For The Year Ended 31 January 2022

	Share Capital	Revenue Account	Total
	£	£	£
As at 1 February 2020	123,120	(35,145)	87,975
Profit for the year and total comprehensive income	-	6,865	6,865
New shares issued to members	460	-	460
Members' shares redeemed	-	-	-
As at 31 January 2021 and 1 February 2021	123,580	(28,280)	95,300
Profit for the year and total comprehensive income	-	21,331	21,331
New shares issued to members	340	-	340
Members' shares redeemed	(5,660)	-	(5,660)
As at 31 January 2022	118,260	(6,949)	111,311

The Fair Traders Co-operative Limited
Notes to the Financial Statements
For The Year Ended 31 January 2022

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014.

1.2. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

1.3. Intangible Fixed Assets and Amortisation - Other Intangible

Website development costs are amortised to the revenue account over the estimated useful economic life of the website, at 50% per annum, on a straight line basis.

1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	10% straight line
Fixtures & Fittings	20% straight line

1.5. Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

The Fair Traders Co-operative Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 January 2022

1.6. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The society's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the society expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.7. Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2. Average Number of Employees

Average number of employees, including directors, during the year was as follows: 4 (2021: 2)

The Fair Traders Co-operative Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 January 2022

3. Intangible Assets

	Website £
Cost	
As at 1 February 2021	8,822
As at 31 January 2022	<u>8,822</u>
Amortisation	
As at 1 February 2021	8,822
As at 31 January 2022	<u>8,822</u>
Net Book Value	
As at 31 January 2022	<u>-</u>
As at 1 February 2021	<u>-</u>

4. Tangible Assets

	Land & Property Leasehold improvements £	Fixtures & Fittings £	Total £
Cost			
As at 1 February 2021	27,577	26,631	54,208
Additions	-	345	345
As at 31 January 2022	<u>27,577</u>	<u>26,976</u>	<u>54,553</u>
Depreciation			
As at 1 February 2021	27,518	24,443	51,961
Provided during the period	59	2,256	2,315
As at 31 January 2022	<u>27,577</u>	<u>26,699</u>	<u>54,276</u>
Net Book Value			
As at 31 January 2022	<u>-</u>	<u>277</u>	<u>277</u>
As at 1 February 2021	<u>59</u>	<u>2,188</u>	<u>2,247</u>

5. Stocks

	2022 £	2021 £
Stock - finished goods	22,712	24,451
	<u>22,712</u>	<u>24,451</u>

The Fair Traders Co-operative Limited
Notes to the Financial Statements (continued)
For The Year Ended 31 January 2022

6. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	174	-
Prepayments and accrued income	-	939
	<u>174</u>	<u>939</u>

7. Creditors: Amounts Falling Due Within One Year

	2022	2021
	£	£
Trade creditors	8,396	1,367
Corporation tax	5,441	311
Other taxes and social security	13,561	6,736
Accruals and deferred income	1,193	1,161
	<u>28,591</u>	<u>9,575</u>

8. Share Capital

	2022	2021
Members' shares	118,260	123,580
	<u>118,260</u>	<u>123,580</u>

9. General Information

The Fair Traders Co-operative Limited is a co-operative society, incorporated in England & Wales, registered number 30710R. The registered office is 32 - 34 Huddersfield Road, Holmfirth, West Yorkshire, HD9 2JS.

The Fair Traders Co-operative Limited
Detailed Revenue Account
For The Year Ended 31 January 2022

	2022		2021	
	£	£	£	£
TURNOVER				
Sales		186,599		107,613
COST OF SALES				
Opening stock - finished goods	24,451		22,020	
Purchases	95,260		62,228	
Closing stock - finished goods	(22,712)		(24,451)	
		(96,999)		(59,797)
GROSS PROFIT		89,600		47,816
Distribution Costs				
Carriage and freight	198		203	
		(198)		(203)
Administrative Expenses				
Wages and salaries	46,310		31,763	
Employers pensions - defined contributions scheme	1,020		242	
Recruitment costs	-		70	
Travel and subsistence expenses	658		81	
Rent	11,306		9,852	
Light and heat	2,214		1,698	
Water rates	156		197	
Repairs and maintenance	1,178		2,557	
Cleaning	491		120	
Premises insurance	492		449	
Computer software costs	2,653		1,611	
Printing, postage and stationery	763		923	
Advertising and marketing costs	7,164		2,421	
Telecommunications and data costs	436		396	
Accountancy fees	4,259		3,150	
Consultancy fees	3,150		1,200	
Subscriptions	216		125	
Royalties and licence fees payable	180		180	
Bank charges	3,206		1,698	

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The Fair Traders Co-operative Limited
Detailed Revenue Account (continued)
For The Year Ended 31 January 2022

Other office costs	192	-
Depreciation	2,315	1,356
Sundry expenses	1	6
	<u>(88,360)</u>	<u>(60,095)</u>
Other Operating Income		
Rental and other income from property	1,200	350
Grants and subsidies received	24,530	19,308
	<u>25,730</u>	<u>19,658</u>
OPERATING PROFIT	26,772	7,176
PROFIT BEFORE TAXATION	26,772	7,176
Tax on Profit		
Corporation tax charge	5,441	311
	<u>(5,441)</u>	<u>(311)</u>
PROFIT AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR	21,331	6,865