

REGISTERED COMPANY NUMBER: 05608022 (England and Wales)
REGISTERED CHARITY NUMBER: 1112621

ARTICLE 25

**TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

ARTICLE 25
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FOR THE YEAR ENDED 31 AUGUST 2020

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**ARTICLE 25
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the financial statements for the period ended 31 August 2020 which are also prepared to meet the requirements for a Director's report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in note 3 to the accounts and comply with the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102).

REFERENCE AND ADMINISTRATIVE DETAILS

| | | |
|---|---|---|
| Registered Company number | : | 05608022 (England and Wales) |
| Registered Charity number | : | 1112621 |
| Registered office and principal office | : | 34 th Floor 1 Canada Square London E14 5AB |
| Managing Director | : | D Murray |
| Directors and Trustees | : | S Prasad (Chair to 14/10/20) J B Pringle M J Catton A E Bateson S Brown (resigned 8/4/20) G Grainger D J R Delahunty D Bennetts (appointed 10/10/19, Chair from 14/10/20) C Soyinka (appointed 10/10/19) P Hudson (appointed 8/4/20) N Thingelstad (appointed 8/4/20) |
| Patron | : | Lord Foster of Thames Bank |
| Independent Examiner | : | David Green MA (Cantab) ACA Azets Anglo House Bell Lane Office Village Bell Lane Amersham, Bucks HP6 6FA |
| Bankers | : | The Co-operative Bank P.O.Box 250, Dell House, Skelmersdale Lancashire WN8 6WT Bank of Scotland PO Box 1000 BX2 1LB |

**ARTICLE 25
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FOR THE YEAR ENDED 31 AUGUST 2020**

CHAIR'S INTRODUCTION

Article 25 helps disadvantaged communities around the world to design and build housing, schools and medical facilities, empowering local development and alleviating poverty. We also help to rebuild lives and livelihoods in the wake of disasters and conflicts. Our approach is simple: by working closely with local people we develop an acute understanding of prevailing conditions, capacity and resources. By applying the best principles of architecture and engineering we design resilient, functional, beautiful and safe places for housing, education and healthcare. Working on the ground alongside these communities, we supervise construction; and through training support we exchange knowledge and skills with people to build greater capacity within that community. The end result is never just a building that serves to increase access to safe housing, learning, and better health. It is also the legacy of a community with greater resilience and more opportunities to enjoy a thriving future. In 14 years, Article 25 has carried out over 95 projects in 36 countries.

In the latter half of the financial year our work was impacted by the necessary response to Covid-19 but the only project to be postponed was our work on Warm and Healthy Homes workshops in London. In July 2020 we started a four-year programme of design and construction supervision for the Housing Recovery Programme of the island of Dominica. The programme is planned to replace nearly 700 houses lost in Hurricane Maria, with disaster resilient construction. We have also completed the design of a Children's Village for orphaned children in northern Tanzania and expect to start construction in 2021.

We are continuing to work in close partnership with Child Support Tanzania and Able Child Africa, and our first two phases of classrooms for this pre-school for disabled and able-bodied children is now complete. The third phase – a dining hall and kitchen – is under construction and the fourth phase – a physiotherapy block and administrative building – are being designed. A site architect is working onsite to oversee the construction works. For the expansion of a school in Niamey, Niger, our first two phases of construction are nearing completion. We have also completed a Feasibility Study for a primary school in Boma ng'Ombe in northern Tanzania.

The Outpatient Centre in Purulia, India in partnership with the Leprosy Mission of England and Wales was completed early in our fiscal year 2019/20. We started the Preliminary Design of a community hospital on the island of Montserrat in February 2020. This hospital will replace one destroyed in a volcanic eruption in 1997. In Morocco, we completed a Feasibility Study for a clinic for Operation Smile in Marrakesh and have started work on its design. The Masterplan and attendant works for the General Hospital in Yangon, Myanmar, is continuing including a small team of staff working in country. A Trauma Centre in Nepal for the Leprosy Mission is about mid-way through construction.

Some staff changes occurred in 2019-20, Fundraising Manager Steven Thornton hired March 2019 left in September 2019. Senior architect Branca Pegado was hired in April 2020. Part 2 architectural assistant Zwe Lynn Maung was hired in the Yangon office in April 2020.

On behalf of the Trustees, I want to thank most warmly our hard-working staff and volunteer team, our partners in the many countries where we work, our professional collaborators who help us to deliver these projects and, of course, our donors and supporters both small and large, who help to build and maintain our charity so that it is as resilient as the buildings we create and the communities we support across the world. I would also like to thank Sunand Prasad who stepped down as chair of Article 25 in October 2020 and to acknowledge the commitment, integrity and skill he brought to the role.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a Memorandum and Articles of Association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The Memorandum and Articles of Association is the charity's governing document. The Articles of Association are currently being reviewed by Trustee Natalie Thingelstad and are expected to be updated as appropriate.

Recruitment and appointment of new trustees

The existing Trustees appoint trustees. Their terms and responsibilities are outlined in a trustee recruitment policy that was implemented in 2016. Trustees of the charity are also Directors of the Limited Company. We

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FOR THE YEAR ENDED 31 AUGUST 2020**

apply a rotation of Directors and as per our Articles of Association; one third of the Directors must retire each year but may be re-elected.

During 2019-20, we appointed four new Trustees, and one stepped down. With two trustees planning to retire from the board in our financial year 2020-21, we intend to make further appointments mindful of our aim to increase diversity on the Board.

Appointed: Denise Bennetts, Christopher Soyinka, Phil Hudson, Natalie Thingelstad

Stepped down: Sue Brown

COVID -19

Since February 2020, Article 25 has been impacted by the public health crisis of Covid-19. We have undertaken measures to ensure the welfare of staff and people working on our sites, from our offices, and homes. We have also been reviewing the impact on our projects and have implemented measures to mitigate the financial consequences. Among these are temporary furloughs of some staff members and taking up a £50,000 Bounce Back loan offered by the U.K. government in June 2020. The use of this Bounce Back Loan is subject to certain internal drawdown protocols and held in our reserve account, with board level consideration of cashflow projections as a means of mitigating any future financial shocks relating to the ongoing pandemic. We continue to keep our risk assessments under regular review and revise them based on the latest U.K. government advice.

Organisational aims

Article 25 was founded originally under the name Architects for Aid and was set up to provide better housing for those in need and to work with partner NGOs to provide built solutions wherever there is disaster, poverty or need. Renamed Article 25, the charity aims to promote safe housing, access to education, and healthcare as a human right, and is named after the 25th Article of the Universal Declaration of Human Rights, which is the article of the declaration relating to the built environment.

Organisational structure

Our organisational structure comprises a Board of Trustees, a Senior Management Team, the Staff and Volunteers. The team of staff and volunteers is organised into projects and operations (including fundraising and communications).

Related parties

Article 25 works with partner NGOs, INGOs, charities, development agencies and governments in the UK and overseas. Article 25 receives the donation of skills from various professional parties who assist in the delivery of our projects.

Article 25 introduces design and construction design skills to international development projects. The organisation also provides capacity building to professional firms and larger agencies in the developing world as a way to increase the impact of its work.

Risk management

All Article 25 projects and operations are assessed for their potential risks in delivery before significant charity resources are dedicated to the project. A risk register is maintained by the Managing Director and Director of Projects, and is presented for approval at the quarterly trustee board meetings.

The charity also works closely with local and international bodies (for example the High Commission or Embassy departments as appropriate) when undertaking the management of work overseas and dealing with any issues of controversy or potential controversy when working alone, or with any collaborating entity. Article 25 operates a current child protection policy.

Overseas project travel is assessed for risks ahead of each field trip. If necessary, staff and volunteers undergo any required hostile environment and first aid briefings prior to going abroad. All travellers are covered under an Article 25 insurance policy, specifically provided for NGO workers; they are briefed on pertinent local social issues and are instructed to carry emergency contact details. Each location is

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FOR THE YEAR ENDED 31 AUGUST 2020**

researched in advance and advice sought from FCO and in-country sources. We work particularly with local partners who have detailed knowledge of conditions in the field.

Article 25 has public liability and professional indemnity insurance to offset any risk incurred in the course of conducting our work at home and overseas. Article 25 has NGO travel insurance for personnel in the field. Our legal advisors have advised that we have, through the training and documentation we use, achieved effective limitation for our liability regarding risks in sending participants on overseas projects and that they have sufficient information to meet standards of "informed consent" to participate as staff or volunteers for Article 25. Article 25 staff and volunteers working overseas or in the UK (as appropriate) are required to sign waivers of liability for any activities they may undertake outside the scope of their Article 25 remit.

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Objectives and aims

The trustees have considered the guidance published by the Charity Commission and have concluded that the charitable company's core activities satisfactorily address the principles of identifiable public benefit and demonstrate that the charitable company has fulfilled the public benefit requirement under the Charities Act 2011.

Article 25 provides building design solutions and key construction project management skills to the International Development community. Focusing on the core areas of buildings for housing, learning, health, and where appropriate, resilience to disasters, we aim to apply these skills where they make the greatest beneficial difference to the most disadvantaged communities. We continue to deliver these objectives through close collaborations with NGOs and community groups internationally. We have expanded our work to provide technical skills to larger humanitarian organisations.

ACHIEVEMENT AND PERFORMANCE

Charitable Activities

Article 25 continues to deliver essential design and construction skills to those who would otherwise have no access to such services. We work with partners across the built environment sector to provide design, construction and engineering skills to benefit some of the poorest and most vulnerable communities in the world.

Throughout all of our work, capacity development remains a constant priority. Our construction projects are used to develop the skills of workers in the communities of our local partners and to increase long-term resilience, leaving behind a community better able to build safely for itself. We improve the long-term performance of a project by engaging the end-users from inception to completion. This positively affects the sustainability of a project and builds the capacity of those local partners who take responsibility for the project and its sustainable operation.

Article 25 is one of the few organisations globally delivering this technical work as a primary objective and from a small base of operations. This demonstrates its ability to have a positive impact on hundreds of thousands of beneficiaries.

Article 25 safeguards the effectiveness of its work through maintaining high professional standards and by monitoring outputs. We examine the long-term sustainability of each project to ensure a lasting impact is achieved.

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Housing

Dominica

In July 2020 we started a four-year programme of design and construction supervision for the Housing Recovery Programme of the island of Dominica. The programme is planned to replace nearly 700 houses lost in Hurricane Maria with disaster resilient construction. Article 25 is working in partnership with structural and civil engineers Clarkebond.

London

London Warm Homes workshops scheduled to run in the autumn and winter of 2020 had to be postponed due to the COVID pandemic. Workshops are funded and will resume when possible.

Tanzania

We have completed the design of a Children's Village for orphaned children in northern Tanzania; it is expected to start construction in 2021.

Learning

Niger

In August 2020 the construction phases 1 and 2 for Collège Hampaté Bâ in Niamey were mostly complete. The design of Phase 3 was also complete, ready to start construction once Phase 2 is finished.

Tanzania

As of August 2020, construction of Phases 1 and 2 of the CST Pre-school in Mbeya was complete. Phase 3 was under construction. A site architect is supervising the works.

We have also completed a Feasibility Study for a primary school in Boma ng'Ombe in northern Tanzania.

Health

India

The Outpatient Centre in Purulia, India built in partnership with the Leprosy Mission of England and Wales, was completed early on in our fiscal year 2019/20.

Montserrat

We started the Preliminary Design of a community hospital on the island of Montserrat in February 2020. This hospital will replace one destroyed in a volcanic eruption in 1997. It is being designed to resist earthquakes and hurricanes.

Morocco

We completed a Feasibility Study for a clinic for Operation Smile in Marrakesh and have started on the design.

Myanmar

Phases 1A and 1B of the Yangon General Hospital (YGH) masterplan have been completed. Reports have been compiled and submitted to FCDO (Foreign, Commonwealth and Development Office). We have been advised that RGHR are making an application for a new funding plan running forward from April 2021. We have completed the design of a building renovation and are assisting local agencies in the design of two further buildings. We have also supported the hospital with its COVID response work, in particular focussing on hand hygiene and sanitation.

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Nepal

As of August 2020, the structural frame was complete on the new Trauma Centre at Anandaban Hospital in Lele, Nepal. An Article 25 site architect lives on the hospital campus and has been supervising the works since the start of construction. The aim of this project is to provide a hospital that will not only resist seismic events but will continue to operate in the aftermath of an earthquake.

FINANCIAL REVIEW

Based on Accounting standards, we are required to recognise associated income and expenditure within the relevant period. Also, there are some non-cash items that require reporting when putting these accounts together. These non-cash items don't translate to payments out of the account e.g. depreciation/ donated services etc.

Fundraising remains a significant challenge. During 2019-20 Article 25 once again held its 10x10 Drawing the City fundraising auction which has become a prominent event in the architectural diary. We have started to explore our second cycling expedition: a joint fundraising and research expedition in Tanzania. Additionally, members of London's architectural, engineering, and wider community continue to support our work in a variety of ways and we have ongoing positive relationships with our project partners that provide a sustainable source of income. The MD has developed further fundraising strategies to expand and diversify our income via corporate sponsorship, major donors and fundraising challenges. The majority of our events fundraising activities have been necessarily postponed pending the ongoing response to Covid-19, but a number of the events developed by the charity are ready to be launched as soon as practicable.

The Statement of Financial Activities shows net surplus for the year of £22,250 (2019: Deficit £83,336) and our reserves stand at £17,216 (2019: - £5,034) in total. The income for the year generated from voluntary income was £375,246 (2019: 448,292) and from fundraising events, grants and sponsorship income was £364,913 (2019: £344,942). The improvement in the financial position was due to better and more diversified fundraising activities and improved cost contributions on projects.

RESERVES POLICY

The charity aims to have a policy of holding 3 months of reserves. From time-to-time reserves have fallen below this and we have made it a key priority to attain a truly sustainable flow of finance. We are currently working on further developing our fundraising strategies to bring in additional income.

FUTURE DEVELOPMENTS

Whilst cashflow has remained a challenge through this financial year, in the first quarter of the financial year 2019/20 we generated a healthy surplus, due in part to us welcoming a new major donor committed to gifting £50,000 a year for three years plus gift aid. This donor joins a growing community of donors and sponsors we have called "Cornerstone Donors".

For 2020/21 we look forward to construction of the first phase of the Children's Village in northern Tanzania. We also expect to complete the first houses in Dominica. Construction of Phase 4 of the Pre-school for disabled and able-bodied children in Mbeya should also conclude in 2021. Design will still be underway for an Operation Smile clinic in Morocco and a new hospital in Montserrat. We also hope to start work on a hospital for the United Mission in Nepal.

Looking ahead, Article 25, will deploy its resources in areas of research (including the post occupancy evaluation of our buildings and our intended impacts on local economic, social, and environmental development); projects and advocacy to ensure that our impact is not only innovative and far-reaching but systemic and scalable. We will also continue to pursue development and growth of our fundraising income, in particular within the Cornerstone Donor programme, and through digital engagement, whilst fundraising events remain on hold due to the pandemic

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020**

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees (who are also the Directors of The Charitable Company for purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that year. In preparing those financial statements, the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP (FRS102);
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK 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 charitable company will continue in business.

The Board of Trustees are responsible for keeping proper accounting records that 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 2006. 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.

AUDIT

Under the terms of the Charities Act 2011, the Company falls within the range for which no audit is required. However, an independent examination of the accounts is required.

APPROVAL

These financial statements have been prepared in accordance with the Companies Act 2006 and the Charities SORP (FRS102).

Approved by the Board of Trustees on 15th January 2021 and signed on their behalf by



D Bennetts



C Soyinka

ARTICLE 25
INDEPENDENT EXAMINER'S REPORT TO THE MEMBERSHIP OF ARTICLE 25
FOR THE YEAR ENDED 31 AUGUST 2020

I report to the trustees on my examination of the accounts of the above charity ("the Trust") for the year ended 31st August 2020.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

The company's gross income exceeded £250,000 and I am qualified to undertake the examination because a qualified member of the ICAEW.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that:

- the accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



David Green, MA (Cantab) ACA
Azets
Anglo House
Bell Lane Office Village
Bell Lane
Amersham
Bucks
HP6 6FA

15th January 2021

ARTICLE 25
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | 2020 Restricted Funds £ | 2020 Unrestricted Funds £ | 2020 Total Funds £ | 2019 Total Funds £ |
|---|-------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| INCOME | | | | | |
| Donations and legacies | 4 | 8,010 | 367,236 | 375,246 | 448,292 |
| Income from charitable activities | 5 | 35,623 | 329,290 | 364,913 | 344,942 |
| Other income | 6 | - | 25,155 | 25,155 | 4,851 |
| Total Income | | 43,633 | 721,681 | 765,314 | 798,085 |
| EXPENDITURE | | | | | |
| Cost of raising funds | 8 | - | 86,149 | 86,149 | 113,368 |
| Charitable activities | 8 | 23,299 | 399,735 | 423,034 | 491,144 |
| Support costs | 8 | - | 233,881 | 233,881 | 276,909 |
| Total Expenditure | | 23,299 | 719,765 | 743,064 | 881,421 |
| Net (expenditure)/income | | 20,334 | 1,916 | 22,250 | (83,336) |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward as at 1 September 2019 | | 13,790 | (18,824) | (5,034) | 78,302 |
| Total funds carried forward as at 31 August 2020 | 15 | 34,124 | (16,908) | 17,216 | (5,034) |

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 12 to 19 form part of these financial statements.

**ARTICLE 25
BALANCE SHEET
AT 31 AUGUST 2020
Co Reg No 05608022**

| | | 2020 Total funds £ | 2019 Total funds £ |
|---|-------|---------------------------------------|-----------------------------|
| FIXED ASSETS | Notes | | |
| Tangible assets | 10 | 5,309 | 7,634 |
| CURRENT ASSETS | | | |
| Cash at bank and in hand | | 93,268 | 48,083 |
| Debtors | 11 | 38,206 | 2,123 |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | (42,129) | (22,874) |
| NET CURRENT ASSETS | | 94,654 | 34,966 |
| CREDITORS | | | |
| Amounts falling due in more than one year | 13 | (77,438) | (40,000) |
| NET ASSETS/LIABILITIES | | <u>17,216</u> | <u>(5,034)</u> |
| FUNDS | | | |
| Restricted funds | 15 | 34,124 | 13,790 |
| Unrestricted funds | 15 | <u>(16,908)</u> | <u>(18,824)</u> |
| TOTAL FUNDS | | <u>17,216</u> | <u>(5,034)</u> |

For the year ending 31 August 2020 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

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

These accounts have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved and authorised for issue by the Board of Trustees on 15th January 2021 and were signed on its behalf by:



D Bennetts



C Soyinka

The notes on pages 12 to 19 form part of these financial statements.

**ARTICLE 25
STATEMENT OF CASH FLOWS
AT 31 AUGUST 2020**

| | 2020 £ | 2019 £ |
|---|----------------|-----------------|
| Cash flow from operating activities | | |
| Net surplus/deficit for the year | 22,250 | (83,336) |
| Depreciation of tangible fixed assets | 4,875 | 5,507 |
| (Increase) / decrease in debtors | (36,084) | 15,753 |
| Increase / (decrease) in creditors | 56,694 | 55,624 |
| Net cash flow from operating activities | <u>47,735</u> | <u>(6,452)</u> |
| Cash flow from investing activities | | |
| Acquisition of tangible fixed assets | (2,550) | (4,589) |
| Net cash flow from investing activities | <u>(2,550)</u> | <u>(4,589)</u> |
| Net increase / (decrease) in cash and cash equivalents | <u>45,185</u> | <u>(11,041)</u> |
| Cash and cash equivalents at 1st September 2019 | 48,083 | 59,124 |
| Cash and cash equivalents at 31st August 2020 | <u>93,268</u> | <u>48,083</u> |

The notes on pages 12 to 19 form part of these financial statements.

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

Article 25 is a private company, limited by guarantee, registered in England Wales. The company's registered number and registered office address can be found on Page 1.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 as they apply to the financial statements of the company for the year ended 31 August 2020.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historic cost convention.

The financial statements are presented in sterling (£) which is also the functional currency of the company.

The company meets the definition of a public benefit entity under FRS 102.

Income recognition policies

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, the point of entitlement is the earlier of the date of the charity being notified of an impending distribution or the date the legacy is received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Investment income is earned through holding assets for investment purposes such as on short term bank deposit and solely comprises bank interest.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the costs associated with the fundraising team, including payroll for the members of that team and the direct costs of fundraising events.
- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. This includes staff costs, mission expenses and associated costs.
- Other expenditure represents those items not falling into the categories above.
- Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. ACCOUNTING POLICIES (continued)

Allocation of support costs

Charitable expenditure includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. They also include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of financial Activities on a basis designed to reflect the use of the resource.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank

Cash at bank comprises balances held in various instant access bank accounts and represents highly liquid funds.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-------------------------|--------------------------|
| Plant and machinery etc | - write off over 3 years |
|-------------------------|--------------------------|

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Going concern

The financial statements have been prepared on a going concern basis as the directors believe that no material uncertainties exist. The directors have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements and are satisfied that the charity will be able to continue as a going concern.

Volunteers and donated services and facilities

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the fair value of the contribution to the charity. Donated services and facilities are analysed in note 18. As

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

provided in the SORP (FRS 102) no amount is included in the financial statements for volunteer time.

Operating leases

Rentals applicable to operating leases are charged to the SoFA on a straight-lined basis over the period of the lease.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimate have been made include:

- Volunteers and donated services and facilities (see above)

4. DONATIONS AND LEGACIES

| | 2020 | 2019 |
|-------------------|-----------------------|----------------|
| | £ | £ |
| Donations | 140,290 | 134,814 |
| Donations in kind | 216,156 | 293,731 |
| Gift aid | 18,800 | 9,747 |
| Legacies | - | 10,000 |
| | <u>375,246</u> | <u>448,292</u> |

Included in donations there is £8,010 (2019: £6,506) of restricted income.

5. INCOME FROM CHARITABLE ACTIVITIES

| | 2020 | 2019 |
|--------------------|-----------------------|----------------|
| | £ | £ |
| Fundraising events | 102,625 | 130,792 |
| Grants | <u>262,288</u> | <u>214,150</u> |
| | <u>364,913</u> | <u>344,942</u> |

Included in the Grant Income there is £35,623 (2019: £13,790) of restricted income.

6. OTHER INCOME

| | 2020 | 2019 |
|----------------------|----------------------|--------------|
| | £ | £ |
| JRS Government Grant | 21,760 | - |
| Sundry income | <u>2,395</u> | <u>4,851</u> |
| Total | <u>25,155</u> | <u>4,851</u> |

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7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

| | 2020 | 2019 |
|------------------------------|--------------|-------|
| | £ | £ |
| Depreciation - owned assets | 4,875 | 5,507 |
| Independent examination fees | 3,300 | 3,300 |

8. EXPENDITURE ANALYSIS

| | Restricted funds | Unrestricted funds | Total 2020 £ | Total 2019 £ |
|---|-------------------------|---------------------------|---------------------|--------------|
| Raising funds | | | | |
| Events | - | 53,017 | 53,017 | 68,951 |
| Admin | - | 33,132 | 33,132 | 44,417 |
| | - | 86,149 | 86,149 | 113,368 |
| Mission | | | | |
| Professional | - | 206,524 | 206,524 | 280,612 |
| Delivery | 23,299 | 193,211 | 216,510 | 210,532 |
| | 23,299 | 399,735 | 423,034 | 491,144 |
| Support Costs (including Governance) | | | | |
| Rent Rates and Service Charge | - | 149,705 | 149,705 | 144,016 |
| Communications | - | 8,399 | 8,399 | 8,735 |
| Office | - | 62,125 | 62,125 | 103,275 |
| Insurance | - | 1,476 | 1,476 | 2,016 |
| IT | - | 7,880 | 7,880 | 15,026 |
| Legal & Professional | - | 4,245 | 4,245 | 3,678 |
| Finance | - | 51 | 51 | 161 |
| | - | 233,881 | 233,881 | 276,907 |
| | 23,299 | 719,765 | 743,064 | 881,421 |

In the prior year there was restricted expenditure of £6,506 in relation to Mission: Delivery.

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9. STAFF COSTS

Paid Staff

| | 2020 | 2019 |
|-----------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 246,029 | 298,046 |
| Social security costs | 25,191 | 29,395 |
| Pension contributions | <u>5,312</u> | <u>5,455</u> |
| | <u>276,532</u> | <u>332,896</u> |

Time Donated

| | 2020 | 2019 |
|-----------------------|-----------------------|----------------|
| | £ | £ |
| Professional Resource | <u>126,137</u> | <u>126,137</u> |
| | <u>126,137</u> | <u>126,137</u> |

The number of salaried employees averaged 6 (2019: 6) but varied according to project needs. One employee was paid between £60,000 and £70,000 in the current year (one employee was paid between £60,000 and £70,000 in the prior year).

Alongside staff there is a larger team of volunteers helping to deliver Article 25's work. The volunteers include those volunteering in Article 25's in-house design team and communications team (averaging 23 in the current and 12 in the prior year) and the professionals and practices volunteering their time from their own practices (averaging 18 part time in the current year and 18 part time in the prior year).

The key management personnel are D. Murray and B. Sennewald (2019 D. Murray, S. Sahli and B. Sennewald). The total employee benefits of the key management personnel of the charitable company were £125,059 (2019: £160,048).

10. TANGIBLE FIXED ASSETS

| | Plant and machinery etc |
|-----------------------|--------------------------------|
| | £ |
| COST | |
| At 1 September 2019 | 17,329 |
| Additions | 2,550 |
| Disposals | <u>(2,800)</u> |
| At 31 August 2020 | <u>17,079</u> |
| DEPRECIATION | |
| At 1 September 2019 | 9,695 |
| Charge for year | 4,875 |
| On disposal | <u>(2,800)</u> |
| At 31 August 2020 | <u>11,770</u> |
| NET BOOK VALUE | |
| At 31 August 2020 | <u>5,309</u> |
| At 1 September 2019 | 7,634 |

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11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|------------------------------|---------------|--------------|
| | £ | £ |
| Prepayments & accrued income | <u>38,206</u> | <u>2,123</u> |

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 | 2019 |
|----------------------------------|---------------|---------------|
| | £ | £ |
| Tax and social security creditor | 8,930 | 17,024 |
| Loans | 12,562 | - |
| Other creditors | 10,685 | 2,550 |
| Accruals & deferred income | 9,952 | 3,300 |
| | <u>42,129</u> | <u>22,874</u> |

Included in loans is an unsecured interest free loan of £10,000 (2019: £Nil); in October 2020, the donor who provided the loan decided to donate this to the Charity.

13. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

| | 2020 | 2019 |
|-------|---------------|---------------|
| | £ | £ |
| Loans | <u>77,438</u> | 40,000 |
| | <u>77,438</u> | <u>40,000</u> |

Loans are repayable as follows:

| | | |
|---------------------------|--------|--------|
| Within one year | 12,562 | - |
| Between one to two years | 39,937 | 40,000 |
| Between two to five years | 29,812 | - |
| More than five years | 7,687 | - |

Of the loans £30,000 (2019: £40,000) are unsecured and are interest free. With the remainder of the loan it is unsecured and interest is charged at 2.5% from June 2021 – June 2026.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS – CURRENT YEAR

| | Unrestricted funds £ | Restricted funds £ | Total funds £ |
|-------------------------------------|----------------------------|--------------------------|---------------------|
| Fixed Assets | 5,309 | - | 5,309 |
| Cash | 59,154 | 34,124 | 93,268 |
| Debtors | 38,206 | - | 38,206 |
| Creditors due in less than one year | (42,129) | - | (42,129) |
| Creditors due in more than one year | (77,438) | - | (77,438) |
| | <u>(16,908)</u> | <u>34,124</u> | <u>17,216</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS – PREVIOUS YEAR

| | Unrestricted general funds £ | Restricted general funds £ | Total funds £ |
|-------------------------------------|---------------------------------------|-------------------------------------|---------------------|
| Fixed Assets | 7,634 | - | 7,634 |
| Cash | 34,293 | 13,790 | 48,083 |
| Debtors | 2,123 | - | 2,123 |
| Creditors due in less than one year | (22,874) | - | (22,874) |
| Creditors due in more than one year | (40,000) | - | (40,000) |
| | <u>(18,824)</u> | <u>13,790</u> | <u>(5,034)</u> |

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15. MOVEMENT IN FUNDS – Current year

| | At 1.9.19 £ | Incoming resources £ | Resources expended £ | At 31.8.20 £ |
|--------------------|----------------|----------------------------|----------------------------|-----------------|
| Funds | | | | |
| Unrestricted | (18,824) | 721,681 | (719,765) | (16,908) |
| Restricted | <u>13,790</u> | <u>43,633</u> | <u>(23,299)</u> | <u>34,124</u> |
| TOTAL FUNDS | (5,034) | 765,314 | (743,064) | 17,216 |

The Restricted fund comprises of the following:

| | At 1.9.19 £ | Incoming resources £ | Resources expended £ | At 31.8.20 £ |
|-------------------------------|----------------------|----------------------------|----------------------------|----------------------|
| Project | | | | |
| Warm & Healthy Homes | 13,790 | - | (6,448) | 7,343 |
| Child Support Tanzania | - | 797 | (787) | 10 |
| Glendon Hospital Montserrat | - | 35,623 | (14,639) | 20,984 |
| Yangon Hand Hygiene | - | 7,212 | (1,425) | 5,787 |
| TOTAL RESTRICTED FUNDS | <u>13,790</u> | <u>43,633</u> | <u>(23,299)</u> | <u>34,124</u> |

The Warm & Healthy Homes project provides workshops for people in London who suffer from fuel poverty.

The Child Support Tanzania project helps run a pre-school in Tanzania for children with physical and mental disabilities to enable them to join a mainstream school curriculum at age five.

The Glendon Hospital Montserrat project is for the initial concept design options for a new general hospital.

The Yangon Hand Hygiene project supports our long-term work at the hospital and devised to support the hospital staff with the provision of hand sanitizers, soaps and restorative plumbing works.

MOVEMENT IN FUNDS – Prior year

| | At 1.9.18 £ | Incoming resources £ | Resources expended £ | At 31.8.19 £ |
|--------------------|----------------|----------------------------|----------------------------|-----------------|
| Funds | | | | |
| Unrestricted | 78,302 | 777,789 | (874,915) | (18,824) |
| Restricted | <u>-</u> | <u>20,296</u> | <u>(6,506)</u> | <u>13,790</u> |
| TOTAL FUNDS | 78,302 | 798,085 | (881,421) | (5,034) |

The Restricted fund comprises of the following:

| | At 1.9.18 £ | Incoming resources £ | Resources expended £ | At 31.8.19 £ |
|------------------------|----------------|----------------------------|----------------------------|-----------------|
| Project | | | | |
| Warm and healthy Homes | - | 13,790 | - | 13,790 |
| Child Support Tanzania | <u>-</u> | <u>6,506</u> | <u>(6,506)</u> | <u>-</u> |
| | - | 20,296 | (6,506) | 13,790 |

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16. RELATED PARTY DISCLOSURES

None of the trustees (or any persons connected with them) received any remuneration during the current or prior years, nor did any of them claim any expenses (2019: Nil). During the year there was unrestricted income from the trustees and persons connected with them totalling £40,000 (2019: £86,800). At the year end there was a short term interest free loan of £10,000 from the trustees and persons connected with them (2019: long term loan of £10,000).

17. COMPANY STATUS

The company is limited by guarantee and has no share capital. In accordance with the Memorandum and Articles of the charitable company, the liability of members is limited to £10 each in the event of the winding up of the charitable company. At 31 August 2020 there were 10 members (2019: 7 members).

18. DONATED FACILITIES AND SERVICES

| | 2020 £ | 2019 £ |
|-----------------------------|----------------|----------------|
| Office space | 100,000 | 100,000 |
| Event Support | 6,089 | 11,200 |
| Fixed Assets | 2,550 | 4,589 |
| PR | 2,500 | 5,000 |
| Professional skills donated | 105,017 | 126,137 |
| AutoCAD software | - | 46,805 |
| | <u>216,156</u> | <u>293,731</u> |

The income equivalent of the above services and facilities were recognised within incoming resources as a donation, and an equivalent charge included within resources expended.

19. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2020 £ | 2019 £ |
|----------------------------|---------------|---------------|
| Less than one year | 5,683 | 5,683 |
| Between one and five years | 20,801 | 21,905 |
| More than five years | 5,724 | 9,922 |
| | <u>32,208</u> | <u>37,510</u> |

20. ANALYSIS OF CHANGES IN NET DEBT

| | Balance at beginning of year £ | Cash Flow £ | Other changes £ | Balance at end of year £ |
|---------------------------------|---|----------------|-----------------------|--------------------------------|
| Cash at bank and in hand | 48,083 | 45,185 | - | 93,268 |
| Total cash and cash equivalents | 48,083 | 45,185 | - | 93,268 |
| Loans due within one year | - | (12,562) | - | (12,562) |
| Loans due in more than one year | (40,000) | (37,438) | - | (77,438) |
| Total net debts | 8,083 | (4,815) | - | 3,268 |