

KRIZEVAC PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

KRIZEVAC PROJECT

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	A J Smith Miss J M Smith V K Owen D Haworth
Charity number	1115608
Principal address	Atlas Works Paragon Road Longton Stoke on Trent ST3 1NR
Auditor	Price Pearson Finch House 28-30 Wolverhampton Street Dudley West Midlands DY1 1DB
Bankers	HSBC Bank Plc Coventry DSC Harry Weston Road Binley Coventry CV3 2TQ First Capital Bank Malawi Limited Livingstone Towers Glyn Jones Road Private Bag 122 Blantyre Malawi

KRIZEVAC PROJECT

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KRIZEVAC PROJECT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees present their report and financial statements for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, the Charities Act 2011 and "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) (effective 1 January 2019).

The charity is known as Krizevac Project and is registered with the Charities Commission No. 1115608. It is not known by any other name. The address of the principal office is Atlas Works, Paragon Road, Longton, Stoke-on-Trent, ST3 1NR.

The legal and administrative information forms part of this report.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Objectives and activities

Purposes of the charity set out in the governing document

Krizevac Project is a UK charitable trust, constituted as an unincorporated association under a Declaration of Trust, dated 20 July 2006 which sets out the Charity's purposes.

Aims

Krizevac Project aims to transform some of the poorest parts of the world. Each project area begins in an area of need by placing a cross on a mountain, a replica of the Krizevac cross overlooking the village of Medjugorje. This has inspired community transformation in these areas, founded on personal sacrifice and public service, PSPS.

The charity has erected Krizevac crosses in Malawi, Rwanda and Nigeria and now responds to needs in local communities by constructing quality buildings, providing essential equipment and skilled volunteers. The charity also creates new enterprises to enable self-sustaining employment in these areas of need. This also provides lasting income to fund education and family support services.

Our vision is that there will be at least 15 Krizevac mountains, each in a different country of Africa by 2033. The communities beside these Krizevac mountains will be transformed from areas of deprivation to prosperity. Each Krizevac cross will be the epicentre of lasting, positive, enterprising change which will spread from this point to an ever-increasing area. Krizevac communities will become, like the village of Medjugorje, a well spring of deep peace and inspiration for those who visit and live there.

Activities Summary

2020 was a year subjected to unprecedented change and uncertainty. The charity reaction to the profound effect of coronavirus has been to move quickly to reduce staff and costs in the UK with furlough and redundancies while continuing grant giving to support the charity's core purposes.

In 2020 the following priorities were acted upon, and in choosing these activities, the trustees had regard for the Charity Commission's guidance on public benefit:

Grants

- 1) Continued construction of the Beehive campus, eventually to become "Mary, Queen of Peace Catholic Campus" in Malawi.
- 2) Asset investment for Beehive Centre for Social Enterprise, Malawi, funding the growth of a new warehouse logistics business within Torrent Plant Hire in Malawi which has shored up long-term funding of bursaries for the most needy children.
- 3) Seibo school feeding in Malawi.
- 4) Small scale agricultural support in North Eastern Nigeria.

Recycling and Ethical Trading

Growth of charitable trading of recycled goods made in Malawi, through Cycle of Good in the UK. This primary purpose trading embeds beneficiaries and trainees in the process of providing quality services and goods made from recycled materials.

Capacity Building of Beneficiary Enterprises

Support for monitoring, evaluation, and governance of the Beehive Centre for Social Enterprise in Malawi.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Achievements and performance

Grant-Funded Buildings

Throughout 2020, more than 300 people worked in the Beehive construction team in Malawi, funded through Krizevac Project grants under the professional guidance of our project architect in Malawi.

The new, purpose-built facilities will eventually form part of the "Mary, Queen of Peace Catholic Campus for Lifelong Learning". The campus will provide education for children from the age of six months to adulthood, with some places reserved for children from the most needy families and will comprise of:

Mother Teresa Catholic Nursery School	- Completed
St Kizito Catholic Primary School	- In progress
Carlo Acutis Catholic High School	- Planned
John Paul II Leadership and IT College	- Completed
Teacher Training (may fall under JP II LITI)	- Planned
Mother Teresa outreach & family support	- Completed

Grants for Seibo School Feeding

In 2020, grants totalling £191,667 (2019: £247,607) were given to the non profit organisation, Seibo, in Japan which in turn fed nearly 15,000 children with a daily school meal in primary schools in the north of Malawi and others in childcare settings in Blantyre.

Grant for Nigeria - Grant funding to the Maiduguri agricultural project continued in 2020 with £4,718 given through the Catholic diocese of Maiduguri in Nigeria. This enabled more farmers in need to begin an agricultural extension project in the area nearby to the cross there. Local selection of beneficiary farmers has proven successful in identifying the most needy and this important project aims, though providing agricultural jobs, ultimately to bring peace to an area beset with terrorism.

Recycling

In 2020, the following was recycled and mostly shipped for use in Malawi in 17 forty-foot containers:

- Over 10,000 bicycle inner tubes
- 11 pallets of lorry curtain siding
- 6 pallets of coffee sacks
- Several tonnes of books and sewing machines
- Over 1,000 second hand bicycles

Ethical Trading

2020 saw the decrease of the UK team in response to the effects of the pandemic.

Beehive Digital

Sales were slow and implementation problematic so with the onset of Coronavirus, the UK side of this enterprise was mothballed in the first half of 2020 with 4 redundant staff in the UK and three of the Malawi team finding alternative employment.

Cycle of Good

Work on Elephant bikes with Dovegate prison was put on hold and most staff furloughed in March 2020, with work beginning again in May 2020. In spite of UK reductions, sales continued to support a team of 20 women employed in Cycle of Good Malawi, all of whom were previously unemployed trainees and who work daily to turn rubbish into items of value..

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Two tough years in Malawi

Beehive

The Beehive Centre for Social Enterprise, established by Krizevac Project in 2007, employed 382 people and generated a local turnover of approximately £1,235,229million, in spite of the pandemic. This was similar to the previous year's total when Malawi was suffering political, and economic fallout from election failure in Malawi. The cumulative effect of two poor years meant that budgetary support was needed for Beehive.

During 2020, the children's centre and John Paul II Institute were closed down for nearly 8 months.

Beehive Malawi's main source of income continues to be Torrent Plant Vehicle Hire and the fragility in the construction sector meant that a new logistics division was launched which is more resilient to the vagaries of Malawi's economy.

Financial review

Income

A total of £1,825,347 income was received in 2020, representing a decrease of 24% over the previous year total of £2,406,055. In spite of the lower income, the healthy cash position at the start of 2020 meant that grant giving was maintained throughout the profound negative effect of coronavirus in 2020, funding the Malawi construction team of 139 long-term employees and hundreds of temporary workers who continued primary school construction.

Donations

In 2020, Mobell Communications Limited donated a total of £1,147,089 (2019: £1,859,135) which was 85% of all donations and 63% of all income.

A further £205,999 donations were received from individuals, of which £1,625 were restricted donations sponsoring children in Mother Teresa Children's Centre under the "Give a Child a Chance" scheme.

Trading Income

Trading income was down 22% on last year, at £362,885, largely because of a shortage of bikes in the UK; in 2020, second-hand bike sales reached £70,940 (2019: £265,108). In contrast, Elephant Bike sales were also up 52% on the previous year, at £189,752 (2019: £124,177) Other income amounted to £69,650 from property (2019: £60,700) and £39,724 from the government's furlough job retention scheme.

Expenditure

In spite of lower income in the year, £2,675,602 was spent in 2020 (2019: £2,061,319), an increase of £614,283 (30%) over the previous year. Of this, the charitable expenditure was £2,175,957 (2019: £1,656,596), an increase of £519,361 (31%) over 2019. Thus the cost of running the charity, (salaries, overheads, fixing Elephant Bikes and charitable trading) was £499,645 or 19% of total expenditure. The cost of raising funds increased over the previous year, mostly through the increased direct costs of fixing Elephant Bikes and more online advertising.

The majority of charity expenditure was spent in Malawi with grants made to Beehive Centre for Social Enterprise in Malawi totalling £1,351,613 in the year (2019: £706,612). In the absence of any government furlough scheme in Malawi, this allowed for some exceptional budgetary support of employees in Beehive Centre for Social Enterprise as well as the construction of St Kizito Primary School and Carlo Acutis High School and asset investment.

A further grant of £191,667 was made to Seibo Japan, for the daily feeding of nearly 15,000 children in Malawi.

The Catholic Archdiocese of Maiduguri received £4,718 for the agricultural extension work and the Catholic church in Kitui, Kenya received £10,294 towards the growth of stations of the shrine there.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Reserves Policy

With the impact of coronavirus on donor businesses and growing level of internal charitable trading, a reserves policy will be determined which follows the Charities Commission guidance and is less dependent on the underwriting of the Radmore group of companies.

Risk Management

The trustees review risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified.

A legal challenge continues relating to one of the seven plots of land bought by Krizevac Project (Malawi) where it is hoped that there will eventually be a tertiary education and technological campus.

Beehive's financial systems are still in need of support and would otherwise present significant risk. Krizevac Project continued to strengthen the financial systems and staff with expert external accounting help. Particular support was needed with the Malawi Revenue Authority to maximise non-profit status.

The broadening of the income portfolio continues successfully through Cycle of Good trading, reducing risks owing to the charity's heavy dependence on the two businesses of Mobell Communication and Paragon. The distinctive way the Krizevac Project has been funded through business and trading endures.

Plans for future periods

2021 is planned to be a recovery year in the UK with a much smaller team continuing to grow the Cycle of Good trading income.

- In Malawi, success in logistics rentals will be built on with more asset investment
- Construction of a new tertiary education campus to begin
- Preparation to launch two new schools through recruitment of teachers

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Structure, governance and management

Organisation

Krizevac Project is a charitable trust, governed by its trustees who are appointed or reappointed by unanimous agreement among existing trustees. The charity is immensely grateful to David Haworth for his work on our Nigeria agriculture work in the year. Trustees give their time voluntarily and receive no benefits from the charity for their work as trustees. Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing aims and objectives and in planning future activities.

As a small organisation, Krizevac Project trustees are also active in the day-to-day management of the charity and related organisations and some have made several visits this year to all of the charity's activities. Trustees ensure appropriate support for the charity's IT, HR, financial reporting and management from Radmore Management Limited (owned by the trustees) which employs Vincent Owen who was seconded part time as Krizevac Project Managing Director to oversee the charity.

The trustees who served during the year and up to the date of signature of the financial statements were:

A J Smith

Miss J M Smith

V K Owen

D Haworth

J. M. Smith	Reappointed until October 2024
D. Haworth	Reappointed until October 2025
A.J Smith	Chair of Trustees until June 2021
V.K. Owen	Trustee until September 2022

The property title for the Longton factory is held in the names of A.J. Smith, J.M. Smith and V.K. Owen; no disclosure exemptions have been claimed and the trustees are not acting as custodians.

Related Organisations

Beehive Centre for Social Enterprise (Beehive) has been the charity's major beneficiary and this is constituted as a non-profit company, registered by guarantee in Malawi, with objectives common to Krizevac Project. The Krizevac Project Chairman is also chairman of the board of 9 directors of Beehive, three of whom are also employees of Krizevac Project.

Krizevac Project (Malawi), is also registered as a nonprofit company in Malawi, limited by guarantee, with the same objectives. This is an autonomous entity, not a subsidiary, which owns property in Malawi, has no employees or contracts for services, and has been used to disburse charity funds and to maximise benefit of Krizevac Project donations through short term, in country investments. Two of the Krizevac Project (Malawi) trustees are also Trustees of Krizevac Project (UK) and a further two are Malawian nationals.

This year Krizevac Project further supported the growth of a Non-Profit Organisation in Japan, Seibo Maria, to feed hungry children, beginning in Malawi. The creation of a further organisation under the same name, was also supported in Malawi.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 Charity and of the incoming resources and application of resources of the Charity for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

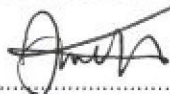
Auditor

The auditor, Price Pearson, is deemed to be reappointed.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report ~~was~~ approved by the Board of Trustees.



.....
A J Smith

Trustee

Dated: 24/10/21

KRIZEVAC PROJECT

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF KRIZEVAC PROJECT

Opinion

We have audited the financial statements of Krizevac Project (the 'Charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

KRIZEVAC PROJECT

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF KRIZEVAC PROJECT

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

KRIZEVAC PROJECT

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF KRIZEVAC PROJECT

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment (including taxation), and we considered the extent to which non-compliance may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011.

We evaluated managements incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risk included revenue recognition and grant making. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance regarding known or suspected fraud or irregularity and the existence of actual or potential litigation.
- Enquiry of staff in finance and management functions to identify any instances of non-compliance with laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing estimates for bias.
- Examining minutes of meetings of those charged with governance.
- Agreeing financial statement disclosures to underlying supporting documentation.
- Inspecting stock count sheets and attending inventory counts at all locations.
- Testing grants made to third party evidence and documentation.

Because of the inherent limitations of an audit, there is risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

Your attention is drawn to the fact that the charity has prepared financial statements in accordance 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

KRIZEVAC PROJECT

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF KRIZEVAC PROJECT

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Cooper FCA FCCA (Senior Statutory Auditor)
for and on behalf of Price Pearson

25/10/2021

Chartered Accountants
Statutory Auditor

Finch House
28-30 Wolverhampton Street
Dudley
West Midlands
DY1 1DB

Price Pearson is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

KRIZEVAC PROJECT

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Income and endowments from:</u>					
Donations and legacies	3	1,353,088	1,625	1,354,713	1,880,941
Other trading activities	4	362,885	-	362,885	464,414
Other income	5	109,374	-	109,374	60,700
Total income		1,825,347	1,625	1,826,972	2,406,055
<u>Expenditure on:</u>					
Raising funds	6	152,555	-	152,555	104,590
Charitable activities	7	2,175,957	554	2,176,511	1,656,596
Support & governance	9	347,090	-	347,090	300,133
Total resources expended		2,675,602	554	2,676,156	2,061,319
Net (expenditure)/income for the year/ Net movement in funds		(850,255)	1,071	(849,184)	344,736
Fund balances at 1 January 2020		1,995,720	3,398	1,999,118	1,654,382
Fund balances at 31 December 2020		1,145,465	4,469	1,149,934	1,999,118

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

All income and expenditure derive from continuing activities.

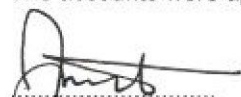
KRIZEVAC PROJECT

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	12	422,270		489,664	
Investment properties	13	423,750		423,750	
			846,020		913,414
Current assets					
Stocks	14	102,179		-	
Debtors	16	34,962		67,870	
Cash at bank and in hand		263,986		1,071,102	
			401,127		1,138,972
Creditors: amounts falling due within one year	17	(97,213)		(53,268)	
Net current assets			303,914		1,085,704
Total assets less current liabilities			1,149,934		1,999,118
Income funds					
Restricted funds	18	4,469		3,398	
Unrestricted funds		1,145,465		1,995,720	
			1,149,934		1,999,118

The accounts were approved by the Trustees on 24/10/2021



A.J. Smith
Trustee

KRIZEVAC PROJECT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	1		(806,318)		366,628
Investing activities					
Purchase of tangible fixed assets		(798)		(39,237)	
Purchase of investment property		-		(130,000)	
Net cash used in investing activities			(798)		(169,237)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(807,116)		197,391
Cash and cash equivalents at beginning of year			1,071,102		873,711
Cash and cash equivalents at end of year			263,986		1,071,102

KRIZEVAC PROJECT

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

1	Cash generated from operations	2020 £	2019 £
	(Deficit)/surplus for the year	(849,184)	344,736
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	68,192	63,319
	Movements in working capital:		
	(Increase) in stocks	(102,179)	-
	Decrease/(increase) in debtors	32,908	(28,465)
	Increase/(decrease) in creditors	43,945	(12,962)
	Cash (absorbed by)/generated from operations	(806,318)	366,628

2 Accounting policies

Charity information

Krizevac Project is constituted as an unincorporated charitable trust under a Declaration of Trust dated 25 June 2006.

2.1 Accounting convention

The accounts have been prepared in accordance with the Charity's governing document, the Charities Act 2011 and "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)" (as amended for accounting periods commencing from 1 January 2019). The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

2.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies

(Continued)

2.4 Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the Charity has been notified of the donation. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from trading activities is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Other income is accounted for on a receivable basis.

2.5 Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Charitable activities include grants made in accordance with the terms of the trust deed.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees.

2.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings improvements	25% p.a. straight line basis
Fixtures, fittings & equipment	25% p.a. straight line basis
Motor vehicles	25% p.a. straight line basis

Freehold land is not depreciated.

Freehold buildings have a residual value at least equal to the value in the accounts and are therefore not depreciated. This is reviewed on an annual basis to ensure no impairment is required.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies

(Continued)

2.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

2.8 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

2.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.11 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

2.12 Taxation

The charity is exempt from tax on its charitable activities.

2.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies

(Continued)

2.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure for the period).

2.16 Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2020 £	2020 £	2020 £	2019 £
Donations and gifts	1,353,088	1,625	1,354,713	1,880,941
For the year ended 31 December 2019	1,879,654	1,287		1,880,941

4 Other trading activities

	2020 £	2019 £
Covid appeal income	8,698	-
Revenue from sales	70,940	265,108
Elephant bike sales	189,752	124,177
Cycle of goods sales	93,495	75,129
	362,885	464,414

All income from trading activities relates to unrestricted funds.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Other income

	2020 £	2019 £
Other income	69,650	60,700
Coronavirus Job Retention Scheme Income	39,724	-
	<u>109,374</u>	<u>60,700</u>

All other income relates to unrestricted funds.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Raising funds

	2020	2019
	£	£
<u>Fundraising and publicity</u>		
Advertising	7,986	21,603
<u>Trading costs</u>		
Elephant bike costs	53,017	47,976
Cycle of goods costs	60,557	18,549
Postage	30,995	16,462
	<u>152,555</u>	<u>104,590</u>

All expenditure in respect of raising funds relates to unrestricted funds for both 2020 and 2019.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Charitable activities

	Malawi	Rwanda	Seibo	Nigeria	Kenya	Total 2020	Total 2019
	2020	2020	2020	2020	2020		
	£	£	£	£	£	£	£
Staff costs	151,475	-	-	-	-	151,475	117,267
Charitable expenditure	404,506	-	-	-	-	404,506	436,876
Shipping - exports	32,257	-	-	-	-	32,257	115,718
Transport costs (collections)	6	-	-	-	-	6	72
Rent	-	-	-	-	-	-	7,236
Volunteer expenses	21,277	-	-	-	-	21,277	11,010
Covid appeal payments	8,698	-	-	-	-	8,698	-
	<u>618,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618,219</u>	<u>688,179</u>
Grant funding of activities (see note 8)	1,351,613	-	191,667	4,718	10,294	1,558,292	968,417
	<u>1,969,832</u>	<u>-</u>	<u>191,667</u>	<u>4,718</u>	<u>10,294</u>	<u>2,176,511</u>	<u>1,656,596</u>
Analysis by fund							
Unrestricted funds	1,969,278	-	191,667	4,718	10,294	2,175,957	1,656,596
Restricted funds	554	-	-	-	-	554	-
	<u>1,969,832</u>	<u>-</u>	<u>191,667</u>	<u>4,718</u>	<u>10,294</u>	<u>2,176,511</u>	<u>1,656,596</u>
For the year ended 31 December 2019							
Unrestricted funds	<u>1,394,791</u>	<u>897</u>	<u>247,607</u>	<u>13,301</u>	<u>-</u>		<u>1,656,596</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Grants payable

	Malawi	Seibo	Nigeria	Kenya	Total 2020	2019
	2020	2020	2020	2020		
	£	£	£	£	£	£
Grants to institutions (15 grants):						
Construction and provision of services	1,351,613	-	-	-	1,351,613	706,612
School meals	-	191,667	-	-	191,667	247,607
Stations of the cross	-	-	4,718	10,294	15,012	12,539
	<u>1,351,613</u>	<u>191,667</u>	<u>4,718</u>	<u>10,294</u>	<u>1,558,292</u>	<u>966,758</u>
Grants to individuals (0 grants)	-	-	-	-	-	1,659
	<u>1,351,613</u>	<u>191,667</u>	<u>4,718</u>	<u>10,294</u>	<u>1,558,292</u>	<u>968,417</u>

9 Support costs

	Support costs	Governance costs	2020	2019	Basis of allocation
	£	£	£	£	
Staff costs	215,993	-	215,993	159,629	Staff time
Depreciation	68,192	-	68,192	63,319	Actual
Exchange gains	(3,351)	-	(3,351)	2,121	Actual
Business rates	4,601	-	4,601	6,093	Actual
General insurance	6,195	-	6,195	5,072	Actual
Utilities	9,094	-	9,094	21,631	Actual
Motor running costs	3,992	-	3,992	5,104	Actual
Telecommunications	4,408	-	4,408	139	Estimated
Printing, postage & stationery	6,326	-	6,326	4,315	Actual
Sundry expenses	10,919	-	10,919	5,524	Actual
Repairs & maintenance	5,198	-	5,198	7,667	Actual
Legal & professional fees	7,137	-	7,137	5,614	Actual
Recruitment	480	-	480	2,836	Actual
Travel expenses	3,513	-	3,513	5,567	Actual
Bank charges	593	-	593	702	Actual
Audit fees	-	3,800	3,800	4,800	Governance
	<u>343,290</u>	<u>3,800</u>	<u>347,090</u>	<u>300,133</u>	

All expenditure in respect of support costs relate to unrestricted funds for both 2020 and 2019.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the period, nor were reimbursed any travelling expenses however in 2019 2 trustees were reimbursed a total of £1,966 for travelling expenses.

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2020 Number	2019 Number
Administration	17	14
Drivers	1	2
	<u>18</u>	<u>16</u>

Employment costs

	2020 £	2019 £
Wages and salaries	335,021	260,666
Social security costs	25,598	11,172
Other pension costs	6,849	5,058
	<u>367,468</u>	<u>276,896</u>

There were no employees whose annual remuneration was £60,000 or more.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Tangible fixed assets

	Land and buildings improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2020	580,575	31,545	12,720	624,840
Additions	-	798	-	798
At 31 December 2020	580,575	32,343	12,720	625,638
Depreciation and impairment				
At 1 January 2020	108,507	13,949	12,720	135,176
Depreciation charged in the year	62,233	5,959	-	68,192
At 31 December 2020	170,740	19,908	12,720	203,368
Carrying amount				
At 31 December 2020	409,835	12,435	-	422,270
At 31 December 2019	472,068	17,596	-	489,664

13 Investment property

	2020 £
Fair value	
At 1 January 2020 and 31 December 2020	423,750

The investment properties were valued at 31 December 2020 by the directors at £423,750.

The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

14 Stocks

	2020 £	2019 £
Finished goods and goods for resale	102,179	-

15 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	28,266	72,941
Carrying amount of financial liabilities		
Measured at amortised cost	84,696	47,969

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

16 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	24,100	28,741
Other debtors	4,166	35,799
Prepayments and accrued income	6,696	3,330
	<u>34,962</u>	<u>67,870</u>

17 Creditors: amounts falling due within one year

	2020 £	2019 £
Other taxation and social security	12,517	5,299
Trade creditors	8,350	36,923
Amounts owed to Krizevac Malawi	65,746	-
Other creditors	2,753	5,046
Accruals and deferred income	7,847	6,000
	<u>97,213</u>	<u>53,268</u>

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2020 £	Movement in funds		Balance at 31 December 2020 £
		Incoming resources £	Resources expended £	
Unrestricted funds:	1,995,720	1,825,347	(2,675,602)	1,145,465
Restricted funds:				
Give a Child a Chance Campaign	3,218	1,625	(554)	4,289
Seibo Maze	180	-	-	180
	<u>1,999,118</u>	<u>1,826,972</u>	<u>(2,676,156)</u>	<u>1,149,934</u>

Give a Child a Chance Campaign

Sponsorship of children's places in Mother Teresa Children's Centre for orphans and vulnerable children.

Seibo Maze

Sponsorship of Seibo Japan which has the aim of providing every child in the world a hot meal at school in order for them to focus on learning.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 December 2020 are represented by:			
Tangible assets	422,270	-	422,270
Investment properties	423,750	-	423,750
Current assets	299,445	4,469	303,914
	<u>1,145,465</u>	<u>4,469</u>	<u>1,149,934</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Operating lease commitments

The operating leases represent a lease to a third party. The lease is negotiated over a term of 6 years and rentals are fixed until the 1 January 2020 and renewed every second anniversary of that date. A Tenants Break clause is included as at the 1 January 2021. The tenant must give at least 6 months notice before the break date.

At the reporting end date the Charity had contracted with tenants for the following minimum lease payments:

	2020 £	2019 £
Within one year	67,269	59,950
Between two and five years	119,300	179,850
	<u>186,569</u>	<u>239,800</u>

21 Related party transactions

A J Smith and Miss J M Smith control Radmore Management Limited, which in turn controls Mobell Communications Limited and Paragon Projection Limited. During the year, the charity received donations of £1,147,089 (2019: £1,859,135) from Mobell Communications Limited and £Nil (2019: £Nil) from Paragon Projection Limited.

A J Smith is a director and owns 50% of the share capital in British Desiccant Drying Limited. During the year, the charity received donations of £500 (2019 : £15,000) from British Desiccant Drying Limited.

The charity paid out grants in 2020 to Beehive Centre For Social Enterprise of £1,351,613 (2019 : £706,612) ; A J Smith and V K Owen are directors of the non-profit Association, Beehive Centre for Social Enterprise.

Also during the year the charity paid grants to the Japanese-registered non-profit organisation, Seibo of £191,667 (2019 : £247,607), A J Smith and V K Owen are trustees of Seibo.

During the year, the charity sold a number of products to a relative of A J Smith and V K Owen company "The Saltworks Trading Company Limited" for a total of £17,980 (2019 : £189,950).

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>41,776</u>	<u>40,105</u>