

AFRICA RESEARCH INSTITUTE
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

AFRICA RESEARCH INSTITUTE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr R E L Smith Miss S F Smith Lord Flight of Worcester
Charity number	1118470
Principal address	Street Court Kingsland Leominster Herefordshire United Kingdom HR6 9SG
Independent examiner	Katherine Parkin FCA Azets Audit Services Pillar House 113-115 Bath Road Cheltenham Gloucestershire United Kingdom GL53 7LS
Bankers	Lloyds TSB Bank Plc 49-51 Dean Street Marlow Buckinghamshire United Kingdom SL7 3BP
Solicitors	Harrison Clark Rickerbys LLP c/o Harrison Clark Rickerbys Limited Ellenborough House Wellington Street Cheltenham Gloucestershire United Kingdom GL50 1YD

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements 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)".

Objectives and activities

Objects

The objects of the charity are to advance the education of the general public in the UK, Africa and elsewhere in the subjects of good governance, health, gender issues, trade, rural development, international aid, human welfare and poverty relief relating to countries and societies in Africa and to educate the public about Africa generally and the challenges it faces; and to promote research into the above subject areas for the benefit of the public and to disseminate the useful results of such research.

Activities

The objectives of the charity are to encourage debate, question orthodoxy and challenge "received wisdom" in and about Africa. The charity seeks to promote an informed, nuanced and representative understanding of the continent.

The work of the charity draws attention to good practice and innovation, while also identifying where new approaches might be needed. Examples of practical achievement are of particular interest to us.

The charity's research is distributed widely within Africa and elsewhere to decision-makers, institutions and individuals with a keen interest in the continent's future. The charity also holds regular interactive events with expert speakers in London and Africa.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Achievements and performance

Charitable activities

There have been no significant developments or changes to the activities of the charity during the last year however an employed director was appointed in the prior year to further progress its aims and objectives.

Financial review

Financial position

At the balance sheet date, "free reserves", being unrestricted funds other than fixed assets, amounted to £89,024 (2020: £3,065).

Reserves policy

The charity aims to retain free reserves sufficient to provide adequate working capital to fund its charitable activities.

Cash reserves at the year end (including amounts held on short term deposit) were £93,374 (2020: £8,351).

Covid-19

Following the start of the Covid-19 pandemic in March 2020, all travel to Africa has been postponed indefinitely, however work continues in the UK to further the objects of the charity.

Risk

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management

Governing document

The charity is governed by its Trust Deed dated 21 March 2007. It is independently funded and strictly non-partisan.

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

Mr R E L Smith

Miss S F Smith

Lord Flight of Worcester

Recruitment and appointment of trustees

The power of appointing new trustees is vested in the trustees.

Organisational structure

The trustees are responsible for formulating the strategies and policies of the charity including the exercising of financial controls.

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

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Mr R E L Smith

Trustee

Dated: 22/10/2021

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INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF AFRICA RESEARCH INSTITUTE

I report to the trustees on my examination of the financial statements of Africa Research Institute (the charity) for the year ended 31 March 2021.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

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

- 1 accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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 financial statements to be reached.



Katherine Parkin FCA
Azets Audit Services
Pillar House
113-115 Bath Road
Cheltenham
Gloucestershire
GL53 7LS
United Kingdom

Dated: 26/10/2021

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STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income and endowments from:</u>			
Donations and legacies	2	180,000	60,000
Investment income	3	37	183
Other income	4	-	1,025
		<hr/>	<hr/>
Total income		180,037	61,208
		<hr/>	<hr/>
<u>Expenditure on:</u>			
Charitable activities	5	94,078	95,210
		<hr/>	<hr/>
Net income/(expenditure) for the year/ Net movement in funds		85,959	(34,002)
Fund balances at 1 April 2020		3,065	37,067
		<hr/>	<hr/>
Fund balances at 31 March 2021		89,024	3,065
		<hr/>	<hr/>

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

All income and expenditure derive from continuing activities.

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BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Debtors	9	56		-	
Cash at bank and in hand		93,374		8,351	
		<u>93,430</u>		<u>8,351</u>	
Creditors: amounts falling due within one year	10	<u>(4,406)</u>		<u>(5,286)</u>	
Net current assets			89,024		3,065
Income funds					
Unrestricted funds			89,024		3,065
			<u>89,024</u>		<u>3,065</u>

The financial statements were approved by the Trustees on ..22/10/2021


.....
Mr R E L Smith
Trustee

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Africa Research Institute is an unincorporated charity and is registered with the Charity Commission under number 1118470. The address of the principal office can be found on the legal and administrative information page.

1.1 Accounting convention

The financial statements 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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for smaller charities not to prepare a Statement of Cash Flows.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 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.

1.3 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.

1.4 Income

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, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Interest on funds held on deposit is included when receivable & the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

The charity receives donated resources from the HR Smith Group of companies in the form of provision of office space but as the value of these resources cannot be quantified the income and expenditure has not been recognised in the statement of financial activities.

1.5 Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. 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.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, finance, personnel, payroll and governance costs which support the charity's programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in the notes to the financial statements.

Grants are recognised in full in the year in which they are approved with future payments being included as liabilities. 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.

1.6 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.

1.7 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

1.9 Taxation

The charity is exempt from corporation tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to the charitable objects.

1.10 Provisions

Provisions are recognised when the charity has a legal or constructive present obligation as a result of a past event, it is probable that the charity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Donations and legacies

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Donations and gifts	180,000	60,000

3 Investment income

	Unrestricted funds 2021 £	Unrestricted funds 2020 £
Investment income	37	183

4 Other income

	Total 2021 £	Total 2020 £
Royalties	-	1,025

5 Charitable activities

	Direct costs 2021 £	Direct costs 2020 £
Staff costs	85,289	85,647
Travel	-	1,250
Consultancy	-	506
	85,289	87,403
Share of support costs (see note 6)	7,707	6,195
Share of governance costs (see note 6)	1,082	1,612
	94,078	95,210

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Bank charges	132	-	132	143	-	143
Other support costs	1,462	-	1,462	962	-	962
Rates	6,113	-	6,113	5,090	-	5,090
Independent Examiners fee	-	540	540	-	540	540
Accountancy	-	542	542	-	1,072	1,072
	<u>7,707</u>	<u>1,082</u>	<u>8,789</u>	<u>6,195</u>	<u>1,612</u>	<u>7,807</u>
Analysed between Charitable activities	<u>7,707</u>	<u>1,082</u>	<u>8,789</u>	<u>6,195</u>	<u>1,612</u>	<u>7,807</u>

Governance costs include amounts payable to the independent examiner of £540 (2020: £540) for Independent Examination and £542 (2020: £1,072) payable to the Independent Examiner for other accountancy services provided.

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration, benefits or reimbursed expenses from the charity during the year.

8 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
	<u>1</u>	<u>1</u>
Employment costs	2021 £	2020 £
Wages and salaries	79,523	78,944
Social security costs	5,766	6,703
	<u>85,289</u>	<u>85,647</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Employees

(Continued)

The number of employees whose annual remuneration was £60,000 or more were:

	2021 Number	2020 Number
£70,000 - £80,000	1	1

9 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Prepayments and accrued income	56	-

10 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	540	1,410
Other creditors	2,762	2,774
Accruals and deferred income	1,104	1,102
	4,406	5,286

11 Unrestricted funds

These are unrestricted funds which are material to the charity's activities made up as follows:

	Movement in funds			Movement in funds			
	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Unrestricted funds	37,067	61,208	(95,210)	3,065	180,037	(94,078)	89,024

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Related party transactions

Transactions with related parties

During the year the charity entered into the following transactions with related parties:

	Donations received	
	2021 £	2020 £
H R Smith Group Limited	180,000	60,000
	<u>180,000</u>	<u>60,000</u>

Mr Richard Smith and Miss Susan Smith are Trustees of the charity and also directors and shareholders of H R Smith Group Limited. The charity received donations without conditions as detailed above.

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