

Charity registration number 1115608

KRIZEVAC PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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

CONTENTS

	Page
Trustees' report	1 - 7
Independent auditor's report	8 - 11
Statement of financial activities	12
Balance sheet	13
Statement of cash flows	14
Notes to the financial statements	15 - 28

KRIZEVAC PROJECT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

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.

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 begins in an area of need by placing a cross on a mountain, a replica of the cross overlooking the village of Medjugorje in Bosnia Herzegovina. This inspires 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 provides lasting income to fund education and family support services.

Activities Summary

The opening of two new schools in January 2022 completed a campus for lifelong learning for children from nursery to college level, with bursary places across the years to benefit the poorest of the poor. 33 teachers and caregivers were recruited in the year and a director of Education, Fr Felix Nanyallo, was appointed.

All the schools under Beehive Centre for Social Enterprise were positioned as part of the new Mary Queen of Peace Catholic Institute, the name given to the completed campus. Work also began on a new campus which will become a university.

In 2021, the following priorities were acted upon, and in choosing these activities, the trustees had regard for the Charity Commission's guidance on public benefit:

Project Funding

- 1) Continued construction of the Mary Queen of Peace Catholic Institute in Malawi (£600,000).
- 2) Seibo school feeding in Malawi (£135,925).
- 3) Small scale agricultural support in Sierra Leone (£3,670).

Asset investment Malawi

Additional accountability and scrutiny was put in place at Torrent Plant Rentals and the new Torrent Logistics endeavour was supported with 4 additional forklifts which will generate income for the children's centre over coming years.

Capacity Building of Beneficiary Enterprises

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

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance

Grant-Funded Buildings

Throughout 2021, more than 300 people worked in the Beehive construction team in Malawi, funded through Krizevac Project grants under the professional guidance of our employed architect in Malawi.

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

Mother Teresa Catholic Nursery School	- Completed
St Kizito Catholic Primary School	- Completed
Carlo Acutis Catholic High School	- Completed
St John Paul II Catholic College	- Completed
Mother Teresa outreach & family support	- Completed

Malawi Nursery and School Feeding

A grant of £135,925 (2020 £191,667) was made to Seibo Japan, for the daily feeding of nearly 15,000 children in Malawi.

Sierra Leone Girl's Education

In Sierra Leone, £3,670 was used in support of the "Support the Education of Girl Child Project" with the overall objective of "transforming the lives of women and girls in rural areas. This project is working through improved access to education, skills and livelihood opportunities to reduce early marriage and early childbearing through advocacy, skills development, financial and social support activities. The project was implemented in Yoni Chiefdom, Tonkolili District by the Action for Rural Community Transformation -Sierra Leone (ARCT-S/L), a local Non-Governmental Organization in Sierra Leone.

Recycling

In 2021, the following was recycled and mostly shipped for use in Malawi in 6, forty-foot containers:

- Over 7,000 bicycle inner tubes
- 7 pallets of lorry curtain siding
- 2 pallets of coffee sacks
- Several tonnes of books and sewing machines
- Over 500 second hand bicycles

Ethical Trading

2021 saw further decrease of the UK team in response to the effects of the pandemic and the number of employees reduced to 13, down from 17 in 2020. This number includes key personnel stationed in Malawi including two architects and an accountant.

Cycle of Good

Work on the refurbished Royal Mail "Elephant bikes" continued, though the pandemic has caused the involvement of UK prisons in dismantling the bikes to cease. Throughout 2021, UK sales grew and continued to support a team of 20 women to be 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 2021

A third tough year in Malawi

Beehive

In 2021, The Beehive Centre for Social Enterprise, established by Krizevac Project in 2007, employed 556 people and generated a local turnover of MWK1,623,633million or approximately £1,353,027 (2020: MWK1,473,861) in spite of the pandemic. This increase of 20% on to the previous year's total was more modest in terms of pounds sterling owing to continuing devaluation of the Malawi Kwacha. The cumulative effect of three poor years meant that budgetary support was needed for Beehive.

During 2021, the children's centre and John Paul II Institute were open all year, in contrast to 2020 when they closed down for nearly 8 months. In addition to Father Felix Nanyallo being appointed as the overall director for education across the entire Mary Queen of Peace Catholic Campus, 33 new staff were engaged as teachers and caregivers in the Mother Teresa Catholic Nursery, St Kizito Catholic Primary School and Carlo Acutis Catholic High School.

Beehive Malawi's main source of income continues to be Torrent Plant Vehicle Hire and the fragility in the construction sector meant that the new logistics division was grown and this promises to serve companies exporting produce so are less dependent on the Malawi economy.

Further small enterprises are run under Beehive including Beebooks (selling second hand UK books), BeeBikes (selling second hand UK bikes), and BeeTech (providing work for IT professionals) and these all managed to pay their own costs in 2020.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial review

Income

A total of £1,284,004 income was received in 2021, representing a decrease of 29% over the previous year. Despite the lower income, construction work in Malawi was maintained at a good level to employ all of the core team in Beehive Centre for Social Enterprise throughout the profound negative effect of coronavirus in 2020-21.

Donations

In 2021, Mobell Communications Limited donated a total of £807,393 which was 94% of all donations and 63% of all income (2020: £1,147,089 and 2019: £1,859,135).

A further £55,648 donations were received from individuals, of which £3,495 was restricted donations sponsoring children in Mother Teresa Children's Centre under the "Give a Child a Chance" scheme.

Trading Income

Total trading income was down 9% on last year at £331,530, largely because of continuing shortage of used bikes in the UK. In 2021, second-hand goods sales reached £23,847, a reduction of 66% from 2020 (2020: £69,650). In contrast, Elephant Bike sales held their own at £177,320, down just 6% down on the previous year, in spite of significantly smaller staff team (2020: £189,752 and 2019: £124,177) while Cycle of Good sales grew 39% to £130,363 (2020: £93,495) as brand awareness grew and the population shopped more online during the pandemic.

Other income from property rentals increased to £84,313 from £69,650 (2019: £60,700). With great uncertainty in trading income, trustees pursued further property investment and the purchase of two small houses was completed after the end of this financial year in January 2022.

Expenditure

With reduced income and lower cash reserves, overall expenditure decreased 39.5% to £1,619,078 and the largest decrease was in charitable expenditure which fell 49% to £1,108,573, down from £2,176,511 in 2020. The cost of trading activity reduced 9% to £138,593 and other costs stayed similar.

The majority of charitable expenditure was in Malawi with grants made to Beehive Centre for Social Enterprise totalling £600,000 (2020: £1,351,613 and 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 completion of the construction of St Kizito Primary School and Carlo Acutis High School and asset investment in Torrent Plant Hire which provides ongoing revenue for the children's centre.

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.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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

- Grow education portfolio in Malawi, launching the new primary and secondary schools
- Develop partnership with Newman Catholic University in Birmingham, UK to enable UK accreditation and quality improvement of training.
- Complete design of the first university building in Malawi as well as construction of the reinforced concrete frame and roof.
- Diversify Torrent Logistics to include stock control and sack maintenance.
- Restructure Beehive Centre for Social Enterprise, registering Mary Queen of Peace Catholic Institute as a separate incorporated entity.
- Register UK Charitable Incorporated Organisation in UK to replace current charitable trust.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2026
V.K. Owen	Trustee until September 2026

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 2021

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.

Vince Owen

Vince Owen (Oct 31, 2022 10:33 GMT)

V K Owen

Trustee

Dated: 31/10/2022

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 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 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 2021 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.
- 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

31.10.22

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 section 1212 of the Companies Act 2006.

KRIZEVAC PROJECT

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

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<u>Income and endowments from:</u>					
Donations and legacies	3	859,546	3,495	863,041	1,354,713
Other trading activities	4	331,530	-	331,530	362,885
Other income	5	89,433	-	89,433	109,374
Total income		1,280,509	3,495	1,284,004	1,826,972
<u>Expenditure on:</u>					
Raising funds	6	138,593	-	138,593	152,555
Charitable activities	7	1,100,659	7,914	1,108,573	2,176,511
Support & governance	9	371,912	-	371,912	347,090
Total resources expended		1,611,164	7,914	1,619,078	2,676,156
Net income/(expenditure) for the year/ Net movement in funds		(330,655)	(4,419)	(335,074)	(849,184)
Fund balances at 1 January 2021		1,145,465	4,469	1,149,934	1,999,118
Fund balances at 31 December 2021		814,810	50	814,860	1,149,934

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12		365,298		422,270
Investment properties	13		423,750		423,750
			<u>789,048</u>		<u>846,020</u>
Current assets					
Stocks	14	108,256		102,179	
Debtors	16	30,660		34,962	
Cash at bank and in hand		26,100		263,986	
		<u>165,016</u>		<u>401,127</u>	
Creditors: amounts falling due within one year	17	(139,204)		(97,213)	
Net current assets			25,812		303,914
Total assets less current liabilities			<u>814,860</u>		<u>1,149,934</u>
Income funds					
Restricted funds	18		50		4,469
Unrestricted funds			814,810		1,145,465
			<u>814,860</u>		<u>1,149,934</u>

The accounts were approved by the Trustees on 31.10.22

Vince Owen
Vince Owen (Oct 31, 2022 10:33 GMT)

V K Owen
Trustee

KRIZEVAC PROJECT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash absorbed by operations	1		(235,628)		(806,318)
Investing activities					
Purchase of tangible fixed assets		(2,258)		(798)	
Net cash used in investing activities			(2,258)		(798)
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(237,886)		(807,116)
Cash and cash equivalents at beginning of year			263,986		1,071,102
Cash and cash equivalents at end of year			26,100		263,986

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1	Cash generated from operations	2021 £	2020 £
	Surplus/(deficit) for the year	(335,074)	(849,184)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	59,230	68,192
	Movements in working capital:		
	(Increase) in stocks	(6,077)	(102,179)
	Decrease in debtors	4,302	32,908
	Increase in creditors	41,991	43,945
	Cash absorbed by operations	(235,628)	(806,318)
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 2021

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 the statement of financial activities.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

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 2021

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 in the period are included in profit or loss.

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
	2021 £	2021 £	2021 £	2020 £
Donations and gifts	859,546	3,495	863,041	1,354,713
For the year ended 31 December 2020	1,353,088	1,625		1,354,713

4 Other trading activities

	2021 £	2020 £
Covid appeal income	-	8,698
Revenue from sales	23,847	70,940
Elephant bike sales	177,320	189,752
Cycle of goods sales	130,363	93,495
	331,530	362,885

All income from trading activities relates to unrestricted funds.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Other income

	2021 £	2020 £
Other income	84,313	69,650
Coronavirus Job Retention Scheme Income	5,120	39,724
	<u>89,433</u>	<u>109,374</u>

All other income relates to unrestricted funds.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Raising funds

	2021	2020
	£	£
<u>Fundraising and publicity</u>		
Advertising	12,907	7,986
<u>Trading costs</u>		
Elephant bike costs	44,242	53,017
Cycle of goods costs	50,904	60,557
Postage	30,540	30,995
	<u>138,593</u>	<u>152,555</u>

All expenditure in respect of raising funds relates to unrestricted funds for both 2021 and 2020.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Charitable activities

	Malawi	Seibo	Nigeria	Kenya	Sierra Leone	Total 2021	Total 2020
	2021	2021	2021	2021	2021		
	£	£	£	£	£	£	£
Staff costs	39,004	-	-	-	-	39,004	151,475
Charitable expenditure	254,347	-	-	-	-	254,347	404,506
Shipping - exports	45,828	-	-	-	-	45,828	32,257
Transport costs (collections)	-	-	-	-	-	-	6
Volunteer expenses	29,799	-	-	-	-	29,799	21,277
Covid appeal payments	-	-	-	-	-	-	8,698
	368,978	-	-	-	-	368,978	618,219
Grant funding of activities (see note 8)	600,000	135,925	-	-	3,670	739,595	1,558,292
	968,978	135,925	-	-	3,670	1,108,573	2,176,511
Analysis by fund							
Unrestricted funds	963,244	133,745	-	-	3,670	1,100,659	2,175,957
Restricted funds	5,734	2,180	-	-	-	7,914	554
	968,978	135,925	-	-	3,670	1,108,573	2,176,511
For the year ended 31 December 2020							
Unrestricted funds	1,969,278	191,667	4,718	10,294	-		2,175,957
Restricted funds	554	-	-	-	-		554
	1,969,832	191,667	4,718	10,294	-		2,176,511

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Grants payable

	Malawi	Seibo	Sierra Leone	Total 2021	2020
	2021	2021	2021		
	£	£	£	£	£
Grants to institutions (9 grants):					
Construction and provision of services	600,000	-	-	600,000	1,351,613
School meals	-	135,925	-	135,925	191,667
Stations of the cross	-	-	-	-	15,012
Action for Rural community transformation	-	-	3,670	3,670	-
	<u>600,000</u>	<u>135,925</u>	<u>3,670</u>	<u>739,595</u>	<u>1,558,292</u>

9 Support costs

	Support costs	Governance costs	2021	2020	Basis of allocation
	£	£	£	£	
Staff costs	246,365	-	246,365	215,993	Staff time
Depreciation	59,230	-	59,230	68,192	Actual
Exchange gains	-	-	-	(3,351)	Actual
Business rates	3,872	-	3,872	4,601	Actual
General insurance	7,418	-	7,418	6,195	Actual
Utilities	23,379	-	23,379	9,094	Actual
Motor running costs	3,322	-	3,322	3,992	Actual
Telecommunications	1,236	-	1,236	4,408	Estimated
Printing, postage & stationery	4,653	-	4,653	6,326	Actual
Sundry expenses	8,575	-	8,575	10,919	Actual
Repairs & maintenance	6,124	-	6,124	5,198	Actual
Legal & professional fees	1,640	-	1,640	7,137	Actual
Recruitment	-	-	-	480	Actual
Travel expenses	2,046	-	2,046	3,513	Actual
Bank charges	452	-	452	593	Actual
Audit fees	-	3,600	3,600	3,800	Governance
	<u>368,312</u>	<u>3,600</u>	<u>371,912</u>	<u>347,090</u>	

All expenditure in respect of support costs relate to unrestricted funds for both 2021 and 2020.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the period, but 1 of them was reimbursed a total of £1,723 for travelling expenses (2020 - £Nil).

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Administration	13	17
Drivers	1	1
	<u>14</u>	<u>18</u>

Employment costs

	2021 £	2020 £
Wages and salaries	259,768	335,021
Social security costs	20,224	25,598
Other pension costs	5,377	6,849
	<u>285,369</u>	<u>367,468</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 2021

12 Tangible fixed assets

	Land and buildings improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2021	580,575	32,343	12,720	625,638
Additions	2,258	-	-	2,258
At 31 December 2021	582,833	32,343	12,720	627,896
Depreciation and impairment				
At 1 January 2021	170,740	19,908	12,720	203,368
Depreciation charged in the year	53,149	6,081	-	59,230
At 31 December 2021	223,889	25,989	12,720	262,598
Carrying amount				
At 31 December 2021	358,944	6,354	-	365,298
At 31 December 2020	409,835	12,435	-	422,270

13 Investment property

	2021
	£
Fair value	
At 1 January 2021 and 31 December 2021	423,750

The investment properties were valued at 31 December 2021 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

	2021	2020
	£	£
Finished goods and goods for resale	108,256	102,179

15 Financial instruments

	2021	2020
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	24,115	28,266
Carrying amount of financial liabilities		
Measured at amortised cost	133,409	84,696

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	19,939	24,100
Other debtors	4,176	4,166
Prepayments and accrued income	6,545	6,696
	<u>30,660</u>	<u>34,962</u>

17 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	5,795	12,517
Trade creditors	29,428	8,350
Amounts owed to Krizevac Malawi	83,739	65,746
Other creditors	1,090	2,753
Accruals and deferred income	19,152	7,847
	<u>139,204</u>	<u>97,213</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 2021 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 December 2021 £
Unrestricted funds:	1,145,465	1,280,509	(1,611,164)	814,810
Restricted funds:				
Give a Child a Chance Campaign	4,289	1,495	(5,734)	50
Seibo Maze	180	2,000	(2,180)	-
	<u>1,149,934</u>	<u>1,284,004</u>	<u>(1,619,078)</u>	<u>814,860</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 2021

19 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 December 2021 are represented by:			
Tangible assets	365,298	-	365,298
Investment properties	423,750	-	423,750
Current assets	25,762	50	25,812
	<u>814,810</u>	<u>50</u>	<u>814,860</u>

20 Events after the reporting date

On 13 January 2022, Krizevac Project purchased two residential properties. The total cost of these two properties were £139,460.

The two properties will generate rental income.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 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:

	2021 £	2020 £
Within one year	76,520	67,269
Between two and five years	245,067	119,300
	<u>321,587</u>	<u>186,569</u>

22 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 £807,393 (2020 : £1,147,089) from Mobell Communications Limited and £Nil (2020: £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 £50,000 (2020 : £500) from British Desiccant Drying Limited.

The charity paid out grants in 2020 to Beehive Centre For Social Enterprise of £600,000 (2020 : £1,351,613) ; 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 £135,925 (2020 : £191,667), 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 £Nil (2020 : £17,980).

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>29,100</u>	<u>41,776</u>