

KRIZEVAC PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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
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DY1 1DB

Bankers

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Binley
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KRIZEVAC PROJECT

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KRIZEVAC PROJECT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The trustees present their annual report and financial statements for the year ended 31 December 2022.

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 2022

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.

Mission Statement

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, Kenya and Nigeria and now responds to needs in surrounding local communities by constructing quality buildings, starting businesses, 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. This has been the largest charitable activity in the year.

In 2022, 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

- Construction of the Mary Queen of Peace Catholic Institute in Malawi accelerated as the effects of the pandemic receded. The main campus was completed, and substantial progress made on the first College building on a second campus.
- Investment in additional assets for the Malawi-based Torrent Logistics allowed expansion to new locations and growth in long-term revenue for school bursary places.
- Seibo school feeding in Malawi continued (£85,008).
- Small scale agricultural support in Nigeria enabled a kitchen garden project for smallholders (£10,000).
- Stations of the Cross in Kenya (£2,965)

UK

Two additional houses were added to the property rental portfolio in the UK. Trading income reduced as the Elephant Bike project came to an end, the spike in online retail sales from the pandemic lockdown receded and the supply of second hand bicycles remained low post pandemic.

Capacity Building of Beneficiary Enterprises

Support for monitoring, management, and governance of the Beehive Centre for Social Enterprise in Malawi continued. In 2022, this included a major restructuring from a single entity to three more distinct organisations for Construction, Enterprises and Education, resulting in a 10% reduction in Beehive staff overall. Our full-time UK accountant was positioned in Malawi to automate accounts and shore up the financial reporting capability.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Achievements and performance

Grants

Grant-Funded Buildings

Throughout 2022, 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, acting as director of design and construction.

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 neediest families. Two new schools were launched in 2022 (primary and secondary) with all furniture, buildings and equipment provided by Krizevac Project.

Malawi Nursery and School Feeding

A grant of £85,008 (2021: £135,925) was made to Seibo Japan, for the daily feeding of nearly 15,000 children in Malawi. This was supplemented by direct giving from Mobell Communications Limited.

Recycling

In 2022, the following was recycled and mostly shipped for use in Malawi in 8, forty-foot containers:

- Over 2,000 bicycle inner tubes
- 3 pallets of lorry curtain siding
- 2 pallets of coffee sacks
- Several tonnes of books and sewing machines
- Over 2,000 second hand bicycles
- Furniture and computers for the new schools
- Twenty, 65" high quality screens for the schools, donated by Paragon Projection Limited.

Ethical Trading

2022 saw further decrease of the UK team in response to the effects of the pandemic and the number of employees reduced to 10, down from 14 in 2021 and 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" was discontinued as the supply of ex-Royal Mail bikes dried up. Throughout 2022, UK sales diminished so the team of 20 women employed in Cycle of Good Malawi, were equipped and supported to become independent workers.

A recovery year in Malawi

Beehive

In 2022, the Beehive Centre for Social Enterprise, established by Krizevac Project in 2007, employed 563 people and generated a local turnover of MWK2,423million or approximately £1.8million which was a growth of 38% on the previous year of approximately £1.3million. This increase on to the previous year's total is all the more impressive in terms of pounds sterling owing to continuing devaluation of the Malawi Kwacha, and is attributed to the growth of Torrent plant hire and logistics as well as the easing of pandemic problems.

A new director was added to lead Beehive Malawi's main source of income, Torrent Plant Vehicle Hire, releasing the existing leader to grow the new logistics division serving companies exporting produce which are less dependent on the fragile 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 2022.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial review

Income

A total of £1,901,434 income was received in 2022, representing an increase of 48% over the previous year. Growth was owing to recovery in most income generation following the profound negative effect of coronavirus in 2020-21, but we are yet to reach the pre-pandemic levels and UK charitable trading remains persistently low.

Donations

In 2022, Mobell Communications Limited donated a total of £1,439,059 which was 89% of all donations and 75% of all income (2021: £807,393 and 2020: £1,147,089).

A further £182,166 donations were received from individuals, of which £6,706 was restricted donations including £4,956 was in response to the floods in Southern region following cyclone Anna.

Trading Income

Total trading income was down 45% on last year at £185,129, because of the dual effects of the ending of the Elephant Bike scheme and a drop in Cycle of Good sales owing to diminishing surplus income in the UK population for high-cost gifts.

Other income from property rentals increased to £95,080 from £84,313, in spite of one major warehouse tenant going into liquidation (2020: £69,650). With great uncertainty in other trading income, trustees pursued further property investment and the purchase of two small houses. Two new commercial tenants were secured for warehousing rental, further growing this secure means of income.

Expenditure

Overall expenditure increased only slightly by 2% to £1,642,777. Charitable expenditure grew 12% to £1,242,952 up from £1,108,573 last year, but still short of total charitable expenditure of £2,176,511 in 2020.

The majority of charitable expenditure was in Malawi, totalling £1,144,979. Most of this was spent on construction of the first college building in the new campus and the completion of the construction of St Kizito Primary School and Carlo Acutis High School.

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 continued 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. This business income is broadening to include increased rental of properties in the UK presenting appreciating assets which yield low-risk ongoing revenue.

Trustees have agreed that Krizevac Project will register as a Charitable Incorporated Organisation to offer a better basis for ownership of property and employment of individuals.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Plans for future periods

- Grow education portfolio in Malawi, launching the new college campus and adding in additional years to the primary and secondary schools.
- Develop partnership with Catholic University in Malawi, to enable accreditation and quality improvement of training.
- Complete the first College building as well as design and planning permission for the second.
- Diversify Torrent Logistics to include stock control and sack maintenance.
- Strengthen governance of Beehive Centre for Social Enterprise, Mary Queen of Peace Catholic Institute, Seibo and Krizevac Project.
- Register UK Charitable Incorporated Organisation in UK to replace current charitable trust.

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

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 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 2022

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, 2023 11:36 GMT)

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V K Owen

Trustee

Dated: 31/10/2023

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 2022 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 2022 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.

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.

KRIZEVAC PROJECT

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

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.

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.

KRIZEVAC PROJECT

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

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.

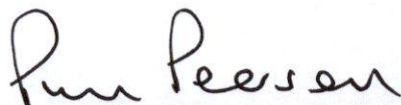
Other matters which we are required to address

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.

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

31/10/23

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 2022

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
<u>Income and endowments from:</u>					
Donations and legacies	3	1,614,519	6,706	1,621,225	863,041
Other trading activities	4	185,129	-	185,129	331,530
Other income	5	95,080	-	95,080	89,433
Total income		1,894,728	6,706	1,901,434	1,284,004
<u>Expenditure on:</u>					
Raising funds	6	134,744	-	134,744	138,593
Charitable activities	7	1,236,246	6,706	1,242,952	1,108,573
Support & governance	9	265,081	-	265,081	371,912
Total resources expended		1,636,071	6,706	1,642,777	1,619,078
Net income for the year/ Net movement in funds		258,657	-	258,657	(335,074)
Fund balances at 1 January 2022		814,810	50	814,860	1,149,934
Fund balances at 31 December 2022		1,073,467	50	1,073,517	814,860

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		338,024		365,298
Investment properties	13		563,210		423,750
			<u>901,234</u>		<u>789,048</u>
Current assets					
Stocks	14	31,346		108,256	
Debtors	16	20,405		30,660	
Cash at bank and in hand		244,068		26,100	
		<u>295,819</u>		<u>165,016</u>	
Creditors: amounts falling due within one year	17	(123,536)		(139,204)	
Net current assets			<u>172,283</u>		<u>25,812</u>
Total assets less current liabilities			<u>1,073,517</u>		<u>814,860</u>
Income funds					
Restricted funds	18		50		50
Unrestricted funds			1,073,467		814,810
			<u>1,073,517</u>		<u>814,860</u>

The accounts were approved by the Trustees on 31/10/2023

Vince Owen
Vince Owen (Oct 31, 2023 11:36 GMT)

V K Owen
Trustee

KRIZEVAC PROJECT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	1		357,428		(235,628)
Investing activities					
Purchase of tangible fixed assets		-		(2,258)	
Purchase of investment property		(139,460)		-	
Net cash used in investing activities			(139,460)		(2,258)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			217,968		(237,886)
Cash and cash equivalents at beginning of year			26,100		263,986
Cash and cash equivalents at end of year			244,068		26,100

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1	Cash generated from operations	2022 £	2021 £
	Surplus for the year	258,657	(335,074)
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	27,274	59,230
	Movements in working capital:		
	Decrease/(increase) in stocks	76,910	(6,077)
	Decrease in debtors	10,255	4,302
	(Decrease)/increase in creditors	(15,668)	41,991
	Cash generated from/(absorbed by) operations	357,428	(235,628)

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 2022

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.

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.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

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.

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.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Accounting policies

(Continued)

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.

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.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Donations and gifts	1,614,519	6,706	1,621,225	863,041
For the year ended 31 December 2021	859,546	3,495		863,041

4 Other trading activities

	2022	2021
	£	£
Revenue from sales	21,163	23,847
Elephant bike sales	90,737	177,320
Cycle of goods sales	73,229	130,363
	185,129	331,530

All income from trading activities relates to unrestricted funds.

5 Other income

	2022	2021
	£	£
Other income	95,080	84,313
Coronavirus Job Retention Scheme Income	-	5,120
	95,080	89,433

All other income relates to unrestricted funds.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Raising funds

	2022	2021
	£	£
<u>Fundraising and publicity</u>		
Advertising	5,576	12,907
<u>Trading costs</u>		
Elephant bike costs	18,681	44,242
Cycle of goods costs	90,543	50,904
Postage	19,944	30,540
	<u>134,744</u>	<u>138,593</u>

All expenditure in respect of raising funds relates to unrestricted funds for both 2022 and 2021.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7 Charitable activities

	Malawi	Seibo	Nigeria	KenyaSierra Leone	Total 2022	Total 2021	
	2022 £	2022 £	2022 £	2022 £	2022 £	£	£
Staff costs	62,235	-	-	-	-	62,235	39,004
Charitable expenditure	78,489	-	-	-	-	78,489	254,347
Shipping - exports	42,045	-	-	-	-	42,045	45,828
Volunteer expenses	7,630	-	-	-	-	7,630	29,799
	<u>190,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,399</u>	<u>368,978</u>
Grant funding of activities (see note 8)	954,580	85,008	10,000	2,965	-	1,052,553	739,595
	<u>1,144,979</u>	<u>85,008</u>	<u>10,000</u>	<u>2,965</u>	<u>-</u>	<u>1,242,952</u>	<u>1,108,573</u>
Analysis by fund							
Unrestricted funds	1,138,273	85,008	10,000	2,965	-	1,236,246	1,100,659
Restricted funds	6,706	-	-	-	-	6,706	7,914
	<u>1,144,979</u>	<u>85,008</u>	<u>10,000</u>	<u>2,965</u>	<u>-</u>	<u>1,242,952</u>	<u>1,108,573</u>
For the year ended 31 December 2021							
Unrestricted funds	963,244	133,745	-	-	3,670		1,100,659
Restricted funds	5,734	2,180	-	-	-		7,914
	<u>968,978</u>	<u>135,925</u>	<u>-</u>	<u>-</u>	<u>3,670</u>		<u>1,108,573</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Grants payable

	Malawi 2022 £	Seibo 2022 £	Nigeria 2022 £	Kenya 2022 £	Total 2022 £	Total 2021 £
Grants to institutions (25 grants):						
Construction and provision of services	954,580	-	-	-	954,580	600,000
School meals	-	85,008	-	-	85,008	135,925
Stations of the cross	-	-	-	2,965	2,965	-
Action for rural community transformation	-	-	-	-	-	3,670
Agricultural project	-	-	10,000	-	10,000	-
	<u>954,580</u>	<u>85,008</u>	<u>10,000</u>	<u>2,965</u>	<u>1,052,553</u>	<u>739,595</u>

9 Support costs

	Support costs £	Governance costs £	2022 £	2021 £	Basis of allocation
Staff costs	169,328	-	169,328	246,365	Staff time
Depreciation	27,274	-	27,274	59,230	Actual
Business rates	2,181	-	2,181	3,872	Actual
General insurance	9,798	-	9,798	7,418	Actual
Utilities	10,688	-	10,688	23,379	Actual
Motor running costs	3,725	-	3,725	3,322	Actual
Telecommunications	2,311	-	2,311	1,236	Estimated
Printing, postage & stationery	3,863	-	3,863	4,653	Actual
Sundry expenses	7,127	-	7,127	8,575	Actual
Repairs & maintenance	12,901	-	12,901	6,124	Actual
Legal & professional fees	2,136	-	2,136	1,640	Actual
Advertising & promotion	1,250	-	1,250	-	Actual
Travel expenses	7,321	-	7,321	2,046	Actual
Bank charges	378	-	378	452	Actual
Audit fees	-	4,800	4,800	3,600	Governance
	<u>260,281</u>	<u>4,800</u>	<u>265,081</u>	<u>371,912</u>	

All expenditure in respect of support costs relate to unrestricted funds for both 2022 and 2021.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 £3,009 for travelling expenses (2021 - £1,723).

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Administration	9	13
Drivers	1	1
	<u>10</u>	<u>14</u>

Employment costs

	2022 £	2021 £
Wages and salaries	209,822	259,768
Social security costs	16,872	20,224
Other pension costs	4,869	5,377
	<u>231,563</u>	<u>285,369</u>

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

12 Tangible fixed assets

	Land and buildings improvements £	Fixtures, Motor vehicles fittings & equipment £	£	Total £
Cost				
At 1 January 2022	582,833	32,343	12,720	627,896
At 31 December 2022	<u>582,833</u>	<u>32,343</u>	<u>12,720</u>	<u>627,896</u>
Depreciation and impairment				
At 1 January 2022	223,889	25,989	12,720	262,598
Depreciation charged in the year	<u>22,972</u>	<u>4,302</u>	<u>-</u>	<u>27,274</u>
At 31 December 2022	<u>246,861</u>	<u>30,291</u>	<u>12,720</u>	<u>289,872</u>
Carrying amount				
At 31 December 2022	<u>335,972</u>	<u>2,052</u>	<u>-</u>	<u>338,024</u>
At 31 December 2021	<u>358,944</u>	<u>6,354</u>	<u>-</u>	<u>365,298</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Investment property

	2022 £
Fair value	
At 1 January 2022	423,750
Additions	139,460
	<u>563,210</u>
At 31 December 2022	<u>563,210</u>

The investment properties were valued at 31 December 2022 by the directors at £563,210.

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

14 Stocks

	2022 £	2021 £
Finished goods and goods for resale	31,346	108,256
	<u>31,346</u>	<u>108,256</u>

15 Financial instruments

	2022 £	2021 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	11,754	24,115
	<u>11,754</u>	<u>24,115</u>
Carrying amount of financial liabilities		
Measured at amortised cost	115,349	133,409
	<u>115,349</u>	<u>133,409</u>

16 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	5,386	19,939
Other debtors	6,368	4,176
Prepayments and accrued income	8,651	6,545
	<u>20,405</u>	<u>30,660</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Creditors: amounts falling due within one year

	2022 £	2021 £
Other taxation and social security	8,187	5,795
Trade creditors	28,173	29,428
Amounts owed to Krizevac Malawi	65,714	83,739
Other creditors	2,859	1,090
Accruals and deferred income	18,603	19,152
	<u>123,536</u>	<u>139,204</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 2022 £	Movement in funds		Balance at 31 December 2022 £
		Incoming resources £	Resources expended £	
Unrestricted funds:	814,810	1,894,728	(1,636,071)	1,073,467
Restricted funds:				
Give a Child a Chance Campaign	50	1,600	(1,600)	50
Flood Appeal	-	4,956	(4,956)	-
Seibo Maze	-	150	(150)	-
	<u>814,860</u>	<u>1,901,434</u>	<u>(1,642,777)</u>	<u>1,073,517</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.

19 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 December 2022 are represented by:			
Tangible assets	338,024	-	338,024
Investment properties	563,210	-	563,210
Current assets	172,233	50	172,283
	<u>1,073,467</u>	<u>50</u>	<u>1,073,517</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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 to receive the following minimum lease payments:

	2022 £	2021 £
Within one year	53,981	76,520
Between two and five years	278,811	245,067
	<u>332,792</u>	<u>321,587</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 £1,439,059 (2021 : £806,886) from Mobell Communications Limited and £Nil (2021: £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 £20,000 (2021 : £50,000) from British Desiccant Drying Limited.

The charity paid out grants in 2022 to Beehive Centre For Social Enterprise of £954,580 (2021 : £600,000) ; 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 £85,158 (2021 : £135,925), A J Smith and V K Owen are trustees of Seibo.

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>40,576</u>	<u>29,100</u>