

KRIZEVAC PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 Merchant Bank Livingstone Towers Glyn Jones Road Private Bag 122 Blantyre Malawi

KRIZEVAC PROJECT

CONTENTS

	Page
Trustees' report	1 - 10
Independent auditor's report	11 - 13
Statement of financial activities	14
Balance sheet	15
Statement of cash flows	16
Notes to the financial statements	17 - 28

KRIZEVAC PROJECT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees present their report and financial statements for the year ended 31 December 2018.

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 2015)"

The trustees changed the financial year end last year in order that it became the same as that of its principal donors and recipients. Therefore the comparative figures are for an eighteen month period.

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: "The promotion of religious harmony, the relief of poverty, sickness and unemployment and the advancement of education."

Aims

Krizevac Project aims to transform some of the world's most needy communities. This transformation starts with building a cross and "Way of The Cross" on a mountain. It then extends to the building of churches, community buildings and schools. Sustainability is achieved through the establishment of small businesses for the benefit of local communities. The surplus from these and related UK businesses are subsequently used in the promotion of any movement to alleviate endemic poverty. In 2018, an additional charitable object was agreed by trustees, this was the promotion of re-use, re-cycling and up-cycling of waste materials.

The charity grew its trading activity during the year through the manufacture in Malawi and online selling in the UK of goods made from reclaimed materials like burst rubber inner tubes and used coffee sacks under the brand Cycle of Good. As the name implies this cyclical approach involves beneficiaries in the generation of income. The trustees considered whether to register a wholly-owned trading subsidiary for this business but it was recognised that Cycle of Good activity constitutes "primary purpose trading" since it employs the trainees of Beehive Centre for Social Enterprise in Malawi in meeting the third and fourth objects and serves the new fifth object directly. While the repair and selling of ex-Royal Mail bicycles in this country does not engage beneficiaries in Malawi, it involves selling only bikes donated for the purpose of selling them to raise funds for the charity which is not considered as trading.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Strategy for achieving aims

During the year, the trustees agreed the following updated mission statement:

The Krizevac Project aims to transform some of the poorest parts of the world.

Each project area begins in an area of need by placing a cross on a mountain, a replica of the Krizevac cross overlooking the village of Medjugorje. Prayer on the mountain inspires personal conversion both in local people and visiting pilgrims. This creates the possibility of community transformation, founded on public service and personal sacrifice, PSPS.

Krizevac Project responds to local needs, creating employment through self-sustaining businesses which provide lasting income to fund education and family support services. Krizevac Project constructs quality buildings, provides essential assets, equipment and skilled volunteers.

Krizevac Project is funded through donations from companies and its own trading enterprises which develop people and help environmentally. Where possible, these enterprises involve a cooperation with beneficiary areas.

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

Good financial husbandry & governance support - Julie Smallwood completed nearly five years of service volunteering as Finance Director, an incredible achievement and one which deserves huge thanks from trustees. A Country Director job share role was subsequently appointed with Helen and Steve Rowley, a qualified accountant and senior director, providing critical accounting and governance support to the Beehive Centre for Social Enterprise in Malawi. They were invaluable in their insights and worked in the spirit of public service and personal sacrifice to leave the organisations more robust and better equipped for self sufficiency. In recognition of their achievements, a scholarship in their name will be established in 2019 to fund a management trainee.

Malawi Infrastructure development -

- Construction of a new 3-storey building was completed in Malawi through a £203,000 grant given to the Beehive Centre for Social Enterprise. This has enabled the start of an Earn-Learn vocational training programme which makes it easy for young people with no money to learn to a college level; it also provides accommodation for the Cycle of Good Tailoring training.
- An additional building on Chilomoni High Street was constructed which remains in the ownership of Krizevac Project (Malawi) but is rented out to provide income for the Mother Teresa Children's Centre.
- A small Catholic church building was completed and consecrated in September 2018 in the village of Chimembe; this community effort brought to completion a decade of work by the Beehive brick makers in Malawi.
- A further investment of £237,294 was made for a battery-supported 90KW solar array to power the Beehive Centre in Blantyre. This was purchased directly by Krizevac Project from the German company, Solar 23, which won the contract in a competitive tendering process.

Malawi Asset Investment

- £237,294 was spent on two twin drum rollers and two 20-ton excavators which were donated to the Beehive Centre for Social Enterprise as an asset investment for the rental fleet providing long-term revenue for the children's centre.
- A new Hydraform Block making machine was additionally purchased for just over £35,000 and donated to support the accelerated construction programme.

Malawi School Feeding - A grant of £173,351 was given to the non profit organisation, Seibo, in Japan which in turn fed over 14,000 children with a daily school meal in primary schools in the north of Malawi and others in childcare settings in Blantyre.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Nigeria - £6,090 was given as a grant to the Catholic diocese of Maiduguri in Nigeria to begin an agricultural extension project in the area nearby to the cross erected the previous year. Additional consultancy work was commissioned to determine the feasibility of future commercial agricultural opportunities.

Rwanda - £455 was given for the continuing coordination work by Eustache Kabayisa in the area of the cross in Kigali.

UK - The building premises at Atlas Works, Longton was refurbished with roof repairs and office conversion and just over 27,000square feet, approximately half, was rented out to Wade Ceramics for the purposes of generating secure income for the charity.

International Volunteers Summary 2018

Without the expert guidance of our volunteers, we simply could not deliver the quality of results in the time we have. This year, Krizevac Project supported volunteers in the following roles:

- Outgoing Director of Finance
- Architect
- Child Care Practice Leader
- Small Enterprise Development Manager
- Cycle of Good Support Worker
- Krizevac Project Country Director
- Support Worker, Queen of Peace Shrine

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Achievements and performance

Malawi - Through continuing work in the Beehive Centre for Social Enterprise in Malawi the following was achieved:

- **Torrent Plant Vehicle Hire** - This non profit enterprise provided 57 jobs in 2018 and asset investment in this social enterprise business is yielding substantial sustainable revenue for the public benefit activities in Mother Teresa Children's Centre and the John Paul II Leadership and IT Institute. Revenue for 2018 was 321 million Malawi Kwacha ahead of budget and MK359m ahead of prior year. Two new Road Rollers and two new 20 ton excavators were funded by Krizevac Project in 2018 that enabled this growth. During the year, TPVH transferred a surplus of Mk467m to the Beehive group bringing the total from inception to MK1,432million. The main goal for 2019 is to donate Mk575m to the Beehive group.

- **John Paul II Leadership and IT Institute** – Revenue for 2018 training courses, registration fees and boarding facilities came to a total of K90m, above budget. During the year, JPIL received a total of 821 students, of which 30 were on Scholarship. In this year, JPIL registered three main achievements; the accreditation from ABMA for Community Development program in September 2018 in preparation for the first cohort in January 2019, the successful launch of the Administrative Studies program with 50 students being sponsored by the government, reaching and surpassing targeted students numbers of more than 800 students. Additionally, JPIL launched an earn-to-learn programme early in 2018. This programme enables those students who cannot afford school fees to study for a government recognized qualification for free at JPIL – currently there are 60 students enrolled. In return, those students agree to work for Beehive during the year long programme, gaining valuable work experience along the way.

- **Mother Theresa Children's Centre** – An additional cohort of Childcare trainees has been trained, some of whom were from external organisations. Some management issues were identified in the year, alerted by a Krizevac volunteer, which resulted in Krizevac commissioning two further expert volunteers to carry out an OFSTED inspection, as well as a significant management scrutiny and training.

- **Construction Block Sales** - during 2018, the majority of blocks manufactured were specifically for use on in-house Beehive construction projects. The existing block machine and an additional block machine (purchased in mid-2018) will be relocated in early-2019 to a new, larger premises to allow dramatically increased long-term block production.

- **Cycle of Good** – CoG Malawi moved to new premises with Beetech and the 16 jobs created are fully funded by their own work. Total number of items ordered= 20,573 Value of order to Beehive= Kw45,500,500 Sales of CoG Products in the UK= £25,054. As well as income and jobs, thousands of items are rescued from landfill through this enterprise.

- **Torrent Computer Rentals** – continued to see a drop in earnings in 2018, as more old stock has become obsolete. A conscious decision was made not to replace this stock, allowing the business to eventually run down & we continue to closely monitor the business.

- **Beetech** – moved into a new purpose built 3-storey building and won another major client in 2018 – First Capital Bank (FCB) – and converted all of its hard customer documents into soft copies, and placed them into a central depository. The project commenced in May, with over 2 million pages converted at the end of the year. Revenue for the year was MK 54,294,337.23. In addition to providing employment for JPIL Leadership & IT Academy graduates, Beetech is also participating in the earn-to-learn programme at JPIL which enables those students who cannot afford school fees to study for a government recognized qualification for free at JPIL. In return, those students agree to work for Beehive through Beetech during the year long programme, gaining valuable work experience along the way. The aim for 2019 is to continue to market and grow Beetech with additional contracts.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

• **Construction** - More than 300 workers are employed in the Beehive construction team, funded through Krizevac Project grants. 'Plot 220' was opened in the heart of Chilomoni town centre, providing high-quality rental accommodation and street-level retail units to the local community. A large solar array was installed at the Beehive Main campus, now providing permanent, 24-hour solar power to the entire site. The 'Beehive Hall' project began on-site in November 2018; it will provide the future schools, and wider community, with a bespoke, centralised space as a school canteen and for gatherings, concerts, shows and events. The new 3-storey facility to house the BeeTech enterprise was completed which will enable hundreds of graduates from the JPIL Leadership and IT Academy previously funded to become employed in work serving Malawian and international businesses.

Container shipments

By the end of 2018, the charity has shipped one hundred 40-foot containers to Malawi!

The following Shipments were made in 2018:

Bikes	Books	Sewing Machines	Computers/ Scanners	JCBs/ Plant	School/ Supplies	CC
2211	7 Tonnes.	789	60 scanners, spares and 100 new computers	2 rollers, 2 excavators	Approx 16 pallets and countless small packages	

The UK Cycle of Good team recruited a part time product designer, who went to Malawi and trained the team, as well as a UK-based seamstress to develop and trial new products. Elephant Bike sales were down compared to 2017: Number of bikes sold =385 Sales = £109,986. Other UK sales (bikes)= £33,560.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial review

Income

A total of £2,009,612 income was received in 2018, a decrease of £177,795 or 8% from the record year of 2017 (£2,187,407). The decrease reflects the choice of the donors to retain some profits in Mobell and Paragon for future investment in light of diminished needs in our principal beneficiary; 2018 was an outstanding year that the Beehive Centre in Malawi, having employed over 760 people it finished the year with a substantial surplus.

During the year, the charity received donations of £1,040,159 (2017: £1,002,344) from Mobell Communications Limited and £730,000 (2017: £795,000) from Paragon Projection Limited. The balance of income into the charity was mostly trading income

Year	Income (£)
2006-2007	418,649
2007-2008	385,645
2008-2009	714,549
2009-2010	1,481,300
2010-2011	1,969,434
2011-2012	1,240,442
2012-2013	1,226,027
2013-2014	923,180
2014-2015	565,134
2015-2016	1,837,086
2016 - 2017	2,185,244
2018	2,009,612
Total	14,954,856

Reserves Policy

Krizevac Project operates in a lean and efficient way and makes use of funds it receives rapidly. There are no endowments, investments or tied-up capital (other than the new premises) and the charity holds no reserves as such. The charity is able to operate as such since it is underwritten by Radmore Management Limited & its subsidiaries, owned by three of the trustees. At the end of 2018, the significant surplus in the charity reflected the larger than usual end of year donations from Mobell and Paragon at that time of year.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 commercial campus. To mitigate the risk, all construction work on the site has been stopped until a resolution has been found.

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; It is not planned to seek donations from individuals, though these will not be refused, and grants will be sought for some limited purposes.

Plans for future periods

In the next year, trustees plan to invest in growing the capability of the Beehive Centre for Social Enterprise in Malawi. This will be done through

- Support good financial husbandry with a finance manager recruited in the UK and providing accounting support to Malawi.
- Completion of the building of a school hall and beginning construction of the new Primary School and recruitment of a team to achieve this.
- Launch of further Earn and Learn apprenticeships to ensure public benefit for those less able to afford IT training.
- Learning the lessons of long-term returns from renting machinery, supply additional machinery for Torrent Plant and vehicle hire.
- Support of the Mother Teresa Children's Centre by training a new cohort of childcare workers and increasing outreach to the most needy children.
- Grow Cycle of Good to become profitable.

The long-term

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

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 who was appointed as a new trustee 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.

Consideration has given to registering as a limited liability company or changing the registration to become a Charitable Incorporated Organisation but the benefits were determined not to be worth the additional burden at this stage.

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 one day a week as Krizevac Project Managing Director to oversee the charity. An additional team of employed, UK-based staff work from the new charity base in Longton and a further two, donated, UK-warehouses, as well as 23 volunteers, professionally led by the UK Manager, George Furnival and her deputy, Zoe Kasiya. Oversight of the significant activity and expenditure in Malawi has been achieved through the continuing support of volunteers.

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 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 2018

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.

KRIZEVAC PROJECT

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

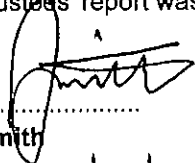
Auditor

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

Disclosure of Information to auditor

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

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



.....
A J Smith

Trustee

Dated: 17/10/19

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 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of 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 2018 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 accounts 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

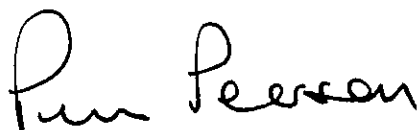
This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2016.

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

Chartered Accountants
Statutory Auditor

22.10.19

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

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

KRIZEVAC PROJECT

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income and endowments from:</u>					
Donations and legacies	3	1,781,828	1,160	1,782,988	1,932,964
Other trading activities	4	167,600	-	167,600	250,443
Other income	5	59,024	-	59,024	4,000
Total Income		2,008,452	1,160	2,009,612	2,187,407
<u>Expenditure on:</u>					
Raising funds	6	73,783	-	73,783	93,788
Charitable activities	7	1,172,241	873	1,173,114	999,429
Support & governance	9	216,304	-	216,304	187,989
Total resources expended		1,462,328	873	1,463,201	1,281,206
Net income for the year/ Net movement in funds		546,124	287	546,411	906,201
Fund balances at 1 January 2018		1,106,147	1,824	1,107,971	201,770
Fund balances at 31 December 2018		1,652,271	2,111	1,654,382	1,107,971

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

All income and expenditure derive from continuing activities.

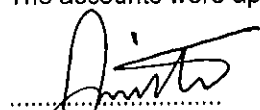
KRIZEVAC PROJECT

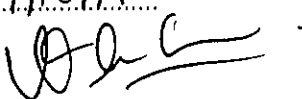
BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12	513,746		726,132	
Investment properties	13	293,750		-	
		<u>807,496</u>		<u>726,132</u>	
Current assets					
Debtors	15	39,405		22,794	
Cash at bank and in hand		873,711		430,602	
		<u>913,116</u>		<u>453,396</u>	
Creditors: amounts falling due within one year	16	<u>(66,230)</u>		<u>(71,557)</u>	
Net current assets		846,886		381,839	
Total assets less current liabilities		<u>1,654,382</u>		<u>1,107,971</u>	
Income funds					
Restricted funds	17	2,111		1,824	
Unrestricted funds		1,652,271		1,106,147	
		<u>1,654,382</u>		<u>1,107,971</u>	

The accounts were approved by the Trustees on 17/10/19


A J Smith
Trustee


V K Owen
Trustee

KRIZEVAC PROJECT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	1		566,772		782,390
Investing activities					
Purchase of tangible fixed assets		(123,663)		(734,967)	
Net cash used in investing activities			(123,663)		(734,967)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			443,109		47,423
Cash and cash equivalents at beginning of year			430,602		383,179
Cash and cash equivalents at end of year			873,711		430,602

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1	Cash generated from operations	2018 £	2017 £
	Surplus for the year	546,411	906,201
	Adjustments for:		
	Depreciation and impairment of tangible fixed assets	42,299	10,744
	Movements in working capital:		
	(Increase) in debtors	(16,611)	(13,460)
	(Decrease) in creditors	(5,327)	(121,095)
	Cash generated from operations	566,772	782,390

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 2016). 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 unless the funds have been designated for other purposes.

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 2018

2 Accounting policies

(Continued)

2.4 Incoming resources

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

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

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

Other income is accounted for on a receivable basis.

2.5 Resources expended

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

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

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

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

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

2.6 Tangible fixed assets

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

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

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

Freehold land is not depreciated.

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

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

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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 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.

2.10 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 2018

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.

2.11 Taxation

The charity is exempt from tax on its charitable activities.

2.12 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.

2.13 Retirement benefits

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

2.14 Foreign exchange

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

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Total
	2018 £	2018 £	2018 £	2017 £
Donations and gifts	1,781,828	1,160	1,782,988	1,932,964
For the year ended 31 December 2017	1,930,801	2,163		1,932,964

4 Other trading activities

	2018 £	2017 £
Revenue from sales	33,560	66,460
Elephant bike sales	109,986	182,576
Cycle of goods sales	24,054	1,407
	167,600	250,443

All income from trading activities relates to unrestricted funds.

5 Other Income

	2018 £	2017 £
Other income	59,024	4,000

All other income relates to unrestricted funds.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Raising funds

	2018	2017
	£	£
<u>Fundraising and publicity</u>		
Advertising	16,227	13,892
<u>Trading costs</u>		
Elephant bike costs	38,690	57,119
Cycle of goods costs	7,555	5,105
Postage	11,311	17,672
	<u>73,783</u>	<u>93,788</u>

All expenditure in respect of raising funds relates to unrestricted funds for both 2018 and 2017.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Charitable activities

	Malawi	Rwanda	Seibo	Nigeria	Total 2018	Total 2017
	£	£	£	£	£	£
Staff costs	110,827	-	-	-	110,827	86,872
Charitable expenditure	567,839	-	-	-	567,839	238,602
Shipping - exports	65,152	-	-	-	65,152	60,390
Transport costs (collections)	504	-	-	-	504	6,576
Rent	7,236	-	-	-	7,236	7,236
Volunteer expenses	25,117	-	-	-	25,117	40,740
Legal fees	13,543	-	-	-	13,543	8,765
	<u>790,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,218</u>	<u>449,181</u>
Grant funding of activities (see note 8)	<u>203,000</u>	<u>455</u>	<u>173,351</u>	<u>6,090</u>	<u>382,896</u>	<u>550,248</u>
	<u>993,218</u>	<u>455</u>	<u>173,351</u>	<u>6,090</u>	<u>1,173,114</u>	<u>999,429</u>
Analysis by fund						
Unrestricted funds	992,345	455	173,351	6,090	1,172,241	
Restricted funds	873	-	-	-	873	
	<u>993,218</u>	<u>455</u>	<u>173,351</u>	<u>6,090</u>	<u>1,173,114</u>	
For the year ended 31 December 2017						
Unrestricted funds	847,907	16,632	96,411	37,205		998,155
Restricted funds	1,274	-	-	-		1,274
	<u>849,181</u>	<u>16,632</u>	<u>96,411</u>	<u>37,205</u>		<u>999,429</u>

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

8 Grants payable

	Malawi £	Rwanda £	Selbo £	Nigeria £	Total £	2017 £
Grants to institutions (8 grants):						
Construction and provision of services	200,000	-	-	-	200,000	400,000
School meals	-	-	173,351	-	173,351	96,411
Stations of the cross	-	-	-	5,303	5,303	52,784
	<u>200,000</u>	<u>-</u>	<u>173,351</u>	<u>5,303</u>	<u>378,654</u>	<u>549,195</u>
Grants to individuals (3 grants)	3,000	455	-	787	4,242	1,053
	<u>203,000</u>	<u>455</u>	<u>173,351</u>	<u>6,090</u>	<u>382,896</u>	<u>550,248</u>

9 Support costs

	Support costs £	Governance costs £	2018 £	2017 £	Basis of allocation
Staff costs	102,737	-	102,737	97,501	Staff time
Depreciation	42,299	-	42,299	10,744	Actual
Exchange gains	(843)	-	(843)	645	Actual
Business rates	2,650	-	2,650	6,103	Actual
General insurance	1,602	-	1,602	4,104	Actual
Utilities	17,264	-	17,264	12,281	Actual
Motor running costs	4,878	-	4,878	5,409	Actual
Telecommunications	317	-	317	519	Estimated
Printing, postage & stationery	1,809	-	1,809	1,204	Actual
Sundry expenses	4,713	-	4,713	5,054	Actual
Repairs & maintenance	13,352	-	13,352	14,850	Actual
Legal & professional fees	12,416	-	12,416	11,167	Actual
Recruitment	983	-	983	2,629	Actual
Travel expenses	6,767	-	6,767	9,361	Actual
Bank charges	560	-	560	618	Actual
Audit fees	-	4,800	4,800	5,800	Governance
	<u>211,504</u>	<u>4,800</u>	<u>216,304</u>	<u>187,989</u>	

All expenditure in respect of support costs relate to unrestricted funds for both 2018 and 2017.

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the period, but 2 of them were reimbursed a total of £2,930 travelling expenses (2017 - £4,079).

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Administration	11	8
Drivers	2	2
	<u>13</u>	<u>10</u>

Employment costs

	2018 £	2017 £
Wages and salaries	198,183	169,327
Social security costs	11,172	11,172
Other pension costs	4,209	3,874
	<u>213,564</u>	<u>184,373</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 2018

12 Tangible fixed assets

	Land and buildings improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	734,768	8,202	12,720	755,690
Additions	112,158	11,505	-	123,663
Transfer to investment property	(293,750)	-	-	(293,750)
At 31 December 2018	553,176	19,707	12,720	585,603
Depreciation and impairment				
At 1 January 2018	9,356	7,482	12,720	29,558
Depreciation charged in the year	40,221	2,078	-	42,299
At 31 December 2018	49,577	9,560	12,720	71,857
Carrying amount				
At 31 December 2018	503,599	10,147	-	513,746
At 31 December 2017	725,412	720	-	726,132

13 Investment property

	2018 £
Fair value	
At 1 January 2018	-
Transfers from owner-occupied property	293,750
At 31 December 2018	293,750

During the year £293,750 was transferred from Land & Buildings to Investment Property, due to a proportion of the property now being rented to third parties.

The investment properties were valued at 31 December 2018 by the directors at £293,750.

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

14 Financial Instruments	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	25,565	12,245
Carrying amount of financial liabilities		
Measured at amortised cost	61,274	67,197

KRIZEVAC PROJECT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	6,272	5,075
Other debtors	28,421	16,709
Prepayments and accrued income	4,712	1,010
	<u>39,405</u>	<u>22,794</u>

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	4,956	4,360
Trade creditors	37,883	55,107
Other creditors	17,391	6,090
Accruals and deferred income	6,000	6,000
	<u>66,230</u>	<u>71,557</u>

17 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 2018 £	Movement in funds Incoming resources £	Resources expended £	Balance at 31 December 2018 £
Unrestricted funds:	1,106,147	2,008,452	(1,462,328)	1,652,271
Restricted funds:				
Give a Child a Chance Campaign	1,644	1,160	(873)	1,931
Seibo Maze	180	-	-	180
	<u>1,107,971</u>	<u>2,009,612</u>	<u>(1,463,201)</u>	<u>1,654,382</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 2018

18 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 December 2018 are represented by:			
Tangible assets	513,746	-	513,746
Investment properties	293,750	-	293,750
Current assets	844,775	2,111	846,886
	<u>1,652,271</u>	<u>2,111</u>	<u>1,654,382</u>

19 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:

	2018 £	2017 £
Within one year	59,950	-
Between two and five years	239,800	-
	<u>299,750</u>	<u>-</u>

20 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 £1,040,159 (2017: £1,002,344) from Mobell Communications Limited and £730,000 (2017: £795,000) 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 £Nil (2017: £100,000) from British Desiccant Drying Limited.

The charity paid out grants in 2018 to Beehive Centre For Social Enterprise of £200,000 (2017 : £400,000) ; 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 £173,351 (2017: £94,411), 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.

	2018 £	2017 £
Aggregate compensation	<u>38,267</u>	<u>38,081</u>