

REGISTERED COMPANY NUMBER: 05608022 (England and Wales)
REGISTERED CHARITY NUMBER: 1112621

ARTICLE 25

**TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

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FOR THE YEAR ENDED 31 AUGUST 2021

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ARTICLE 25
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number	:	05608022 (England and Wales)
Registered Charity number	:	1112621
Registered office and principal office	:	6 th Floor 1 Canada Square London E14 5AB
Managing Director	:	D Murray
Directors and Trustees	:	S Prasad (resigned 15/4/21) J B Pringle M J Catton A E Bateson (resigned 15/4/21) G Grainger D J R Delahunty D Bennetts (chair from 14/10/20) C Soyinka P Hudson N Thingelstad
Patron	:	Lord Foster of Thames Bank
Independent Examiner	:	David Green MA (Cantab) ACA Azets Suites B & D Burnham Yard Beaconsfield Buckinghamshire HP9 2JH
Bankers	:	The Co-operative Bank P.O.Box 250, Dell House, Skelmersdale Lancashire WN8 6WT Bank of Scotland PO Box 1000 BX2 1LB

The Trustees, who are also directors of the charitable company for the purposes of the Companies Act 2006, present their annual report and the financial statements for the period ended 31 August 2021 which are also prepared to meet the requirements for a Director's report and accounts for Companies Act purposes. The financial statements have been prepared in accordance with the accounting policies set out in note 3 to the accounts and comply with the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102).

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

CHAIR'S INTRODUCTION

Article 25 supports and empowers communities around the world to design and build housing, schools and medical facilities, enabling local development, alleviating poverty, and improving equality of access to healthcare, education, and a safe place to live. We also often help to rebuild lives and livelihoods in the wake of disasters and conflicts. By working closely with local people, we develop an acute understanding of prevailing conditions, capacity and resources. By applying the best principles of architecture and engineering we design resilient, functional, beautiful and safe places for housing, education and healthcare. Working on the ground alongside these communities, we supervise construction; and through training support we exchange knowledge and skills with people to build greater capacity within that community. The end result is never just a building that serves to increase access to safe housing, learning, and better health, it is also the legacy of a community with greater resilience and more opportunities to enjoy a thriving future. In 15 years, Article 25 has carried out over 95 projects in 36 countries.

This financial year our work continued to be impacted by the necessary response to Covid-19 but the only project to be postponed was our work on Warm and Healthy Homes workshops in London. In July 2020 we started a four-year programme of design and construction supervision for the Housing Recovery Programme of the island of Dominica. The programme is planned to replace approximately 450 houses lost in Hurricane Maria, with disaster resilient construction. We also completed the design of a Children's Village for orphaned children in northern Tanzania (and started construction in October 2021).

We are continuing to work in close partnership with Child Support Tanzania and Able Child Africa, as we near completion of the third phase of construction – a dining hall and kitchen – and the fourth phase – a physiotherapy space and classroom – will move into construction soon after completion of Phase 3. A site architect and architectural assistant are working together onsite to oversee the construction works. For the expansion of a school in Niamey, Niger, our first two phases of construction are now complete.

Having completed the Preliminary Design of a community hospital on the island of Montserrat in February 2020, we are awaiting details of the next tender stage which would enable Article 25 to take this project through to construction. This hospital will replace one destroyed in a volcanic eruption in 1997. In Morocco, we are close to completion of the detailed design for a clinic for Operation Smile in Marrakesh and should soon move into construction. The Masterplan and attendant works for the General Hospital in Yangon, Myanmar, was sadly abruptly halted in February 2021 due to the military coup. A Trauma Centre in Nepal for the Leprosy Mission is nearing construction completion. And we have added a new project to this same site as Leprosy Mission secured funding to create a new laboratory.

Some staff changes occurred in 2020-21, Project Architect Caitriona O'Connor left in January 2021 and Project Architect Josine Lambert left in March 2021. Project Architect Femi Santos joined the team in September 2021.

On behalf of the Trustees, I want to thank most warmly our hard-working staff and volunteer team, our partners in the many countries where we work, our professional collaborators who help us to deliver these projects and, of course, our donors and supporters both small and large, who help to build and maintain our charity so that it is as resilient as the buildings we create and the communities we support across the world.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a Memorandum and Articles of Association, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006. The Memorandum and Articles of Association is the charity's governing document. The Articles of Association are currently being reviewed by Trustee Natalie Thingelstad and are expected to be updated as appropriate.

Recruitment and appointment of new trustees

The existing Trustees appoint trustees. Their terms and responsibilities are outlined in a trustee recruitment policy that was implemented in 2016. Trustees of the charity are also Directors of the Limited Company. We apply a rotation of Directors and as per our Articles of Association; one third of the Directors must retire each year but may be re-elected.

During 2020-21, we saw two trustees retire from the board and we intend to make further appointments, mindful of our aims of equality, diversity, and inclusion, whilst also seeking to further diversify the skills and expertise we have access to at board level. The board appointed trustee Denise Bennetts to Chair at the October 2020 board meeting. We thank the two trustees who stepped down: Sunand Prasad. Ashley Bateson, for their support to the board and the charity as a whole.

COVID -19

Since February 2020, Article 25 has been impacted by the public health crisis of Covid-19. We have undertaken measures to ensure the welfare of staff and people working on our sites, from our offices, and homes. We have also been reviewing the impact on our projects and have implemented measures to mitigate the financial consequences. Among these are temporary furloughs of some staff members and taking up a £50,000 Bounce Back loan in June 2020, offered our bank and backed by the U.K. government. The use of this Bounce Back Loan is subject to certain internal drawdown protocols and held in our reserve account, with board level consideration of cashflow projections as a means of mitigating any future financial shocks relating to the ongoing pandemic. We continue to keep our risk assessments under regular review and revise them based on the latest U.K. government advice.

Organisational aims

Article 25 was founded originally under the name Architects for Aid and was set up to provide better housing for those in need and to work with partner NGOs to provide built solutions wherever there is disaster, poverty or need. Renamed Article 25 in 2009, the charity aims to promote safe housing, access to education, and healthcare as a human right, and is named after the 25th Article of the Universal Declaration of Human Rights, which is the article of the declaration relating to the built environment.

Organisational structure

Our organisational structure comprises a Board of Trustees, a Senior Management Team, the Staff and Volunteers. The team of staff and volunteers is organised into projects and operations (including fundraising and communications).

Related parties

Article 25 works with partner NGOs, INGOs, charities, development agencies and governments in the UK and overseas. Article 25 receives the donation of skills from various professional parties who assist in the delivery of our projects.

Article 25 introduces capacity building in design and construction design skills to international development projects. The organisation also provides continuing education to professional firms and larger agencies in the developing world as a way to increase the impact of its work.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

Risk management

All Article 25 projects and operations are assessed for their potential risks in delivery before significant charity resources are dedicated to the project. A risk register is maintained by the Managing Director and Director of Projects, and is presented for approval at the quarterly trustee board meetings.

The charity also works closely with local and international bodies (for example the High Commission or Embassy departments as appropriate) when undertaking the management of work overseas and dealing with any issues of controversy or potential controversy when working alone, or with any collaborating entity. Article 25 operates a current child protection policy.

Overseas project travel is assessed for risks ahead of each field trip. If necessary, staff and volunteers undergo any required hostile environment and first aid briefings prior to going abroad. All travellers are covered under an Article 25 insurance policy, specifically provided for NGO workers; they are briefed on pertinent local social issues and are instructed to carry emergency contact details. Each location is researched in advance and advice sought from FCO and in-country sources. We work particularly with local partners who have detailed knowledge of conditions in the field.

Article 25 has public liability and professional indemnity insurance to offset any risk incurred in the course of conducting our work at home and overseas. Article 25 has NGO travel insurance for personnel in the field. Our legal advisors have advised that we have, through the training and documentation we use, achieved effective limitation for our liability regarding risks in sending participants on overseas projects and that they have sufficient information to meet standards of "informed consent" to participate as staff or volunteers for Article 25. Article 25 staff and volunteers working overseas or in the UK (as appropriate) are required to sign waivers of liability for any activities they may undertake outside the scope of their Article 25 remit.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Objectives and aims

The trustees have considered the guidance published by the Charity Commission and have concluded that the charitable company's core activities satisfactorily address the principles of identifiable public benefit and demonstrate that the charitable company has fulfilled the public benefit requirement under the Charities Act 2011.

Article 25 provides building design solutions and key construction project management skills to the International Development community. Focusing on the core areas of buildings for housing, learning, health, and where appropriate, resilience to disasters, we aim to apply these skills where they make the greatest beneficial difference to the most disadvantaged communities. We continue to deliver these objectives through close collaborations with NGOs and community groups internationally. We have expanded our work to provide technical skills to larger humanitarian organisations.

ACHIEVEMENT AND PERFORMANCE

Charitable Activities

Article 25 continues to deliver essential design and construction skills to those who would otherwise have no access to such services. We work with partners across the built environment sector to provide design, construction and engineering skills to benefit some of the poorest and most vulnerable communities in the world.

Throughout all of our work, capacity development remains a constant priority. Our construction projects are used to develop the skills of workers in the communities of our local partners and to increase long-term resilience, leaving behind a community better able to build safely for itself. We improve the long-term performance of a project by engaging the end-users from inception to completion. This positively affects the sustainability of a project and builds the capacity of those local partners who take responsibility for the project and its sustainable operation.

Article 25 is one of the few organisations globally delivering this technical work as a primary objective and from a small base of operations. This demonstrates its ability to have a positive impact on hundreds of thousands of beneficiaries.

Article 25 safeguards the effectiveness of its work through maintaining high professional standards and by monitoring outputs. We examine the long-term sustainability of each project to ensure a lasting impact is achieved.

Housing

Dominica

This project continues moving at a fast pace and there are various stages of the project occurring simultaneously. All 320 beneficiaries enrolled to date have had a visit from our Dominican team to carry out a site survey as well as discuss the various house options. By the end of this financial year, we had submitted 171 planning applications; received 43 planning approvals; submitted 117 tender packs to the

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client and over 60 tenders had been awarded. Article 25 has a site architect on this project to support construction oversight and quality control as well as communication across a complex network of local contractors, government officials, and local beneficiaries.

London

London Warm Homes workshops scheduled to run in the autumn and winter of 2020/2021 had to be postponed due to the COVID pandemic. Workshops are funded and will resume when possible.

Tanzania

We have completed the design of a Children's Village for orphaned children in northern Tanzania, and started construction in October 2021. We have hired a young Tanzanian architect to function as site architect for the project, and she started on site in October.

Learning

Niger

The first four classrooms, two latrine blocks and the Guard's house were completed and handed over to the client for the start of the school year in October 2021. All other works are now complete except for the pumps in the water tower. Phase 3 construction drawings have been updated and are now being priced.

Tanzania

Phase 3 of this school project, which consists of a kitchen and a dining/assembly hall is nearing completion. The roof has been completed and the internal finishes are being carried out and the windows and doors have been installed. We are currently designing the next phase of the project which consists of a physiotherapy room, administration block, several more classrooms and the final components of the sanitation. The funds for this phase come from a legacy donation through our project partner Able Child Africa, as well as a recent grant from Cure Myotonic Dystrophy.

Health

Montserrat

The Preliminary Design of this general hospital is complete. The Government of Montserrat have chosen their preferred design option from the three we presented to them. We are now awaiting an abbreviated tender for the Final Design and Construction Administration.

Morocco (Casablanca).

Our team visited Bouafi Hospital in August 2021 while on a design development trip for the clinic project in Marrakesh. We are currently producing design concepts for the renovation of one floor into operating theatres and neonatal and paediatric intensive care wards. We will be working with local Moroccan engineers on this project.

Morocco (Marrakesh)

We submitted our RIBA Stage 3 drawings for this Operation Smile healthcare facility, and the building received a building permit from the local municipality. We are currently drawing details of all medical spaces while awaiting drawings from the local structural engineer to prepare tender documentation and finalise coordination.

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Myanmar

Following the coup d'état of 1st Feb 2021 the project was paused and the local Article 25 team ceased any contact with hospital management and government officials to ensure their safety. Some outstanding work was completed during February and March. As a result of this major disruption, on March 25, our partner charity Rangoon General Hospital Regeneration Trust issued a notice of intent to terminate our contract, and so we closed the project out and delivered outstanding documentation to RGHR in accordance with contract provisions, and in readiness for any re-instatement of work in the future.

Nepal

The external walls of the Trauma Centre at Anandaban Hospital are close to completion. The brick detailing is a modern interpretation of traditional Newari architecture of the Kathmandu valley, which adds texture and depth to the façade. Access ramps, retaining walls and, MEP services and installation of internal doors are also in progress. The contractor requested 6 months extension contract with new completion date in March 2022 due to delays caused by COVID and monsoon season.

We also issued the Feasibility Study for the laboratory project on the same campus and have been given the green light to start design. We start with a geotechnical study to confirm we can build on one of the two potential sites, we will also recruit specialist engineers with extensive seismic experience to help us interpret these geotechnical recommendations. We will also start to bring mechanical and electrical engineers on board, both in the U.K. and in Nepal.

FINANCIAL REVIEW

Based on Accounting standards, we are required to recognise associated income and expenditure within the relevant period. Also, there are some non-cash items that require reporting when putting these accounts together. These non-cash items don't translate to payments out of the account e.g. depreciation/ donated services etc.

Fundraising remains a significant challenge. During 2020-21 Article 25 once again held its 10x10 Drawing the City fundraising auction which has become a prominent event in the architectural diary, albeit this year it was held only as an online (silent) auction. Additionally, members of London's architectural, engineering, and wider community continue to support our work in a variety of ways and we have ongoing positive relationships with our project partners that provide a sustainable source of income. The MD continues to deliver against a fundraising strategy aimed at expanding and diversifying our income via corporate sponsorship, major donors and fundraising challenges. The majority of our events fundraising activities were necessarily postponed pending the ongoing response to Covid-19, but a number of the events developed by the charity are ready to be launched as soon as practicable.

The Statement of Financial Activities shows net surplus for the year of £57,410 (2020: £22,250) and our reserves stand at £74,626 (2020: - £17,216) in total. The income for the year generated from voluntary income was £401,296 (2020: £375,246) and from fundraising events, grants and sponsorship income

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FOR THE YEAR ENDED 31 AUGUST 2021

was £490,793 (2020: £364,913). The improvement in the financial position was due to better and more diversified fundraising activities and improved cost contributions on projects.

RESERVES POLICY

The charity aims to have a policy of holding 3 months of reserves. From time-to-time reserves have fallen below this and we have made it a key priority to attain a truly sustainable flow of finance. We are currently working on further developing our fundraising strategies to bring in additional income.

FUTURE DEVELOPMENTS

Whilst cashflow has remained challenging over this financial year, we have enjoyed greater financial stability compared with the previous financial year, and have been in a position to reduce our long-term loan liabilities because of this.

For 2021/22 we look forward to progressing through the construction of the first phase of the Children's Village in northern Tanzania. We expect to continue to make good progress with construction of the houses in Dominica. Construction of Phase 4 of the Pre-school for disabled and able-bodied children in Mbeya should conclude in 2022. We should be in a position to start construction on the Operation Smile clinic in Marrakesh, as well as a retrofit project at Bouafi Hospital in Casablanca for Operation Smile. We hope to secure the tender to deliver a new hospital in Montserrat, and on the same island, design a Volcano Interpretation Centre. We hope to conclude the hospital construction work in Nepal with Leprosy Mission and progress the design of the Laboratory on the same site, and to start work on another hospital project, this time for the United Mission in Nepal.

Looking ahead, Article 25, will deploy its resources in areas of research (including the post occupancy evaluation of our buildings and our intended impacts on local economic, social, and environmental development); projects and advocacy to ensure that our impact is not only innovative and far-reaching but systematic and scalable. We will also continue to pursue development and growth of our fundraising income, in particular within the Cornerstone Donor programme, and through digital engagement, whilst fundraising events remain somewhat hampered due to the ongoing impact of the pandemic and its associated restrictions.

RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees (who are also the Directors of The Charitable Company for purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law 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 charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that year. In preparing those financial statements, the Trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP (FRS102);

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board of Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT

Under the terms of the Charities Act 2011, the Company falls within the range for which no audit is required. However, an independent examination of the accounts is required.

APPROVAL

These financial statements have been prepared in accordance with the Companies Act 2006 and the Charities SORP (FRS102).

Approved by the Board of Trustees on 29/03/22 and signed on their behalf by



D Bennetts



C Soyinka

ARTICLE 25
INDEPENDENT EXAMINER'S REPORT TO THE MEMBERSHIP OF ARTICLE 25
FOR THE YEAR ENDED 31 AUGUST 2021

I report to the trustees on my examination of the accounts of the above charity ("the Trust") for the year ended 31st August 2021.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

The company's gross income exceeded £250,000 and I am qualified to undertake the examination because a qualified member of the ICAEW.

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

- the accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



David Green, MA (Cantab) ACA
Azets
Suites B & D
Burnham Yard
Beaconsfield
Buckinghamshire
HP9 2JH

12 April 2022

ARTICLE 25
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 Restricted Funds £	2021 Unrestricted Funds £	2021 Total Funds £	2020 Total Funds £
INCOME					
Donations and legacies	4	6,611	394,685	401,296	375,246
Income from charitable activities	5	90,752	400,041	490,793	364,913
Other income	6	-	7,032	7,032	25,155
Total Income		97,363	801,758	899,121	765,314
EXPENDITURE					
Cost of raising funds	8	-	49,472	49,472	86,149
Charitable activities	8	87,609	453,782	541,391	423,034
Support costs	8	-	250,848	250,848	233,881
Total Expenditure		87,609	754,102	841,711	743,064
Net (expenditure)/income		9,754	47,656	57,410	22,250
RECONCILIATION OF FUNDS					
Total funds brought forward as at 1 September 2020		34,124	(16,908)	17,216	(5,034)
Total funds carried forward as at 31 August 2021	15	43,878	30,748	74,626	17,216

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

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

All income and expenditure derive from continuing activities.

The notes on pages 15 to 24 form part of these financial statements.

**ARTICLE 25
BALANCE SHEET
AT 31 AUGUST 2021
Co Reg No 05608022**

		2021 Total funds £	2020 Total funds £
	Notes		
FIXED ASSETS			
Tangible assets	10	1,275	5,309
CURRENT ASSETS			
Cash at bank and in hand		99,118	93,268
Debtors	11	71,763	38,206
CREDITORS			
Amounts falling due within one year	12	(59,197)	(42,129)
NET CURRENT ASSETS		111,684	94,654
CREDITORS			
Amounts falling due in more than one year	13	(38,333)	(77,438)
NET ASSETS/LIABILITIES		<u>74,626</u>	<u>17,216</u>
FUNDS			
Restricted funds	15	43,878	34,124
Unrestricted funds	15	<u>30,748</u>	<u>(16,908)</u>
TOTAL FUNDS		<u>74,626</u>	<u>17,216</u>

For the year ending 31 August 2021 the company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

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BALANCE SHEET
AT 31 AUGUST 2021
Co Reg No 05608022

The financial statements were approved and authorised for issue by the Board of Trustees on 29 March 2022 and were signed on its behalf by:



D Bennetts



C Soyinka

The notes on pages 15 to 24 form part of these financial statements.

ARTICLE 25
STATEMENT OF CASH FLOWS
AT 31 AUGUST 2021

	2021	2020
	£	£
Cash flow from operating activities		
Net surplus/deficit for the year	57,410	22,250
Depreciation of tangible fixed assets	4,034	4,875
(Increase) / decrease in debtors	(33,557)	(36,084)
Increase / (decrease) in creditors	(22,037)	56,694
Net cash flow from operating activities	<u>5,850</u>	<u>47,735</u>
Cash flow from investing activities		
Acquisition of tangible fixed assets	-	(2,550)
Net cash flow from investing activities	<u>-</u>	<u>(2,550)</u>
Net increase in cash and cash equivalents	<u>5,850</u>	<u>45,185</u>
Cash and cash equivalents at 1st September 2020	93,268	48,083
Cash and cash equivalents at 31st August 2021	<u>99,118</u>	<u>93,268</u>

The notes on pages 15 to 24 form part of these financial statements.

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. COMPANY INFORMATION

Article 25 is a private company, limited by guarantee, registered in England Wales. The company's registered number and registered office address can be found on Page 1.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance 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) Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006 as they apply to the financial statements of the company for the year ended 31 August 2021.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historic cost convention.

The financial statements are presented in sterling (£) which is also the functional currency of the company.

The company meets the definition of a public benefit entity under FRS 102.

Income recognition policies

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

For legacies, the point of entitlement is the earlier of the date of the charity being notified of an impending distribution or the date the legacy is received. At this point income is recognised. On occasion legacies will be notified to the charity however it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed.

Investment income is earned through holding assets for investment purposes such as on short term bank deposit and solely comprises bank interest.

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Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the costs associated with the fundraising team, including payroll for the members of that team and the direct costs of fundraising events.
- Expenditure on charitable activities comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. This includes staff costs, mission expenses and associated costs.
- Other expenditure represents those items not falling into the categories above.
- Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. ACCOUNTING POLICIES (continued)

Allocation of support costs

Charitable expenditure includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. They also include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Cash at bank

Cash at bank comprises balances held in various instant access bank accounts and represents highly liquid funds.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity has only financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc	- write off over 3 years
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Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Going concern

The financial statements have been prepared on a going concern basis as the directors believe

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

that no material uncertainties exist. The directors have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements and are satisfied that the charity will be able to continue as a going concern.

Volunteers and donated services and facilities

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the fair value of the contribution to the charity. Donated services and facilities are analysed in note 18. As provided in the SORP (FRS 102) no amount is included in the financial statements for volunteer time.

Operating leases

Rentals applicable to operating leases are charged to the SoFA on a straight-lined basis over the period of the lease.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimate have been made include:

- Volunteers and donated services and facilities (see above)

4. DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations	208,778	140,290
Donations in kind	167,218	216,156
Gift aid	<u>25,300</u>	<u>18,800</u>
	<u>401,296</u>	<u>375,246</u>

Included in donations there is £6,611 (2020: £8,010) of restricted income.

5. INCOME FROM CHARITABLE ACTIVITIES

	2021	2020
	£	£
Fundraising events	45,625	102,625
Grants	<u>445,758</u>	<u>262,288</u>
	<u>490,793</u>	<u>364,913</u>

Included in the Grant Income there is £90,752 (2020: £35,623) of restricted income.

6. OTHER INCOME

	2021	2020
	£	£
JRS Government Grant	7,032	21,760
Sundry income	<u>-</u>	<u>2,395</u>
Total	<u>7,032</u>	<u>25,155</u>

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

7. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	4,034	4,875
Independent examination fees	3,390	3,300

8. EXPENDITURE ANALYSIS

	Restricted funds	Unrestricted funds	Total 2021 £	Total 2020 £
Raising funds				
Events	-	19,581	19,581	53,017
Admin	-	29,891	29,891	33,132
	-	49,472	49,472	86,149
Mission				
Professional	-	263,916	263,916	206,524
Delivery	87,609	189,866	277,475	216,510
	87,609	453,782	541,391	423,034
Support Costs (including Governance)				
Rent Rates and Service Charge	-	153,014	153,014	149,705
Communications	-	7,640	7,640	8,399
Office	-	63,974	63,974	62,125
Insurance	-	6,369	6,369	1,476
IT	-	12,559	12,559	7,880
Legal & Professional	-	7,123	7,123	4,245
Finance	-	169	169	51
	-	250,848	250,848	233,881
	87,609	754,102	841,711	743,064

In the prior year there was restricted expenditure of £23,299 in relation to Mission: Delivery.

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

9. STAFF COSTS

Paid Staff

	2021	2020
	£	£
Wages and salaries	289,735	246,029
Social security costs	28,024	25,191
Pension contributions	<u>6,251</u>	<u>5,312</u>
	<u>324,010</u>	<u>276,532</u>

Time Donated

	2021	2020
	£	£
Professional Resource	<u>64,718</u>	<u>105,017</u>
	<u>64,718</u>	<u>105,017</u>

The number of salaried employees averaged 7 (2020: 6) but varied according to project needs. Two employees were paid between £60,000 and £70,000 in the current year (one employee was paid between £60,000 and £70,000 in the prior year).

Alongside staff there is a larger team of volunteers helping to deliver Article 25's work. The volunteers include those volunteering in Article 25's in-house design team and communications team (averaging 22 in the current and 23 in the prior year) and the professionals and practices volunteering their time from their own practices (averaging 16 part time in the current year and 18 part time in the prior year). The key management personnel are D. Murray and B. Sennewald (2020 D. Murray and B. Sennewald). The total employee benefits of the key management personnel of the charitable company were £142,450 (2020: £125,059).

10. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 September 2020	17,079
Additions	-
Disposals	<u>-</u>
At 31 August 2021	<u>17,079</u>
DEPRECIATION	
At 1 September 2020	11,770
Charge for year	4,034
On disposal	<u>-</u>
At 31 August 2021	<u>15,804</u>
NET BOOK VALUE	
At 31 August 2021	<u>1,275</u>
At 1 September 2020	5,309

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Prepayments & accrued income	<u>71,763</u>	<u>38,206</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Tax and social security creditor	7,274	8,930
Loans	10,000	12,562
Other creditors	11,763	10,685
Accruals & deferred income	<u>30,160</u>	<u>9,952</u>
	<u>59,197</u>	<u>42,129</u>

Included in loans is an unsecured interest free loan of £Nil (2020: £10,000); in October 2020, the donor who provided the loan decided to donate this to the Charity.

13. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2021	2020
	£	£
Total Loans	<u>48,333</u>	<u>89,998</u>
	<u>48,333</u>	<u>89,998</u>
Loans are repayable as follows:		
Within one year	10,000	12,562
Between one to two years	10,000	39,937
Between two to five years	28,333	29,812
More than five years	-	7,687

Of the loans £Nil (2020: £30,000) are unsecured and are interest free. With the remainder of the loan it is a bounce back loan that is unsecured and interest is charged at 2.5% from June 2021 – June 2026.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS – CURRENT YEAR

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Fixed Assets	1,275	-	1,275
Cash	55,240	43,878	99,118
Debtors	71,763	-	71,763
Creditors due in less than one year	(59,197)	-	(59,197)
Creditors due in more than one year	<u>(38,333)</u>	<u>-</u>	<u>(38,333)</u>
	<u>30,748</u>	<u>43,878</u>	<u>74,626</u>

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

ANALYSIS OF NET ASSETS BETWEEN FUNDS – PREVIOUS YEAR

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed Assets	5,309	-	5,309
Cash	59,154	34,124	93,268
Debtors	38,206	-	38,206
Creditors due in less than one year	(42,129)	-	(42,129)
Creditors due in more than one year	(77,438)	-	(77,438)
	<u>(16,908)</u>	<u>34,124</u>	<u>17,216</u>

15. MOVEMENT IN FUNDS – Current year

	At 1.9.20 £	Incoming resources £	Resources expended £	At 31.8.21 £
Funds				
Unrestricted	(16,908)	801,758	(754,102)	30,748
Restricted	<u>34,124</u>	<u>97,363</u>	<u>(87,609)</u>	<u>43,878</u>
TOTAL FUNDS	<u>17,216</u>	<u>899,121</u>	<u>(841,711)</u>	<u>74,626</u>

The Restricted fund comprises of the following:

	At 1.9.20	Incoming resources £	Resources expended £	At 31.8.21 £
Project				
Warm & Healthy Homes	7,343	-	-	7,343
Child Support Tanzania	10	-	-	10
Glendon Hospital Montserrat	20,984	55,019	(68,879)	7,124
Yangon Hand Hygiene	5,787	68	(187)	5,668
Operation Smile Marrakesh	-	35,733	(12,000)	23,733
Beirut Emergency Fund	-	6,543	(6,543)	-
TOTAL RESTRICTED FUNDS	<u>34,124</u>	<u>97,363</u>	<u>(87,609)</u>	<u>43,878</u>

The Warm & Healthy Homes project provides workshops for people in London who suffer from fuel poverty.

The Child Support Tanzania project helps run a pre-school in Tanzania for children with physical and mental disabilities to enable them to join a mainstream school curriculum at age five.

The Glendon Hospital Montserrat project is for the initial concept design options for a new general hospital.

The Yangon Hand Hygiene project supports our long-term work at the hospital and devised to support the hospital staff with the provision of hand sanitizers, soaps and restorative plumbing works.

The Operation Smile Marrakesh project aims to provide better access to specialist healthcare and dentistry focussed on cleft lip and cleft palette.

The Beirut Emergency Fund was set up to deliver emergency remedial work on buildings damaged in the major port explosions that shook the city on 4th August 2020.

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

	At 1.9.19 £	Incoming resources £	Resources expended £	At 31.8.20 £
Funds				
Unrestricted	(18,824)	721,681	(719,765)	(16,908)
Restricted	<u>13,790</u>	<u>43,633</u>	<u>(23,299)</u>	<u>34,124</u>
TOTAL FUNDS	(5,034)	765,314	(743,064)	17,216

The Restricted fund comprises of the following:

	At 1.9.19 £	Incoming resources £	Resources expended £	At 31.8.20 £
Project				
Warm & Healthy Homes	13,790	-	(6,448)	7,343
Child Support Tanzania	-	797	(787)	10
Glendon Hospital Montserrat	-	35,623	(14,639)	20,984
Yangon Hand Hygiene	-	7,212	(1,425)	5,787
TOTAL RESTRICTED FUNDS	<u>13,790</u>	<u>43,633</u>	<u>(23,299)</u>	<u>34,124</u>

16. RELATED PARTY DISCLOSURES

None of the trustees (or any persons connected with them) received any remuneration during the current or prior years, nor did any of them claim any expenses (2020: Nil). During the year there was unrestricted income from the trustees and persons connected with them totalling £40,000 (2020: £40,000). At the year end there was a short term interest free loan of £Nil from the trustees and persons connected with them (2020: short term interest free loan of £10,000).

17. COMPANY STATUS

The company is limited by guarantee and has no share capital. In accordance with the Memorandum and Articles of the charitable company, the liability of members is limited to £10 each in the event of the winding up of the charitable company. At 31 August 2021 there were 8 members (2020: 10 members).

18. DONATED FACILITIES AND SERVICES

	2021 £	2020 £
Office space	100,000	100,000
Event Support	-	6,089
Fixed Assets	-	2,550
PR	2,500	2,500
Professional skills donated	64,718	105,017
	<u>167,218</u>	<u>216,156</u>

ARTICLE 25
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

The income equivalent of the above services and facilities were recognised within incoming resources as a donation, and an equivalent charge included within resources expended.

19. OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Less than one year	5,683	5,683
Between one and five years	19,697	20,801
More than five years	1,145	5,724
	26,525	32,208

20. ANALYSIS OF CHANGES IN NET DEBT

	Balance at beginning of year £	Cash Flow £	Other changes £	Balance at end of year £
Cash at bank and in hand	93,268	5,850	-	99,118
Total cash and cash equivalents	93,268	5,850	-	99,118
Loans due within one year	(12,562)	2,562	-	(10,000)
Loans due in more than one year	(77,438)	39,105	-	(38,333)
Total	3,268	47,517	-	50,785

ARTICLE 25
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021

	Restricted £	Unrestricted £	2021 £	2020 £
INCOME				
Voluntary income				
Donations	6,611	202,167	208,778	140,290
Donations in kind	-	167,218	167,218	216,156
Gift aid	-	25,300	25,300	18,800
Legacy	-	-	-	-
	<u>6,611</u>	<u>394,685</u>	<u>401,296</u>	<u>375,246</u>
Activities for generating funds				
Fundraising events	-	45,625	45,625	102,625
Grants	<u>90,752</u>	<u>354,416</u>	<u>445,758</u>	<u>262,288</u>
	90,752	400,041	490,793	364,913
Other income				
JRS Government Grant	-	7,032	7,032	21,760
Sundry income	-	-	-	2,395
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total incoming resources	97,363	801,758	899,121	765,314
EXPENDITURE				
Costs of generating income				
Wages	-	26,260	26,260	29,112
Social security	-	3,076	3,076	3,417
Pension costs	-	555	555	603
Promotion	-	12,470	12,470	14,623
Events	<u>-</u>	<u>7,111</u>	<u>7,111</u>	<u>38,394</u>
	-	49,472	49,472	86,149
Charitable activities				
Wages	-	212,225	212,225	168,918
Social security	-	18,848	18,848	16,110
Pension costs	-	4,643	4,643	3,727
Travel	-	28,200	28,200	17,768

This page does not form part of the statutory financial statements.

ARTICLE 25
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021

	Restricted £	Unrestricted £	2021 £	2020 £
Charitable activities				
Sundries	-	-	-	-
Mission expenses	87,609	181,578	269,187	200,316
Foreign travel expenses	-	7,553	7,553	14,465
Visas, vaccinations & medical	-	735	735	1,730
IT and computer consumables	-	-	-	-
General materials etc	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	87,609	453,782	541,391	423,034
 Governance costs				
Legal and professional fees	-	7,123	7,123	4,245
	<hr/>	<hr/>	<hr/>	<hr/>
	-	7,123	7,123	4,245
 Support costs				
 Rent, rates and water	-	153,014	153,014	149,705
Wages	-	51,250	51,250	48,000
Social security	-	6,099	6,099	5,664
Pension costs	-	1,053	1,053	982
Office services	-	191	191	496
Recruitment & HR	-	445	445	656
Insurance	-	6,369	6,369	1,476
Telephone	-	7,640	7,640	8,399
Postage and stationery	-	903	903	1,453
IT and computer consumables	-	12,559	12,559	7,880
Depreciation of tangible assets	<hr/>	<hr/>	<hr/>	<hr/>
	-	243,557	243,557	229,585
 Finance				
Bank charges	-	60	60	51
Bank interest	<hr/>	<hr/>	<hr/>	<hr/>
	-	108	108	-
 Total Expenditure	<hr/>	<hr/>	<hr/>	<hr/>
	87,609	754,100	841,709	743,064
 Net Income over expenditure	<hr/>	<hr/>	<hr/>	<hr/>
	9,754	47,656	57,410	22,250

This page does not form part of the statutory financial statements.