

COMPANY REGISTRATION NUMBER: 06236473
CHARITY REGISTRATION NUMBER: 1123335

Blacksmith Initiative (UK)
Company Limited by Guarantee
Unaudited Financial Statements
31 December 2018

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Blacksmith Initiative (UK)
Company Limited by Guarantee
Financial Statements
Year ended 31 December 2018

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Blacksmith Initiative (UK)
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report)
Year ended 31 December 2018

The trustees, who are also the directors for the purposes of company law, present their report and the unaudited financial statements of the charity for the year ended 31 December 2018.

Reference and administrative details

Registered charity name Blacksmith Initiative (UK)

Charity registration number 1123335

Company registration number 06236473

Principal office and registered office 167 Fleet Street
 London
 EC4A 2EA

The trustees

R.J. Fuller
R. Reede
C Meyer

Company secretary M & N Secretaries Limited

Accountants Ferguson Maidment & Co.
 Chartered accountant
 167 Fleet Street
 London
 EC4A 2EA

Blacksmith Initiative (UK)

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2018

Structure, governance and management

a) Constitution

Blacksmith Initiative (UK) is registered as a charitable company limited by guarantee and was set up by Memorandum of Association dated 3 May 2007.

The charity was registered on 27 March 2008.

b) Method of appointment of Trustees

Trustees are appointed by Resolution at each annual general meeting. New trustees may be appointed at a general meeting upon nomination by a current trustee. The minimum number of trustees according to the Company's Articles of Association is three. There is no maximum number of trustees.

c) Policies adopted for the induction and training of Trustees

Upon induction, trustees are informed of Blacksmith Initiative (UK) policies and guidelines, and are made familiar with the Company's mission and ongoing project work.

d) Organisational structure and decision making

Resolutions proposed at general meetings are to be decided by a show of hands of trustees present, with the minimum number of trustees present to constitute a quorum being two. Day to day operational decisions are made by the Chairman, Richard Fuller, in consultation with company staff and programme officers.

e) Risk Management

Project work and reports are reviewed monthly by a technical advisory board. Project funds are dispersed in small tranches, and require two signatures for release. Detailed financial and expense reports are required on a monthly basis from all project partners and consultants. In-country partners and consultants are closely managed by regional program co-ordinators.

Objectives and activities

Blacksmith Initiative UK works to improve environmental conditions in developing countries by working with the governmental and non-governmental agencies in these countries to conceive and structure programmes to be implemented that will create habitable and sustainable environments for future generations, including, but not limited to, programmes relating to environmental protection, parks and protected areas, wastewater management, industrial pollution management, and municipal and hazardous waste disposal. In furtherance of these purposes, Blacksmith Initiative UK will provide consulting services to these agencies concerning the design of their programs, provide liaison to technical and financial support for programmes implementation, and provide ongoing implementation assistance and support to these agencies to ensure continuous viability of these programmes.

Blacksmith Initiative (UK)

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2018

Strategic report

The following sections for achievements and performance and financial review form the strategic report of the charity.

Achievements and performance

In 2009 and 2010 Blacksmith Initiative UK carried out an inventory of polluted sites in low to medium income countries as part of the Global Inventory Project. The inventory was carried out in partnership with the European Commission and the United Nations Industrial Development Organisation. This was the first such effort to document polluted sites with a clear human health impact throughout the developing world.

Financial review

Financial activity continued during the period of 1 January 2016 to 31 December 2016 due to on going project efforts. Programs remain active and balances carried forward.

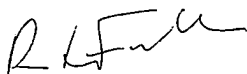
Plans for future periods

Blacksmith Initiative UK continued its ongoing inventory efforts through 2016 and endeavour to continue its efforts into 2017. As part of this work, Blacksmith will carry out on site assessment of contaminated sites, compilation of reports in an online database and quality control and assurance of data collected. Moreover Blacksmith will prioritize the sites contained in the database for remediation based on their presumed impact on human health.

PUBLIC BENEFIT

As required by the Charity Commission, the Trustees have always had due regard for the requirement that the Trust's aims should be for the public benefit as set out in the objectives and activities of the Trust. To that end they have continued to have consideration of the public benefit when deciding on all programmes of work.

The trustees' annual report and the strategic report were approved on 4 December 2019 and signed on behalf of the board of trustees by:



R.J. Fuller
Trustee

Blacksmith Initiative (UK)
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)
Year ended 31 December 2018

		Unrestricted funds £	2018 Restricted funds £	Total funds £	2017 Total funds £
	Note				
Income and endowments					
Grants	5	—	18,656	18,656	572,203
Total income		—	<u>18,656</u>	<u>18,656</u>	<u>572,203</u>
Expenditure					
Expenditure on charitable activities	6,7	1,706	183,082	184,788	33,836
Total expenditure		<u>1,706</u>	<u>183,082</u>	<u>184,788</u>	<u>33,836</u>
Net (expenditure)/income and net movement in funds		(1,706)	(164,426)	(166,132)	538,367
Reconciliation of funds					
Total funds brought forward		51,038	655,460	706,498	168,131
Total funds carried forward		<u>49,332</u>	<u>491,034</u>	<u>540,366</u>	<u>706,498</u>

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 6 to 11 form part of these financial statements.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Current assets			
Debtors	12	553,054	707,953
Cash at bank and in hand		15,175	1,701
		<u>568,229</u>	<u>709,654</u>
Creditors: amounts falling due within one year	13	<u>27,863</u>	<u>3,156</u>
Net current assets		540,366	706,498
Total assets less current liabilities		540,366	706,498
Net assets		<u>540,366</u>	<u>706,498</u>
Funds of the charity			
Restricted funds		491,034	655,460
Unrestricted funds		49,332	51,038
Total charity funds	14	<u>540,366</u>	<u>706,498</u>

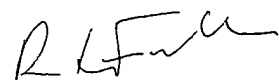
For the year ending 31 December 2018 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on 4 December 2019, and are signed on behalf of the board by:



R.J. Fuller
Trustee

The notes on pages 6 to 11 form part of these financial statements.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 December 2018

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is 167 Fleet Street, London, EC4A 2EA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2018

3. Accounting policies *(continued)*

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT, which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- i) Costs of generating funds comprise the costs associated with attracting voluntary income;
- ii) Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries;
- iii) Charitable expenditure includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them;
- iv) Governance costs 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;
- v) All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource; and
- vi) Costs relating to a particular activity are allocated directly and other costs are apportioned on an appropriate basis.

Going concern

There are no material uncertainties about the charity's ability to continue.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of the Blacksmith Institute incorporated in the United States of America. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company. (b) Disclosures in respect of financial instruments have not been presented.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of financial activities.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2018

3. Accounting policies *(continued)*

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

4. Limited by guarantee

The company is limited by guarantee and does not have a share capital.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 December 2018

5. Donations and legacies

	Restricted Funds £	Total Funds 2018 £	Restricted Funds £	Total Funds 2017 £
Grants				
Grants receivable	18,656	18,656	572,203	572,203

6. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £
Cost expended on charitable activities	–	183,082	183,082
Support costs	1,706	–	1,706
	<u>1,706</u>	<u>183,082</u>	<u>184,788</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Cost expended on charitable activities	–	32,636	32,636
Support costs	1,200	–	1,200
	<u>1,200</u>	<u>32,636</u>	<u>33,836</u>

7. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2018 £	Total fund 2017 £
Cost expended on charitable activities	183,082	–	183,082	32,636
Governance costs	–	1,706	1,706	1,200
	<u>183,082</u>	<u>1,706</u>	<u>184,788</u>	<u>33,836</u>

8. Net (expenditure)/income

Net (expenditure)/income is stated after charging/(crediting):

	2018 £	2017 £
Foreign exchange differences	<u>(20,487)</u>	<u>15,106</u>

9. Independent examination fees

	2018 £	2017 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>–</u>	<u>1,200</u>

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements (continued)
Year ended 31 December 2018

10. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

2018	2017
£	£

The average head count of employees during the year was Nil (2017: Nil).

No salaries or wages have been paid to employees, including members of the committee, during the year.

No employee received employee benefits of more than £60,000 during the year (2017: Nil).

11. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

12. Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	86,388	274,023
Other debtors	466,666	433,930
	<u>553,054</u>	<u>707,953</u>

13. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	827	(2,094)
Accruals and deferred income	27,036	5,250
	<u>27,863</u>	<u>3,156</u>

14. Analysis of charitable funds

Unrestricted funds

	At 1 January 2018	Income	Expenditure	At 31 December 2018
	£	£	£	£
General funds	<u>51,038</u>	<u>—</u>	<u>(1,706)</u>	<u>49,332</u>

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

14. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 Jan 2018 £	Income £	Expenditure £	At 31 Dec 2018 £
Restricted Fund	655,460	18,656	(183,082)	491,034

15. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Current assets	49,332	518,897	568,229	709,654
Creditors less than 1 year	—	(27,863)	(27,863)	(3,156)
Net assets	49,332	491,034	540,366	706,498

16. Related parties

Debtors include £86,388 (2017 £274,023) due from a related charity, the Blacksmith Institute incorporated in the United States of America.