

COMPANY REGISTRATION NUMBER: 06236473
CHARITY REGISTRATION NUMBER: 1123335

Blacksmith Initiative (UK)
Company Limited by Guarantee
Unaudited Financial Statements
31 December 2017

WEDNESDAY



LD3 *L7HPE7T6* 31/10/2018 #74
COMPANIES HOUSE

FERGUSON MAIDMENT & CO.

Chartered accountant
167 Fleet Street
London
EC4A 2EA

Blacksmith Initiative (UK)
Company Limited by Guarantee
Financial Statements
Year ended 31 December 2017

	Pages
Trustees' annual report (incorporating the director's report)	1 to 3
Independent examiner's report to the trustees	4 to 5
Statement of financial activities (including income and expenditure account)	6
Statement of financial position	7
Statement of cash flows	8
Notes to the financial statements	9 to 14

Blacksmith Initiative (UK)
Company Limited by Guarantee
Trustees' Annual Report (Incorporating the Director's Report)
Year ended 31 December 2017

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 2017.

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

Independent examiner Alistair Henry Ellis Smith Ferguson Maidment & Co Chartered
Accountant 167 Fleet Street London EC4A 2EA
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 2017

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 2017

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 2017 to 31 December 2017 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 2017 and endeavour to continue its efforts into 2018. 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 31 October 2018 and signed on behalf of the board of trustees by:



R.J. Fuller
Trustee

Blacksmith Initiative (UK)

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Blacksmith Initiative (UK)

Year ended 31 December 2017

I report to the trustees on my examination of the financial statements of Blacksmith Initiative (UK) ('the charity') for the year ended 31 December 2017.

Responsibilities and basis of report

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements 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 the charity'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

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales (ICAEW), which is one of the listed bodies.

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

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements 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
4. the financial statements 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).

Blacksmith Initiative (UK)

Company Limited by Guarantee

Independent Examiner's Report to the Trustees of Blacksmith Initiative (UK)
(continued)

Year ended 31 December 2017

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.



Alistair Henry Ellis Smith
Ferguson Maidment & Co
Chartered Accountant
167 Fleet Street
London
EC4A 2EA
Independent Examiner

167 Fleet Street
London
EC4A 2EA

31 October 2018

Blacksmith Initiative (UK)
Company Limited by Guarantee
Statement of Financial Activities
(including income and expenditure account)
Year ended 31 December 2017

			2017		2016
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	—	572,203	572,203	(4,293)
Total income		—	572,203	572,203	(4,293)
Expenditure					
Expenditure on charitable activities	6,7	1,200	32,636	33,836	93,648
Total expenditure		1,200	32,636	33,836	93,648
Net income/(expenditure) and net movement in funds		(1,200)	539,567	538,367	(97,941)
Reconciliation of funds					
Total funds brought forward		52,238	115,893	168,131	266,072
Total funds carried forward		51,038	655,460	706,498	168,131

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 9 to 14 form part of these financial statements.

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

31 December 2017

	Note	2017 £	£	2016 £
Current assets				
Debtors	12	707,953		172,583
Cash at bank and in hand		<u>1,701</u>		<u>63,485</u>
		709,654		236,068
Creditors: amounts falling due within one year	13	<u>3,156</u>		<u>67,937</u>
Net current assets			706,498	168,131
Total assets less current liabilities			706,498	168,131
Net assets			706,498	168,131
Funds of the charity				
Restricted funds			655,460	115,893
Unrestricted funds			<u>51,038</u>	<u>52,238</u>
Total charity funds	14		706,498	168,131

For the year ending 31 December 2017 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 31 October 2018, and are signed on behalf of the board by:



R.J. Fuller
Trustee

The notes on pages 9 to 14 form part of these financial statements.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Statement of Cash Flows
Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Net income/(expenditure)	538,367	(97,941)
<i>Adjustments for:</i>		
Accrued expenses	1,385	1,131
<i>Changes in:</i>		
Trade and other debtors	(535,370)	89,230
Trade and other creditors	(66,166)	64,072
Cash generated from operations	(61,784)	56,492
Net cash (used in)/from operating activities	(61,784)	56,492
Net (decrease)/increase in cash and cash equivalents	(61,784)	56,492
Cash and cash equivalents at beginning of year	63,485	6,993
Cash and cash equivalents at end of year	1,701	63,485

The notes on pages 9 to 14 form part of these financial statements.

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements
Year ended 31 December 2017

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 2017

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 2017

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 2017

5. Donations and legacies

	Restricted Funds £	Total Funds 2017 £	Restricted Funds £	Total Funds 2016 £
Grants				
Grants receivable	572,203	572,203	(4,293)	(4,293)

6. Expenditure on charitable activities by fund type

	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>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Cost expended on charitable activities	–	86,760	86,760
Support costs	6,888	–	6,888
	<u>6,888</u>	<u>86,760</u>	<u>93,648</u>

7. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2017 £	Total fund 2016 £
Cost expended on charitable activities	32,636	–	32,636	86,760
Governance costs	–	1,200	1,200	6,888
	<u>32,636</u>	<u>1,200</u>	<u>33,836</u>	<u>93,648</u>

8. Net income/(expenditure)

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

	2017 £	2016 £
Foreign exchange differences	<u>15,106</u>	<u>7,822</u>

9. Independent examination fees

	2017 £	2016 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>1,200</u>	<u>1,000</u>

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2017

10. Staff costs

The average head count of employees during the year was Nil (2016: Nil).

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

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

	2017 £	2016 £
Amounts owed by group undertakings	274,023	–
Other debtors	433,930	172,583
	<u>707,953</u>	<u>172,583</u>

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	(2,094)	–
Accruals and deferred income	5,250	3,865
Other creditors	–	64,072
	<u>3,156</u>	<u>67,937</u>

14. Analysis of charitable funds

Unrestricted funds

	At 1 January 2017 £	Income £	Expenditure £	At 31 December 2017 £
General funds	52,238	–	(1,200)	51,038

Blacksmith Initiative (UK)
Company Limited by Guarantee
Notes to the Financial Statements *(continued)*
Year ended 31 December 2017

14. Analysis of charitable funds *(continued)*

Restricted funds

	At 1 January 20 17 £	Income £	Expenditure £	At 31 December r 2017 £
Restricted Fund	115,893	572,203	(32,636)	655,460

15. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Current assets	51,038	658,616	709,654	236,068
Creditors less than 1 year	(1,200)	(1,956)	(3,156)	(67,937)
Net assets	<u>49,838</u>	<u>656,660</u>	<u>706,498</u>	<u>168,131</u>

16. Related parties

Debtors include £274,023 (2016 £64,072 creditor) due from a related charity, the Blacksmith Institute incorporated in the United States of America.