

**Tools for Self Reliance
Report of the Trustee – Directors
and
Financial Statements
For the Year Ended
31 August 2004**

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COMPANY INFORMATION FOR YEAR ENDED 31 AUGUST 2004

Background

Tools for Self Reliance (TFSR) registered as charity number 280437 on 10 October 1980 and was established as a company limited by guarantee, number 1487630, on the 26 March 1980. Tools for Self Reliance is an independent charity and is not affiliated to any other organisation.

Organisational structure

The charitable company is administered by a board of *trustees*. In company law, they are the *directors*. They are elected from and by the Members of TFSR at their Annual General Meeting. In addition to six full board meetings each year, there are sub-committees of trustees and staff to consider employment and finance. New members are nominated and ratified by the trustees.

Charitable objectives

The charity is established *to relieve poverty amongst the people of the under-developed areas in the World by the provision of hand and other tools and equipment*. The principal activities undertaken to further this object form the basis of this report. The charity's guiding document is its Memorandum and Articles of Association.

Mission statement

Tools for Self Reliance aims to empower artisans working in developing countries so that they can better participate in the development of themselves and their communities. To achieve this we work with local partner organisations to provide tools and skills training, and by raising awareness in the UK of the causes of poverty.

Patrons

Archbishop Desmond Tutu
Dr Susan George

Trustees

- Ms Alison Fender-Brown (since June 2004)
- Ms Rae Burbidge
- Mr Alastair Christie (since June 2004)
- Ms Cathy Dolbear
- Ms Mary Falkner (until June 2004)
- Mr Ben Fawcett (since June 2004)
- Mr David Harries (Chair)
- Dr Anthony Tyrrell (Vice Chair)

Secretary: Dr Eddie Grimble

Financial advisor Mr John Dolbear

Staff

- Jan Kidd Chief Executive
- Lydia Stallard Finance
- Polly Read Administration
- Bob White Groups Support
- Sarah Ingleby Partnership Development
- Jon Dunkley Workshop & Volunteers
- Larry Boyd Fundraising

Constitution

The company has no share capital and is precluded by its Memorandum and Articles of Association from distributing any portion of its profits to the Members.

Investment powers

Under the memorandum and articles of association, the charity has the power to make any investment, which the trustees see fit. However any funds will be invested with careful consideration to risk and reflecting the ethical and environmental policies of the charity.

Exemptions

The trustees have taken advantage, in the preparation of the report, of the exemptions applicable to small companies.

Bankers

- CafBank, a subsidiary of Charities Aid Foundation
- HSBC, Totton, Hampshire

Solicitors

Eric Robinson & Co., Hythe

Auditors

Stone Osmond Ltd.
Accountants & Registered Auditors
75 Bournemouth Road
Chandlers Ford SO53 3AP

The company's auditors are willing to continue in office

Registered office

Netley Marsh Workshops
Ringwood Road
Netley Marsh, Southampton
Hampshire SO40 7GY

Statement of Trustee -- Directors' Responsibilities

Company law requires the trustee - directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustee - directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The auditors, Stone Osmond Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On Behalf Of the Board of Trustees:

9 Jan 2005

Mr D Harries – Trustee/Director

Date

Report of the Independent Auditors to the Members of Tools for Self Reliance

We have audited the financial statements of Tools for Self Reliance for the year ended 31 August 2004 on pages four to nine. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page one, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

9 Jan 2005

Stone Osmond Limited
Accountants and Registered Auditors
75 Bournemouth Road
Chandlers Ford, Eastleigh
Hampshire SO53 3AP

Date

Trustee – Directors’ Report

Working in Partnership

We continued to work with partners in Ghana, Sierra Leone, Uganda, Tanzania, Mozambique, and Zimbabwe. Following on from our partner conference in June 2003, we looked to develop and diversify the ways that we can work with artisans. We visited Ghana and Uganda to evaluate existing programmes and discuss new ideas.

In Ghana we helped disabled people to earn a living and improve their status, and worked with the Centre for Development of People (CEDEP) to develop an integrated programme of skills development and reproductive health for school drop outs.

The community workshop established at Uganda Rural Development Training (URDT) continues to flourish and we are looking at ways to develop a tool refurbishing workshop at the centre. The Network for Local Artisans (NOLA) has doubled its membership and has acquired office space. They hope to employ a co-ordinator and plan to use the Network as a means of disseminating information on HIV/AIDS to their younger members.

In Tanzania, Mr Isidori Kiyenze put his UK sewing machine refurbishing training to good use and trained almost 100 rural women to maintain their own machines. We worked with the Small Industry Development Organisation (SIDO) to find funding for a project to help blacksmiths develop and market their products.

We continued to ship tools to Tanzania, Uganda and Ghana. In total we shipped 889 kits containing 58,725 tools worth over £800,000, a considerable increase over last year. We even managed to send a small number of tools to our partner Dabane in Zimbabwe, but unfortunately logistical problems within Zimbabwe still hamper our programme and it remains on hold. We encountered problems in Sierra Leone and with our partner Kulima in Mozambique and we are reassessing our programmes in these countries.

Linking and Learning

Tanzanian blacksmith Job Msimanje and trainer Isidori Kiyenze visited the UK on a two month study tour. During their visit they worked alongside British blacksmiths and attended numerous events where they demonstrated their own skills. They have returned to Tanzania vowing to pass on what they learned to their colleagues.

We strengthened our links with the *Men at the Side of the Road* project in South Africa and after receiving inspiring comments sent another container of unrefurbished tools and sewing machines.

We supported a small number of other initiatives with tools through our links in the UK. These included assisting a refugee camp in Sudan, sending tools to Benin via Mercy Ships, giving further support to the Baka in Cameroon and collaborating with Trax Africa to design a blacksmith project that would supply basic farming implements to farmers in the Upper East region of Ghana.

Active Participation

We have more than 600 active volunteers in our groups, ranging in age from 16 – 90, collecting and refurbishing tools for artisans in Africa, as well as helping with publicity and fundraising.

We increased the number of volunteers at our Netley Marsh workshop by 9%. Our group worker visited most groups during the year to advise on refurbishing, health and safety and other technical issues. He also arranged a number of skills training days and awareness raising events.

Volunteer Susan Hartley spent two months (self funded) visiting URDT and getting to know Ugandan artisans first hand.

The Diocese of Derby adopted us for their three month long summer appeal. On 6 June, TFSR patron Archbishop Desmond Tutu launched the appeal, which also featured Margaret Beckett MP,

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and the Bishop of Derby. The appeal ended at Chatsworth House, the home of the Earl of Devonshire, with a container of good quality tools being collected and two new volunteer groups starting.

Throughout the year we continued to support the Trade Justice Movement, the Jubilee Debt Campaign and Fair Trade and we will support the Make Poverty History Campaign. We have lobbied, disseminated information and taken practical action to support these causes

Finances

At the end of this financial year we had a surplus of income over expenditure of £49,819. We achieved this by increasing our income (from £225,250 in 2002-3 to £341,342 in 2003-4) and decreasing expenditure (£308,844 in 2002-3 to £291,523 in 2003-4).

In part this was due to postponement of recruitment of staff, but also from increased donations and income.

Net current assets for this year amount to £116,578 including restricted funds of £31,628 which are committed for specific activities.

Total reserves amount to £536,019 including fixed assets of £419,441. The fixed assets of Tools for Self Reliance are the Netley Marsh Workshops site, including that used as investment property (craftshop rentals) and the value of workshop, warehouse and office equipment

Tools for Self Reliance Organisation

The Tools for Self Reliance Board of Trustees has remained constant for most of the year with David Harries remaining as Chair. David is Head of Organisational Effectiveness at Skillshare International.

Tools for Self Reliance local volunteer groups in the UK are linked to the national organisation but are not legally accountable to or by Tools for Self Reliance. TFSR groups are not required to submit accounts for consolidation.

Three Tools for Self Reliance local groups are registered charities working closely with the national organisation. These are *TFSR Cymru*, *TFSR Milton Keynes* and *TFSR Northampton*. They are solely responsible for their finances and activities.

Reserves and Risk Management

It is TFSR policy to manage the organisation such that unrestricted free reserves are held at the level of between four and six months direct running costs.

During the year, we successfully built up our reserves to a level consistent with this policy.

The trustees and staff also examined the major strategic, business and operational risks which the charity faces and confirmed that systems had been established to mitigate these risks. Risks were grouped under the following categories strategic, compliance, financial and operational. In each case the likelihood, impact and consequence of the risk was considered. A system of ongoing risk assessment is in place.

The Future

We examined the progress made with our organisational strategy *Building on Partnership 2001 – 2006* and have formed a working group to consult with stakeholders and produce our follow on to start in January 2007. In view of this the Trustees have decided to run a 16 month Financial Year until December 2005 so that future accounting years will run from 1st January until 31st December.

In October 2005, Tools for Self Reliance will begin marking our 25th year.

The TFSR Annual Review 2003 - 2004 and Building on Partnership - Organisational Strategy 2001-2006 are available free from TFSR

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TOOLS FOR SELF RELIANCE **STATEMENT OF FINANCIAL ACTIVITIES** **For The Year Ended 31 August 2004**

	<u>2004</u> <u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>2004</u> <u>Restricted</u> <u>Funds</u> <u>£</u>	<u>2004</u> <u>Total</u> <u>Funds</u> <u>£</u>	<u>2003</u> <u>Total</u> <u>Funds</u> <u>£</u>
INCOME AND EXPENDITURE				
Incoming Resources				
Donations and grants	195,060	93,104	288,164	179,545
Donations in kind - tools sent (see note 1)	878,163		878,163	670,347
Rents receivable	34,051		34,051	32,235
Investment income	1,815		1,815	2,113
Other income	17,312		17,312	11,357
TOTAL INCOMING RESOURCES	1,126,401	93,104	1,219,505	895,597
Resources Expended				
Direct charitable expenditure	195,480	40,907	236,387	243,656
Donations in kind - tools sent (see note 1)	878,163		878,163	670,347
Fundraising and publicity	31,327		31,327	37,038
Management and administration of the charity	23,809		23,809	28,149
TOTAL RESOURCES EXPENDED	1,128,779	40,907	1,169,686	979,191
Net Incoming/(Outgoing) Resources Before Transfers	-2,378	52,197	49,819	-83,594
Transfers between funds	30,153	-30,153		
Net Incoming/(Outgoing) Resources For The Year	27,775	22,044	49,819	-83,594
Gains/(Losses) on Investments				
NET MOVEMENT IN FUNDS	27,775	22,044	49,819	-83,594
Balances brought forward as at 1 September 2003	476,616	9,584	486,200	569,794
BALANCES CARRIED FORWARD AS AT 31 AUGUST 2004	504,391	31,628	536,019	486,200

Notes to the Statement of Financial Activities

1) Donations in kind - tools sent

It is the policy of the charity to account only for the value of tools physically despatched overseas.

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TOOLS FOR SELF RELIANCE
SUMMARY INCOME AND EXPENDITURE
(including Special Projects)
FOR THE YEAR ENDED 31 AUGUST 2004

INCOME	£	2004	£	2003
Donations in kind		878,163		670,347
Grants and donations		184,862		139,343
Legacies		10,198		8,808
Special projects and National Lottery grants		93,104		31,394
Rent from craftshops		34,051		32,235
Bank interest		1,815		2,113
Sales of tools and scrap		15,623		9,787
Sales of development education resources		1,689		1,570
TOTAL INCOME		1,219,505		895,597
 EXPENDITURE				
		2004		2003
Refurbished tools despatched		878,163		670,347
Tool refurbishment		40,099		47,409
Development education		31,327		37,038
Partnership development		41,352		48,891
Shipping		37,592		44,446
Special projects		40,907		12,537
Groups support		32,580		38,520
Fundraising		31,327		37,038
Administration		23,809		28,149
Site refurbishment and maintenance		12,531		14,815
TOTAL EXPENDITURE		1,169,686		979,190
SURPLUS/(DEFICIT) FOR THE YEAR		49,819		-83,593

All recognised gains and losses are included in the Income and Expenditure account

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BALANCE SHEET
31 August 2004

		2004		2003	
FIXED ASSETS:	Notes	£	£	£	£
Tangible assets	4		219,441		225,150
Investments	5		200,000		200,000
			<u>419,441</u>		<u>425,150</u>
 CURRENT ASSETS:					
Stocks		3,477		3,507	
Debtors	6	4,239		3,669	
Cash at bank		124,705		74,290	
		<u>132,421</u>		<u>81,466</u>	
 CREDITORS:					
Amounts falling due within one year	7	15,843		20,416	
 NET CURRENT ASSETS:					
			<u>116,578</u>		<u>61,050</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES:					
			<u>£536,019</u>		<u>£486,200</u>
 RESERVES:					
Revaluation reserve	8		200,000		200,000
Restricted funds	9		31,628		9,584
Retained reserves			304,391		276,616
			<u>£536,019</u>		<u>£486,200</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

On Behalf of the Board of Trustees:

.....
Mr D Harries – Trustee - Director

.....
Dr A Tyrrell - Trustee - Director

Approved by the Board on 8 Jan 2005

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NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 August 2004

1. ACCOUNTING POLICIES

Accounting convention: The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover: represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets: depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land and buildings	- 2% on cost
Plant and machinery etc	- 33% on cost and 25% on reducing balance

Stock: is development education resources and are valued at the lower of cost and net realisable value.

Deferred tax: recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions: the company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Investment Properties: in accordance with Statement of Standard Accounting Practice No.19, some of the charitable company's property is held for long-term investment and is included in the balance sheet at its open market value. The surplus on revaluation is transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment property. This represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The trustees consider that this policy is necessary in order that the financial statements may have a true and fair view because current values and changes in these are of a prime importance rather than the calculation of systematic annual depreciation.

2. OPERATING PROFIT/(LOSS)

The operating profit (2003 - operating loss) is stated after charging:

	2004	2003
	£	£
Depreciation - owned assets	6,361	8,395
Auditors' remuneration	3,706	3,475
Pension costs	16,209	17,167

Trustee remuneration and other benefits were nil in FY2003 and FY2004. Expenses related to trustee meetings including travel costs to meetings were £820.32 in FY 2004.

3. TAXATION: Analysis of the tax charge - No liability to UK corporation tax arose on ordinary activities for the year ended 31 August 2004 nor for the year ended 31 August 2003.

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NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 August 2004

4. TANGIBLE FIXED ASSETS

	Freehold property	Buildings	Improvements to property	Plant and machinery	Computer equipment	Totals
COST:	£	£	£	£	£	
At 1 September 2003	106,091	3,617	130,471	27,619	4,934	272,732
Additions	-	-	342	-	310	652
At 31 August 2004	106,091	3,617	130,813	27,619	5,244	273,384
DEPRECIATION:						
At 1 September 2003	10,605	1,583	6,879	23,582	4,933	47,582
Charge for year	2,121	509	2,617	1,010	104	6,361
At 31 August 2004	12,726	2,092	9,496	24,592	5,037	53,943
NET BOOK VALUE:						
At 31 August 2004	93,365	1,525	121,317	3,027	207	219,441
At 31 August 2003	95,486	2,034	123,592	4,037	1	225,150

5. FIXED ASSET INVESTMENTS Investments (neither listed nor unlisted) were as follows:

	2004	2003
Netley Marsh craftshops	£200,000	£200,000

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
VAT	2,540	2,116
Prepayments	1,360	1,227
Accrued bank interest	339	326
	4,239	3,669

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Trade creditors	5,849	10,066
Other creditors	2,273	2,354
Social security & other taxes	3,903	4,278
Deposit covenants	118	118
Accrued expenses	3,700	3,600
	15,843	20,416

8. REVALUATION RESERVE

	2004	2003
	£	£
Brought forward	200,000	200,000

9. RESTRICTED FUNDS

	2004	2003
	£	£
Restricted donations and grants	31,628	9,584

Thank you to all of our volunteers, supporters and donors for your generous donations of tools, time and money. These are only a few of those who helped:

The Allan & Nesta Ferguson Settlement
ARSP – Action for Reconciliation & Peace
BAV Cadman Trust
Baldon Churches One World Group
Mr Alan Bates
The Beatrice Laing Trust
Burdens Foundation
Mr Ian Care
C.B. & H.H.Taylor 1984 Trust
Card Aid:Charities Advisory Trust
Christadelphian Meal A Day Fund
Churches Together in Chislehurst
CIBA
City Limits Employment
CL & JS Cadbury Trust
Mr Graham Cole
Co-op Fordingbridge
The Cotton Trust
The Crag House Trust
The Cranbrook School
The Dean & Chapter of Westminster
Diocese of Derby
The Dickon Trust
Didsbury TFSR Group
Mr J E Dooley
The Dorfred Trust
Draper Tools Ltd
The Dulverton Trust
Durham University Charities Kommittee
The Edward Cadbury Trust
EIL
The Ericson Trust
The F J Wallis Trust
Ford Motors
Four Acre Trust
The Frays Trust
The Furlongs Fund
Mrs Daphne Gabbertas
Gifford & Partners
Mr G.H.Gilmour-White
Global Grants
Gordian Strapping
The HB Allen Trust
The Hilden Fund
Hirom FamilyTrust
HT & LB Cadbury Trust
Inner Wheel Club of Littlehampton
Isle of Man Overseas Aid Committee
Jersey Overseas Aid Committee
Mr John R Johnson
Mr Phil Johnson & family
The Kenneth John Lee Trust
Mr J.G.Laing
Leonard Laity Stoate Trust
Mrs M Lightfoot
The Mageni Trust
The Marr-Munning Trust
Mary WebbTrust
The Minstead Training Project
Mrs Eileen Moore-Blythe
The Morel Trust
Moss Beck Ltd
Ms Sally Newcombe
Mrs Betty Nias
Mr Ron O'Connor
The Oliver Morland Trust
P&W Webster Trust
The Patrick Frost Foundation
Paul Foundation
St Johns Church Waterloo
St Mark's Church
Penwith One-Per-Centers
Peter Stebbings Charity
Mr Kevin Petrie
Mr Mark Reynolds – Just Kampers
The Rhododendron Trust
The Richard Kirkman Trust
Mr Michael Richards
Mr Keith Robinson
The ESG Robinson Trust
Mr Peter Rooke
Mrs Mollie Roots
Rotary Club of Great Yarmouth Haven
Rotary Club of Southampton East
The Rothera Family Trust
The Ryklow Trust
SETA
Mr Arthur F P Smith
Mr Dave Smith
Mr Duncan R Smith
Southampton Voluntary Services
St Andrews Church
St Mary's Charity
The Steel Trust
Mr John Steele
Stephen Clark Trust
Sutton TFSR Group
Sydney E Franklin Charity
Toolbank
The Tregenna Trust
The W F Southall Trust
Mr David Waight
Womens Wednesday Group –
St James Rd Methodist Church
Mr Jim Wood
York TFSR Group
ZIFA