

Abaana Ministries

Trustees' Report and Financial Statements

31 December 2022

Company No: NI 33513

Trustees

Colin Caughey
Noel Gordon (appointed 13 Jun-22)
David Manning
Archie McAvoy MBE
Dr Gillian McBride
Martin Pitt
Sharon Slack
Jonathan Young (appointed 13 Jun-22)

Chair

Dr Gillian McBride

Secretary

Scott Baxter

CEO

Scott Baxter

Auditors

FPM Accountants Limited
1-3 Arthur Street
Belfast
BT1 4GA

Bankers

First Trust Bank
85 Main Street
Bangor BT20 4BA

Registered Office

78 High Street
Bangor
Co Down BT20 5AZ

HMRC Charity Registration Number

XR 23866

Charity Commission for Northern Ireland Registration Number

102174

Trustees' report

For year ended 31 December 2022

The Trustees present their report and the audited financial statements for the year ending 31 December 2022 which have also been prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with charity and company law, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Chair's report

2022 was a year of change and fundamental challenge for Abaana operationally as we all moved to more 'normal' working conditions post-Covid. As a Board, we continued to provide strategic direction to and good governance for Abaana.

The beginning of 2022 saw the long-awaited re-opening of schools across Uganda, following the Covid-enforced closures. Throughout the year, Abaana worked to support our 16 primary schools to help them re-establish school life.

As a Board, we continue to recognise the enormous contribution to the work of Abaana made by staff, volunteers, and supporters across the UK and wider afield, as together we seek to bring hope to children living in poverty in Uganda

Purposes and activities

Abaana Ministries' principal activity, as set out in The Memorandum and Articles of Association is the relief of poverty in the African continent, and the relief of those in need, by reason of youth, age, ill health, disability, financial hardship or other disadvantage and to educate the general public regarding poverty and the spiritual needs of these people and the advancement of the Christian faith. This is primarily achieved through building schools, sponsoring children to enable them to receive an education, providing food and basic medical care to children living on the streets, rescuing children from the streets, providing clean water supplies by building wells, installing pumps and supporting farming and microfinance projects in partner communities. The focus of our work has continued to be in the country of Uganda in the current year.

The overall vision of Abaana is to see the children of Africa have their needs met, their rights upheld and their hopes fulfilled.

In shaping the objectives for the year and planning our activities the Trustees have considered a number of key components, namely the financial resources available, prioritised projects in Uganda and the on-going needs of existing key programmes. The work of the charity is undertaken in partnership with locally based charitable organisations in the country of operation. In the past year activities have been undertaken in partnership with Abaana Ministries Uganda Ltd, a separate legal entity registered and operating in Uganda with its own governance, management and staffing arrangements although we provide support and advice through the provision of an independent Board member.

The strategies employed to achieve the charity's aims and objectives include regular production of management accounting information, oversight by Trustees of key deliverables and progress made, in raising funds for activities, overseeing building and other work on our projects, a detailed Grant Agreement process for funded programmes with specified outcomes and post-project delivery review.

Role of volunteers

The financial statements set out the results for the year but do not reflect the very considerable and vital support given to Abaana by volunteers. Locally, volunteers help to run our charity shop, fundraise and prepare mail outs. Overseas, they make up the teams which travel to Uganda and carry out building and other work across our projects.

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For year ended 31 December 2022

Achievements and performance

Review of activities:

Raising of support

Due to the legacy of the pandemic, it was not possible for Abaana staff to carry out the 'normal' programme of visits to various schools, churches, and other organisations to share information about the charity's work. During the year Abaana continued to significantly enhance its profile via a range of social media platforms. It is recognised that social media output will play an increasingly important role for the charity in the future.

Support of Schools

7,000 children attend the 16 Abaana-supported primary schools. The main source of income for these schools comes from sponsored kids, with an estimated 3 children paying lower subsidised rates for every 1 child sponsored at the school. Sponsorship income provides an assured funding stream for the schools to pay teachers and run the school.

Child Sponsorship

During 2022, 1,900 children received support under the Child Sponsorship Scheme. The children normally attend the 16 Abaana primary schools or various other secondary or vocational schools. Sponsorship, in addition to paying for a child's school fees, provides exercise books and stationery, as well as both a school uniform and basic medical care, when required.

Christmas Gift Scheme

The annual Child Sponsorship Christmas Gift Appeal raised £40,300. In addition to essential food items such as rice, beans and cooking oil, this enabled personal gifts to be given to the sponsor children including sweets, toothbrush and toothpaste, plates and cups and a personal hygiene pack. Many of the children and their families have spoken of the practical difference these gifts have made. For many, there was the joy of being able to cook Christmas meals for their families and friends.

New Life Homes Project and Street Reach

Abaana continued to fund The New Life Homes, where boys who previously lived on the streets can now live in a secure and caring environment. These homes are transitional rehabilitation homes and to date 70 boys have been successfully and permanently resettled back with their families. Abaana continues to support them in their education and with any medical needs which arise.

Abaana Uganda also partners with other charitable organisations working with children living on the streets.

New Life Choir

The eagerly awaited tour of the New Life Choir is finally scheduled to take place in 2024. Previously scheduled tours had to be postponed due to the pandemic and its aftermath. The year prior to a Choir tour is very busy in Uganda, with extended training sessions for the Choir and preparation of all the necessary documentation to allow the Choir to go on tour.

The Abaana shop continues to raise support for Abaana and provides a sustainable income and we look forward to our potential move to new and bigger premises in 2024.

Projects

A range of projects and initiatives were completed across our various school sites. These included:

- Microfinance projects – provision of turkeys and goats to individual families as a means of generating sustainable income.
- Zuri Girl 'pilot' – provision of education and practical training in making sanitary products across 3 Abaana-supported primary schools.

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For year ended 31 December 2022

- Child Sponsorship Christmas Gift Scheme – enabling the provision of personal gifts for the children and essential food items for their families.
- Drilling of a new borehole to provide access to fresh water at Busia Primary school.

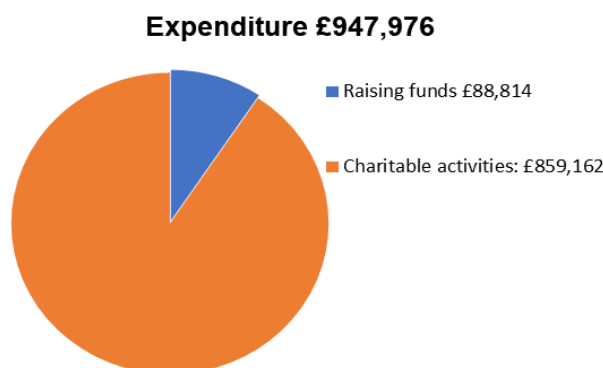
At New Life Homes

- Bespoke counselling services for the boys.
- Sewing and tailoring training courses.

Financial review

Income and expenditure

Income for the year decreased to £993,023 (2021: £1,076,046). Total expenditure increased to £947,976 (2021: £724,191) and gross expenditure on Charitable Activities increased to £859,162 (2021: £650,089). The amount of money spent on charitable activities represented 90.6% (2021: 89.8%) of total expenditure.



Expenditure on charitable activities includes governance costs of £8,170 (2021: £8,216).

Overall, there was a net incoming resource of £45,047 for the year (2021: net incoming resource £351,855). All restricted funds held by Abaana are spent on charitable activities to benefit children in Africa and where the funding is collected over more than one accounting year; individual funds will often show a surplus at the year end and the subsequent year show a deficit. The net position for each specific fund across multiple accounting periods will be zero. (i.e., any deficit is met from accumulated fund balances).

Detailed day to day management of the charity endeavours to keep the costs as low as possible without compromising the output and quality of the activities.

Investment powers and policy

The Trustees, having regard to the liquidity requirements of the charity have kept available funds in an interest-bearing deposit account and seek to achieve a rate on deposit, which matches or exceeds inflation as measured by the retail price index. Steps were also taken to maximise the protection of funds as covered by the Financial Services Compensation Scheme (FSCS).

Reserves

The Board of Trustees reviews the reserves annually. There are two categories of reserves: restricted and unrestricted funds.

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Restricted funds are funds subject to specific conditions imposed by donors. At the end of the year the total restricted funds were £613,468 (2021: £614,260).

Unrestricted funds at year end were £591,718 (2021: £545,879). It is the policy of the Board to ensure that the Charity has sufficient funds to cope with unexpected events. In particular, it aims to have an earmarked amount in designated funds to cover 6 months (2021: 6 months) running costs. In 2023 this is £130,000 (2022: £110,000).

There is also a designated property fund of £105,000 (2021: £105,000) representing the net book value of land and building (funds which are not readily available as cash), and a designated infrastructure development fund of £175,000 (2021: £nil) representing monies earmarked for premises and software development.

In addition, the COVID-19 pandemic of 2020/21 has underlined the need to be able to respond to unprecedented crises and the Board believe the current level of unrestricted general funds is both prudent and reasonable.

Plans for future periods

In 2022, a major fundraising campaign was launched to enable the building of new school buildings for St Mary's Kagoli in Eastern Uganda. Phase 1 of the project – the building of 7 classrooms and administration offices is scheduled to begin in early 2023. This will be the 17th primary school built by Abaana in Uganda.

New Premises

During 2022, Abaana commenced negotiations to purchase new office and shop premises on Main Street, Bangor. It is hoped that the purchase will be finalised and staff relocated by mid-late 2023. These premises will significantly enhance potential shop footfall and facilitate the delivery of the suite of services Abaana offers.

Organisational development

The application of robust and effective IT and financial systems provide an essential framework for the professional operation of the organisation. During 2022 the provision of IT services was successfully outsourced.

Performance Management training has been developed for each employee of Abaana to ensure that the operational structure results in an efficient and effective organisation.

Trustees

The Trustees who served during the year and since the year end are listed on page 1.

Structure, Governance and Management

Governing Document

Abaana Ministries is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16 January 1998 and updated on 17 June 2015.

Appointment of Trustees

Abaana has a policy of developing its Board membership to ensure a wide range of professional expertise. Where potential candidates for Board membership are identified, informal discussions are held with the Chairperson, followed by attendance in an observer capacity at several Board meetings. If appointment is subsequently recommended by the existing Trustees, the candidate is formally invited to join the Board.

Trustee induction and training

Through membership of the Board, Trustees have oversight and develop their knowledge of all of Abaana's key activities. Trustees also meet several times a year with Abaana staff. Training for Trustees is sourced as required.

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For year ended 31 December 2022

Organisation

The Board of Trustees is continuing to enhance its ways of working, to best fit the charity as it continues to operate in a challenging economy. The overall range of key skills available to the Charity through its Trustees will help to further develop the overall governance and management of the charity.

Relationship with other charities

A separate company exists in Uganda – 'Abaana Ministries, Uganda'. This company, registered in Uganda is governed by a Board of Directors. The Board is made up of local professionals. Scott Baxter (Abaana Ministries Northern Ireland CEO and Company Secretary) also sits on the Board as an independent director. Abaana Ministries Uganda receives funding from Abaana Ministries, Northern Ireland and carries out the various project activities and expenditure in line with formal grant agreements authorised by Abaana Ministries, Northern Ireland to support its charitable objectives.

The Board of Directors and management of Abaana Ministries, Uganda continue to report on the outcomes of supported projects regularly to ensure grant funding is being properly spent in line with the funding agreements and in accordance with our charitable objectives. The CEO aims to visit the Ugandan operations at least twice each year, to review the physical projects which have been funded by Northern Ireland, as well as meeting with the Board of Directors of Abaana Uganda to monitor and review agreed local activity. In accordance with good governance arrangements a new Memorandum of Understanding between Abaana Ministries UK and Abaana Ministries Uganda was signed in 2021 which sets out the operation of the partnership and the responsibilities of each in accordance with local legislative requirements.

Abaana Ministries also has a close working relationship with Fields of Life, a charity which shares Abaana Ministries' passion for Africa – some of Abaana Ministries' earliest child sponsorships continue to be administered by Fields of Life. The charity is also seeking to agree a Memorandum of Understanding with this partner organisation although this work is still at the preliminary stage.

Pay policy for senior staff

The Board of Directors, who are the Charity's Trustees, have overall oversight of the activities of the charity. This includes responsibility for considering, and where relevant, approving staff terms and conditions of employment. Senior staff comprises the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis. All staff posts are based on NJC pay scales. All directors give of their time freely and no director received remuneration during the year.

Details of directors' expenses and related party transactions are disclosed in note 9 to the accounts.

Risk Management

The Board of Trustees has overall responsibility for Abaana Ministries' system of internal control. Such a system can provide only reasonable and not absolute assurance against errors or fraud.

The key controls used by the charity include:

- Formal agendas for Board meetings and Minutes taken;
- Regular Board meetings;
- Strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels;
- Formal grant agreements.

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Abaana maintains a detailed Risk Register, which outlines the key risks to the organisation and specific actions identified to mitigate those risks. The risk register is subject to annual review by the Board of Trustees and more frequently, if required. Key risks identified (together with mitigation measures) include:

- Reputational damage due to project failure (full technical/financial assessments pre-project; full post-completion review);
- Loss of income due to economic climate (focus on key fundraising activities);
- Interruption of activities (data backed up using Cloud technology; adequate insurance provision; building security);
- Death/serious injury of team member in Africa (risk assessments for teams; training of staff, team leaders/members; adequate insurance provision).

Public benefit reporting

The Trustees confirm that they have had due regard to the Charity Commission for Northern Ireland's guidance on public benefit reporting on the Charity's benefits and achievements.

Trustees' responsibilities in relation to the financial statements

The charity Trustees (who are also the directors of Abaana Ministries for the purposes of company law) are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the charity and of its financial position at the end of that period. In preparing these financial statements, the Trustees are required to:

- (1) select suitable accounting policies and apply them consistently;
- (2) make judgments and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed subject to any departures disclosed and explained in the financial statements; and
- (4) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our Trustees' Annual Report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the organisation's auditor is unaware; and
- the Trustees, having made enquiries of fellow directors and the organisation's auditor that they ought to have individually made, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

FPM Accountants Limited have expressed their willingness to continue in office as auditors.

Approval

This report was approved by the Trustees and signed on their behalf.



Dr Gillian McBride
Chairperson

Date 12 June 2023