

Abaana Ministries

Trustees' Report and Financial Statements

31 December 2018

Company No: NI 33513

Trustees

Daniel Allen (resigned 20 Dec-18)
Sally Baxter
Colin Caughey
Noel Gordon
Janet Hetherington (appointed 3 Feb-18)
David Manning
Sharon Slack
Jonathan Young
Archie McAvoy MBE

Chair

Sharon Slack

Secretary

Scott Baxter

CEO

Scott Baxter

Auditors

PKF 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 2018

The Trustees present their report and the audited financial statements for the year ending 31 December 2018 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 2015).

Chair's report

2018 has been another significant year in Abaana's development. As a Board, we have continued to provide strategic direction to and good governance for Abaana. Abaana's programmes of Child Sponsorship and Street Reach (working with children 'living rough' on the streets of Kampala), have continued to grow. During 2018, there was also detailed planning and preparation for the eagerly awaited 2019 Tour of the New Life Choir.

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 mainly achieved through building schools, sponsoring children to enable them to receive an education, providing shelter and accommodation to street children, providing food and basic medical care to children living on the streets, providing clean water supplies by building wells / installing pumps and supporting farming and microfinance projects.

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 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, a detailed Grant Agreement process for funded programmes 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 made up the teams in Uganda, carrying out building and other work on our projects.

Achievements and performance

Review of activities:

Raising of support

Abaana has continued to carry out presentations to raise awareness of its activities, in schools, churches and a range of clubs and organisations. The database of supporters is in the region of nine thousand. Throughout 2018, there were a range of fundraising activities.

Trustees' report

For year ended 31 December 2018

The Abaana shop continues to raise support for Abaana and provides a sustainable income.

Summary of Projects in 2018

- School Kitchens were built at Tekoo and Coo-rom;
- New Latrines were built at Andrew McAvoy PS;
- A nursery school block at Tekoo;
- Painting of schools at McAvoy and Busia.

Provision of:

- Water filters and equipment to school communities;
- Sewing machines to 4 schools;
- School books and teaching resources.

Support of Schools

Some 5,000 children attend the 14 Abaana supported primary schools. The main source of income for these schools is from sponsored kids, with an estimated 3 children paying lower subsidised rates for every 1 child we sponsor at the school. Sponsorship income provides an assured funding stream for the schools to pay teachers and run the school.

Child Sponsorship

Over 1,900 children were supported in 2018. The children attend the 14 Abaana primary schools or various other secondary or vocational schools. In addition to school fees, Abaana supports these children by providing school requirements (e.g. uniforms and stationery) and other benefits, such as basic medical treatment and other programs.

New Life Homes Project and Street Reach

Abaana continues to fund The New Life Homes, where currently 26 boys, who previously lived on the streets now live in a secure and caring environment. These homes are transitional rehabilitation homes and so far, 47 boys have been successfully and permanently resettled back with their families. Abaana continues to support them in their education and any medical needs which arise.

Abaana also partners with organisations working with children living on the streets, including, Heroes and Frontline.

Financial review

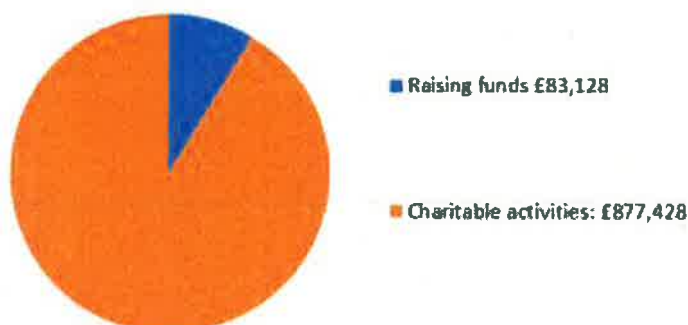
Income and expenditure

Income for the year decreased to £895,646 (2017: £981,744). Total expenditure increased to £960,556 (2017: £847,061) and gross expenditure on Charitable Activities increased to £877,428 (2017: £773,586). The amount of money spent on charitable activities represented 91.3% (2017: 91.3%) of total expenditure.

Trustees' report

For year ended 31 December 2018

Expenditure £960,556



Expenditure on charitable activities includes governance costs of £8,376 (2017: £7,776).

Overall there was a net outgoing resource of £64,910 for the year (2017: net incoming resource £134,683). The net outgoing resource for the year reflected planned expenditure of designated income from 2017, mainly through the choir. 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.

Reserves

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

Restricted funds are funds subject to specific conditions imposed by donors. At the end of the year the total restricted funds were £161,777 (2017: £163,937).

Unrestricted funds at year end were £223,882 (2017: £286,632). Designated funds (included within unrestricted funds) were £101,385 (2017: £187,512). Included within designated funds is an earmarked amount of £80,000 (2017: £80,000) which covers approximately 5 months (2017: 5 months) running costs.

Plans for future periods

During 2019, Abaana plans to send 9 volunteer teams to Uganda to work on specific projects at our schools, our New Life Homes and with children living rough on the streets of Kampala. Building projects scheduled include the construction of a new primary school (Rainey Summit View Primary), a new kitchen (Ayila PS) and new latrines (Matthew Cardwell and Lweza PS). A range of microfinance (income-generating) projects are also planned.

2019 will also see the much-anticipated arrival of Abaana's 2nd New Life Children's Choir from Uganda. The children will be drawn from Abaana Primary Schools across Uganda. The 20 children and their chaperones will be giving concerts in host churches and schools across the UK and Ireland.

Trustees' report

For year ended 31 December 2018

Organisational development

The application of robust and effective IT and financial systems provide an essential framework for the professional operation of the organisation.

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.

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 the 'International Director'.

Abaana Ministries Uganda receives its funding from Abaana Ministries, Northern Ireland and carries out the various project activities and expenditure in line with formal agreements authorised by Scott Baxter as the CEO of Abaana Ministries, Northern Ireland.

The Board of Directors and management of Abaana Ministries, Uganda continue to report on a regular basis, to Scott Baxter, the Northern Ireland CEO on all its operational and financial activities. 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 to monitor and make decisions regarding the general day to day running of the company.

Abaana Ministries also has a close 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.

Trustees' report

For year ended 31 December 2018

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 any pay increases for all staff. 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.

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).

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.

Trustees' report

For year ended 31 December 2018

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.

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

PKF-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.



Rev. Noel Gordon
Deputy Chair

10/9/19

Date

Independent auditors' report

To the members of Abaana Ministries

For the year ended 31 December 2018

Opinion

We have audited the accounts of Abaana Ministries (the 'charity') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the cash flow statement and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Independent auditors' report

**To the members of Abaana Ministries
For the year ended 31 December 2018**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees Report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trustees and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.


A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report

To the members of Abaana Ministries

For the year ended 31 December 2018

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and regulations made under that Act. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



JL Grant (Senior Statutory Auditor)

For and on behalf of
PKF-FPM Accountants Ltd
Chartered Accountants and Statutory Auditor
1-3 Arthur Street
Belfast
BT1 4GA

Date:

20/9/19

Statement of financial activities (incorporating an income and expenditure account)

for the year ended 31 December 2018

	Note	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Income:					
Donations and legacies	4	204,919	663,026	867,945	957,931
<i>Income from other trading activities:</i>					
Shop Income		27,387	-	27,387	23,569
Investment income	5	314	-	314	244
Total income		<u>232,620</u>	<u>663,026</u>	<u>895,646</u>	<u>981,744</u>
Expenditure:					
Costs of raising funds	6	81,413	1,715	83,128	73,475
Expenditure on charitable activities	7	213,957	663,471	877,428	773,586
Total expenditure		<u>295,370</u>	<u>665,186</u>	<u>960,556</u>	<u>847,061</u>
Net income (expenditure) for the year before transfers		<u>(62,750)</u>	<u>(2,160)</u>	<u>(64,910)</u>	<u>134,683</u>
Transfers between funds	16	-	-	-	-
Net movement in funds		<u>(62,750)</u>	<u>(2,160)</u>	<u>(64,910)</u>	<u>134,683</u>
Reconciliation of funds					
Total funds brought forward		286,632	163,937	450,569	315,886
Total funds carried forward	16	<u>223,882</u>	<u>161,777</u>	<u>385,659</u>	<u>450,569</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derives from continuing activities

The notes on pages 14 to 22 form an integral part of these financial statements.

Balance sheet

at 31 December 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	12	113,300	116,860
Current assets			
Debtors	13	65,235	67,338
Cash at bank and in hand		325,441	415,097
		<u>390,676</u>	<u>482,435</u>
Creditors: amounts falling due within one year	14	<u>(108,614)</u>	<u>(125,083)</u>
Net current assets		282,062	357,352
Total assets less current liabilities		<u>395,362</u>	<u>474,212</u>
Creditors: amounts falling due after more than one year	15	<u>(9,703)</u>	<u>(23,643)</u>
Net assets		<u><u>385,659</u></u>	<u><u>450,569</u></u>
The funds of the charity:			
Unrestricted funds	16	223,882	286,632
Restricted funds	16	161,777	163,937
Total charity funds		<u><u>385,659</u></u>	<u><u>450,569</u></u>

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

The notes on pages 14 to 22 form an integral part of these financial statements.

The financial statements were approved by the Board and signed on its behalf:



Rev. Noel Gordon
Deputy Chair on behalf of the Trustees
Company No: NI 33513

10/9/19

Date

Statement of cashflows

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash received in operating activities	19	(75,574)	167,166
Cash flows from investing activities			
Interest received		314	244
Payments to acquire tangible fixed assets		-	-
Net cash flow from investing activities		<u>314</u>	<u>244</u>
Cash flows from financing activities			
Interest paid		(518)	(580)
Repayment of long term loans		(13,878)	(13,816)
Net cash flow from financing activities		<u>(14,396)</u>	<u>(14,396)</u>
Increase (decrease) in cash and cash equivalents in the year		(89,656)	153,015
Cash and cash equivalents at beginning of year		415,097	262,082
Cash and cash equivalents at end of year		<u>325,441</u>	<u>415,097</u>

Notes to the financial statements

For the year ended 31 December 2018

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Basis of Accounting

The financial statements have been prepared in accordance 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The charity meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(ii) Preparation of the accounts on the going concern basis

Abaana Ministries have prepared the accounts on a going concern basis.

(iii) Income

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity has entitlement to the funds;
- Any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

(iv) Donated goods and services

Clothing and other items donated for resale through the charity's shop or for distribution as part of a charitable activity are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. Refer to the Trustees' annual report for more information about their contribution.

(v) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

(vi) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the objectives of the charity.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

General funds may be transferred to designated funds where Trustees wish to use these funds for a specific purpose. Such funds may be transferred back to general funds once the criteria for the designation have been met or are no longer applicable.

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

Notes to the financial statements

For the year ended 31 December 2018

(vii) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of operating the charity's shop, promotional and event costs along with the associated support costs;
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(viii) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 8.

(ix) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Land and buildings	2% straight line
Equipment, furniture and fittings	25% straight line
Motor Vehicles	25% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(x) Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid after taking account of any discounts due.

(xi) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(xii) Creditors

Creditors 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.

(xiii) Financial instruments

The charity only has financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are normally initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at the carrying value plus accrued interest less repayments. The financing charge to expenditure is at a constant rate calculated using the effective interest method.

(xiv) Pensions

The company enrolls staff into a defined contribution pension scheme (National Employment Savings Trust). Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

Notes to the financial statements

For the year ended 31 December 2018

(xv) Taxation

The company is a registered charity and the charitable tax exemptions are therefore being claimed to the extent that income and/or gains are applicable and applied to charitable purposes only. These exemptions will remain in place as long as income and expenditure is applied to charitable purposes only.

2. Status

The company has obtained charitable status with HMRC, reference number XR 23866 and is limited by guarantee not having a share capital. The company is also registered with the Charity Commission for Northern Ireland, reference number 102174.

3. Net income (expenditure) for the year

	2018 £	2017 £
<i>This is stated after charging:</i>		
Depreciation	3,560	3,703
Auditors' remuneration	3,330	2,880
<i>and after crediting:</i>		
Interest receivable	314	244

4. Income from donations and legacies

	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Child sponsorship	28,637	352,218	380,855	328,397
Africa teams	20,000	149,038	169,038	121,729
Africa team projects	2,371	38,838	41,209	25,697
Choir	4,000	23,699	27,699	176,382
Groups and corporate funding	21,105	4,950	26,055	98,811
Donations and appeals	116,269	91,777	208,046	195,938
Other fundraising events	12,302	1,370	13,672	9,419
Other income	235	1,136	1,371	1,558
Total income from donations and legacies	204,919	663,026	867,945	957,931

Of the £957,931 received by the charity in 2017, £310,017 was unrestricted funds and £647,914 was restricted funds.

There were no specific major donations received during the year.

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not measured in the accounts.

5. Investment income

All of the charity's investment income arises from money held in interest bearing deposit accounts.

Notes to the financial statements

For the year ended 31 December 2018

6. Costs of raising funds

	Note	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Advertising and promotional material		499	1,434	1,933	2,343
Events		80	-	80	58
Other fundraising costs		1,410	281	1,691	1,508
Shop costs		19,747	-	19,747	21,649
Support costs allocated to shop	8	6,913	-	6,913	5,968
Support costs allocated to raising funds	8	52,764	-	52,764	41,949
Total costs of raising funds		81,413	1,715	83,128	73,475

Of the £73,475 paid by the charity in 2017, £71,902 was unrestricted funds and £1,573 was restricted funds.

7. Analysis of expenditure on charitable activities

	Note	Unrestricted £	Restricted £	Total 2018 £	Total 2017 £
Child sponsorship		2,000	314,620	316,620	300,537
Educational projects		17,266	86,341	103,607	108,786
Africa teams		1,035	128,892	129,927	105,526
Children at risk		15,339	43,008	58,347	66,840
Medical projects		-	256	256	6,903
Choir		20,000	51,582	71,582	60,961
Other projects		41,911	38,770	80,681	16,732
Support costs allocated to activities	8	116,406	2	116,408	107,301
Total expenditure on charitable activities		213,957	663,471	877,428	773,586

Of the £773,586 paid by the charity in 2017, £110,520 was unrestricted funds and £663,066 was restricted funds.

8. Analysis of governance and support costs

The charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the costs of raising funds and charitable activities undertaken (see notes 6 and 7) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	Basis of allocation	Shop £	Raising Funds £	Charitable Activities £	Total 2018 £	Total 2017 £
Premises costs	Staff time	574	889	1,881	3,344	2,646
Staff costs	Staff cost	986	43,586	88,611	133,183	116,990
General office costs	Staff time	5,353	8,289	17,540	31,182	27,806
Audit fees	Governance	-	-	3,348	3,348	3,408
Accountancy fees	Governance	-	-	4,320	4,320	4,320
Legal and other professional fees	Governance	-	-	708	708	48
Total		6,913	52,764	116,408	176,085	155,218

Notes to the financial statements

For the year ended 31 December 2018

9. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

	2018 £	2017 £
Salary costs	140,257	127,763
Social security costs	6,485	5,780
Pension costs	5,749	5,475
	<u>152,491</u>	<u>139,018</u>
	=====	=====

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The charity Trustees were not paid or received any other benefits from employment with the charity in the year (2017: £nil) neither were they reimbursed expenses during the year (2017: £nil). No charity Trustee received payment for professional or other services supplied to the charity (2017: £nil).

The key management personnel of the charity comprise the Trustees, the Chair, the CEO and the Assistant Director. The total employee benefits of the key management personnel of the Trust were £54,532 (2017: £52,530).

10. Staff numbers

	2018 Number	2017 Number
Average monthly number of full time equivalents employed by the company during the year:	8	7

11. Related party transactions

None of the Trustees receive remuneration from the charity. A company of which one of the Trustees is a Director received £6,577 (2017: £6,819) for the supply of mailing and postage services to Abaana during the year. No other Trustee received any other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with organisations the charity works with must be disclosed to the full Board of Trustees in the same way as any other contractual relationship with a related party.

A separate company exists in Uganda — 'Abaana Ministries, Uganda'. This company, registered in Uganda is governed by a Committee of Management consisting of local professionals. Scott Baxter (Abaana Ministries Northern Ireland CEO and Company Secretary) also sits on the Committee as the 'International Director'.

Abaana Ministries Uganda receives funding from Abaana Ministries, Northern Ireland and carries out the various projects' activities and expenditure in line with formal agreements authorised by Scott Baxter as the CEO of Abaana Ministries, Northern Ireland. Funding for projects is forwarded to Abaana Uganda throughout the financial year. Total funding transferred to Abaana Ministries Uganda was £585,000 (2017: £484,857).

Abaana Ministries also has a close 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. Payments to Fields of Life for these sponsorships amounted to £26,620 (2017: £28,200).

Notes to the financial statements

For the year ended 31 December 2018

12. Tangible fixed assets

	<i>Land and Buildings</i> £	<i>Equipment Furniture and Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
<i>Cost</i>				
Balance at 1 January 2018	120,000	12,725	4,400	137,125
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December 2018	<u>120,000</u>	<u>12,725</u>	<u>4,400</u>	<u>137,125</u>
<i>Accumulated Depreciation</i>				
Balance at 1 January 2018	5,400	12,665	2,200	20,265
Charge for the year	2,400	60	1,100	3,560
Disposals	-	-	-	-
Balance at 31 December 2018	<u>7,800</u>	<u>12,725</u>	<u>3,300</u>	<u>23,825</u>
Net book value at 31 December 2018	<u>112,200</u>	<u>-</u>	<u>1,100</u>	<u>113,300</u>
Net book value at 31 December 2017	<u>114,600</u>	<u>60</u>	<u>2,200</u>	<u>116,860</u>

The property at 78 High Street, Bangor, Co Down, BT20 5AZ, was most recently revalued on 17 September 2015 by Neill Estate Agents, 98-100 High Street, Bangor, BT20 4AG at £120,000.

13. Debtors and prepayments

	<i>2018</i> £	<i>2017</i> £
Other debtors	58,266	63,514
Prepayments	<u>6,969</u>	<u>3,824</u>
	<u>65,235</u>	<u>67,338</u>

14. Creditors: amounts falling due within one year

	<i>2018</i> £	<i>2017</i> £
Mortgage	13,878	13,816
Other accruals	<u>94,736</u>	<u>111,267</u>
	<u>108,614</u>	<u>125,083</u>

The mortgage is secured by way of a charge over the property at 78 High Street, Bangor, Co Down, BT20 5AZ.

Notes to the financial statements

For the year ended 31 December 2018

15. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Mortgage	9,703	23,643
	<u>9,703</u>	<u>23,643</u>

The total balance outstanding on the mortgage at 31 December 2018 was £23,581 (2017: £37,459) and is due to be repaid by October 2026. At current rates of repayment, the balance may be repaid by 2020.

16. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 31/12/17 £	Incoming Funds £	Amounts Expended £	Transfers In £	Transfers Out £	Balance at 31/12/18 £
20 th anniversary	-	1,483	-	-	(1,483)	-
Cards	-	68	-	-	(68)	-
Challenge 48	7,304	5,686	-	-	(12,080)	910
General fund	91,774	178,422	(179,087)	30,181	-	121,290
Ladies group	-	1,660	-	-	(1,660)	-
Partners	-	17,914	-	-	(17,914)	-
Shop	42	27,387	(20,492)	-	(6,640)	297
Designated funds	187,512	-	(95,791)	9,664	-	101,385
	<u>286,632</u>	<u>232,620</u>	<u>(295,370)</u>	<u>39,845</u>	<u>(39,845)</u>	<u>223,882</u>

Name of unrestricted Fund Description, nature and purposes of fund

General fund	Free reserves after allowing for all designated funds
Other unrestricted funds	Funds available for use at the discretion of the Trustees
Designated fund	Funds earmarked by the Trustees for the following specific purposes:

	Balance at 31/12/17 £	Incoming Funds £	Amounts Expended £	Transfers In £	Transfers Out £	Balance at 31/12/18 £
<u>Designated funds</u>						
Running costs ⁽¹⁾	80,000	-	-	-	-	80,000
C 48 joint unrestricted	27,512	-	(15,791)	9,664	-	21,385
Choir tour income	80,000	-	(80,000)	-	-	-
	<u>187,512</u>	<u>-</u>	<u>(95,791)</u>	<u>9,664</u>	<u>-</u>	<u>101,385</u>

(1) Running costs: Earmarked amount which covers approximately 5 months running costs

Notes to the financial statements

For the year ended 31 December 2018

Analysis of movements in restricted funds

	Balance at 31/12/17 £	Incoming Funds £	Amounts Expended £	Transfers In £	Transfers Out £	Balance at 31/12/18 £
Africa team funds	4,527	149,498	(128,852)	-	(1,065)	24,108
Africa team project funds	7,610	38,738	(33,270)	-	(6,689)	6,389
Child sponsorship funds	38,552	352,848	(317,030)	-	-	74,370
Choir funds	957	23,699	(51,582)	-	-	(26,926)
Health funds	5,678	450	(256)	-	-	5,872
School funds	70,673	27,711	(72,652)	5,369	-	31,101
Street children funds	21,580	45,384	(35,868)	-	-	31,096
Other funds	14,360	24,698	(25,676)	2,385	-	15,767
	<u>163,937</u>	<u>663,026</u>	<u>(665,186)</u>	<u>7,754</u>	<u>(7,754)</u>	<u>161,777</u>

Restricted funds have been grouped in accordance with the expenditure category to which they relate. All restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of the appeal.

17. Income attributed to unrestricted funds.

Child Sponsorship Fund:

Abaana maintains a commitment to each donor that their child sponsorship donation is used directly in Uganda for Child Sponsorship Activities. In cases when child sponsorship donors contribute an additional voluntary amount towards the administration and running costs of Abaana, these additional voluntary donations are recorded as unrestricted income upon receipt.

Africa teams:

During the year, the total amount of monies received from each donor is recorded upon receipt. Direct team payments are recorded within the appropriate restricted team fund. Preagreed team support costs are recorded as unrestricted income.

For all other restricted funds:

In order to cover project monitoring and administrative support costs, between 0% and 10% of receipts on all other restricted funds is recognised as unrestricted income on the date of receipt.

The following principles are applied when calculating the income attributed to unrestricted funds:

- A rate of 0-5% is applied if project is undersubscribed;
- A rate of 5% is applied to large funding projects;
- In all other cases a rate of 10% is applied as standard.

18. Summary of net assets by fund

	Unrestricted £	Restricted £	Total 2018 £
Fixed assets	113,300	-	113,300
Current assets	149,261	241,415	390,676
Creditors: amounts falling due within one year	(28,976)	(79,638)	(108,614)
Creditors: amounts falling due after more than one year	(9,703)	-	(9,703)
Net assets	<u>223,882</u>	<u>161,777</u>	<u>385,659</u>

Notes to the financial statements

For the year ended 31 December 2018

19. Reconciliation of net cash movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net movement in funds	(64,910)	134,683
Depreciation charge	3,560	3,703
Interest charge	518	580
Interest income shown in investing activities	(314)	(244)
Decrease (increase) in debtors	2,103	10,202
Increase (decrease) in creditors	(16,531)	18,242
Net cash (used) received in operating activities	(75,574)	167,166