

**UBUNTU PATHWAYS
A COMPANY LIMITED BY GUARANTEE**

**Company No. 05064084
Charity Registration No. 1103749**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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COMPANY INFORMATION

Board of Trustees

J Lief
Dr F Lipman
A Rolfe
D Osorio
R McCloy
M Gwaxula
K Howard
Z Ntshona
W Voge
P Eapen
S Goldman
D Shainfeld
N Drago
A Fass
C Cowie
L Bennetts
U Jonas (appointed 1 July 2022)
S Shleifer (resigned 7 March 2022)

Company Secretary

Z Ntshona

Key Management Personnel

B Honig (Director, UK)

Bankers

HSBC
240 Lavender Hill
Battersea
SW11 1LH

Accountants

Landau Baker Ltd
154 Brent Street
London
NW4 2DR

Registered Office

7 Cavendish Square
London
W1G 0PE

TRUSTEES' REPORT

The Board submits its report and the accounts for the year ended 30 June 2022.

Status

The charity is a company limited by guarantee and was incorporated on 4 March 2004 with registration number 05064084. It is a registered charity, number 1103749. The financial statements are prepared in accordance with the Companies Act 2006 and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP FRS102). Further reference and administrative details are given on page 1.

Ubuntu Pathways is affiliated to both Ubuntu Pathways NPC, South Africa and to Ubuntu Pathways Inc, US. Ubuntu School NPC oversees all the South Africa operations including Ubuntu School NPC, Ubuntu Investment Holdings and Ubuntu X.

Objects and Activities

The object of Ubuntu Pathways UK is to raise funds for and support the charitable work of Ubuntu Pathways in South Africa. Ubuntu Pathways in South Africa aims to place orphaned and vulnerable children and their families affected by HIV/AIDS, abuse, and the legacy of apartheid in Port Elizabeth on a pathway out of poverty from cradle to career. Since our inception in 1999, Ubuntu has grown into a thriving community institution in the heart of Gqeberha's (previously known as Port Elizabeth) townships as well as a global model for poverty alleviation. We have been recognised by the likes of the World Economic Forum, Clinton Global Initiative, our Patron the late Archbishop Desmond Tutu, and The Wharton School.

Structure, Governance and Management

The Trustees are governed by the company's Memorandum and Articles of Association.

The Board has the power to appoint additional trustees as it considers fit to do so, and delegates the responsibility for the day-to-day operations to the CEO /President and the Senior Leadership Team.

The Board of Trustees meets as a body four times a year or more regularly if circumstances require further business to be discussed.

New Trustees join the Board at invitation and are chosen with a view to ensuring an appropriate balance of individuals whose skills can make a valid contribution to the operation of the charity. All Directors of the charity are also Trustees of the charity and there are no other Trustees. New Trustees are provided with a welcome pack and given a full briefing regarding the charity's operations.

The Trustees are also the Directors for Companies Act purposes.

The Charity is affiliated with Ubuntu Pathways NPC in South Africa and Ubuntu Pathways, Inc in the US. The Charity in the UK and the charity in the US both raise funds for Ubuntu Pathways in South Africa. The Trustees of the UK Charity are trustees of the other two charities as well although the other two charities do have some additional trustees. The Board meets to discuss all three charities. Although Ubuntu has separate entities, it functions as one global entity. The group CEO oversees operations of all three charities although day-to-day operations for the UK are the responsibility of the Director, UK, under the supervision of the CERO (Chief External Relations Officer) who oversees Ubuntu's fundraising department. The Director, UK is not a director of the company for Companies Act purposes.

Board of Trustees

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

Key Management

The key management is the Director, UK (who is not a director for Companies Act purposes). Remuneration of all employees is reviewed annually by the group's management with regard to market rates, inflation and affordability.

Investment Powers

Investment powers are governed by the Memorandum and Articles of Association last amended on 13 August 2013. There are no restrictions to the charity's absolute powers of investment.

Risk Management

The charity regularly reviews its procedures to minimise risk to its assets and income, and to ensure that where risks are identified, procedures are in place to alleviate them as far as possible. The Board is in the process of formalising a risk register. Being very much a donor reliant operation, the principal risk is the impact of the present uncertain economic climate for funding. As explained below, the charity evaluates the impact and successes of its fundraising programmes, so that resources are only targeted at successful and profitable events.

Public Benefit

The Trustees acknowledge the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by Friends of Ubuntu are for the public benefit.

Ubuntu Pathways exists to support the charitable work of Ubuntu Pathways in South Africa which was founded in 1999 with the goal of transforming the lives of children living in the townships of Gqeberha, South Africa. Early in our inception the organisation recognised that a traditional development model would not have the capacity to address the complex challenges facing this community. In response, Ubuntu has spent the last two decades building a context-driven community institution that conceptualises impact through sustained support and increased access to resources and opportunities. This approach prioritises deepening programme intervention within a given community to create genuine and lasting change.

Ubuntu's strategy is to craft an individual pathway out of poverty for orphaned and vulnerable children, all of whom are affected by HIV/AIDS and many of whom are living with HIV. We know that real change can happen only through dynamic and comprehensive services. We work with children at all stages up to adulthood. Whether it is a pair of glasses or intensive family counselling, tutoring, a creative outlet in which to escape or medical help - Ubuntu helps children and their families get what they need. To this end, our programmes focus deeply on health, education, and household stability. Each of these depends on the others. Each initiative addresses the needs of an entire household. Ubuntu recognises that, without healthy caregivers, children find themselves in a situation where they have to secure their own food, care for a younger sibling and drop out of school to care for sick parents. Ubuntu's interventions enable caregivers to effectively care for the children in their households. Therefore, many of the services that we provide to children are closely intertwined with similar or complementary services that we provide to the rest of their family.

Review of Activities

Main Business and Operations Globally

Over the past 23 years, the Ubuntu Pathways team has honed our ability to provide efficient, effective interventions adapted to our community's evolving needs. By trusting those closest to the problem to design the solution, we have developed an integrated system of education, health, and household support, from cradle to career.

Ubuntu's community has been disproportionately impacted by COVID-19. We've faced some of the highest death rates in the world, energy shortages, political instability, rising crime, record inflation, and now dangerous drought conditions that threaten our community. In response, we launched a massive COVID response, providing food security to 30,000 people and rolled out a vaccine effort that has made over 40,000 members of our community safer. We also installed 48,000 liters of water tanks and drilled a borehole on our campus. We accomplished all this while maintaining our commitment to comprehensive care, including primary and preventative healthcare, in-person education, and psychosocial support.

We have spent almost two decades professionalizing our grassroots service delivery model. We have hired and trained local talent, invested in the state-of-the-art Ubuntu Centre which has now become the Ubuntu Campus--a sprawling facility in the heart of the townships that serves over 300 people per day--and funded this growth through the work of external relations teams across three continents. In this way, Ubuntu's journey has been intricately shaped by the unique backgrounds of our founders: powering local expertise with global resources, we have created unprecedented impact.

COVID-19 Response

We serve a disproportionately vulnerable community—pregnant mothers living with HIV; immuno-compromised children growing up in unsafe homes; elderly heads of households; and at-risk, unemployed youth. In March 2020, Ubuntu suspended all non-essential services on our campus and fully diverted all efforts to providing timely and targeted rapid response support to these groups. Our response included food security support, life-saving medical services, and wraparound interventions to those most at-risk.

In partnership with the Kolisi Foundation and national supermarket chains, we launched an ambitious food security programme to distribute parcels with nutritional staples and other critical household supplies to nearby townships. Utilising our own client database as well as key local outreach via institutions like schools and churches, we kept 4,000 households (almost 30,000 community members) fed and healthy for over a year. When our campus re-opened in February 2021, we adjusted our strategy and continued to prioritise those most in need. We launched a new food distribution program in March 2021. Since then, we have provided food support to over 500 households each month based on a specific set of need-based criteria. We also continue to provide 3 meals and a snack daily to Ubuntu students.

In June 2021, Ubuntu was formally designated as a COVID-19 vaccination site by the Department of Health (DoH). We quickly became one of the top vaccine distributors in the Eastern Cape. As a result, in November 2021, the Department of Health asked us to run three additional government vaccine sites. In order to mitigate security risks, we hired a private security firm to escort our pharmacist as she collected vaccines from the DoH designated collection point to Ubuntu's centre. Additionally, until October 2021, the DoH had strict vaccine control measures in place. These rules meant that Ubuntu was provided with a specific number of vaccines, even if it was severely lower than the demand of our community. This negatively impacted our efforts to vaccinate large numbers of people. Many people had to be turned away or booked to come back later. However, as of December 2021, stock stabilised and the DoH is no longer limiting the vaccines that we receive. To combat rampant misinformation and widespread vaccine hesitancy, we launched a public awareness campaign. This includes utilising radio, door-to-door outreach, social media campaigns, public wellness workshops, and a variety of activities to empower everyone who received the jab to become an ambassador for the vaccine in their homes and neighbourhoods.

Despite all of these challenges, Ubuntu has reached over 40,000 people with vaccinations. With the demand for vaccines decreasing, and the need for our wraparound services continuing to grow, we decided to cease vaccine services at the three locations outside of Ubuntu's Campus in July 2022. Any community members who wish to get vaccinated are still able to come do so at the Ubuntu Centre. This decision allowed us to further allocate our resources to our comprehensive services, where they will have the most impact.

Programme Milestones

In August 2021, we completed construction on a new primary school building. The Ubuntu School complex relieves spacial constraints across the Ubuntu Campus and gave us the flexibility we need to provide safe, holistic programming to all students. This new facility facilitates a collaborative working space that utilises natural landscape and outdoor space to help students learn in a productive and stimulating environment. The additional space is also allowing us to execute on our plan to continue to add a new grade level of instruction each year and expand our school staff accordingly. Our grade R-4 learners graduated into the next grade level in December 2021.

As of January 2022, we have 225 students enrolled in the Early Childhood Development Programme through grade 5 at the Ubuntu Primary School. The Ubuntu ECD Model is designed to create a safe, stable environment while allowing students to hone their social emotional skills. Our team observes every child in their classroom on a weekly basis. Formal reflections assess progress and track growth and development in real-time. The ECD team regularly conducts an Ages and Stages Questionnaire (ASQ) for all students. The ASQ is a developmental and social-emotional screening tool for children 0-age 6. As a result of Ubuntu's play-based early childhood interventions, over 75% of ECD students are above average in most dimensions in the tool.

Prior to primary school students arriving in classrooms in January, Rorisang Mhlaba, the school principal, ran over 40 hours of training for staff. Training topics ranged from curriculum refreshers to lesson planning to social and emotional learning. Under her leadership, the team is a strong, cohesive unit. This familiarity and trust allowed everybody to hit the ground running immediately. Our staff was confident in COVID protocols and were ready to jump into the school year with a knowledge base they didn't have in January 2021.

In 2021, we divided each grade into two cohorts, a morning and afternoon group. For this school year, we were able to bring the cohorts back together. Modified COVID protocols allowed for social distancing requirements to change. Even though there are more students in the classrooms, they are big enough to accommodate all students. Scholars now receive twice as many hours of schooling per day, which is directly impacting test scores and developmental milestones in a positive way. In order to continue to enhance parents' connection to the school as an institution, we held multiple parent meetings, parent-teacher conferences and conducted home visits. We had an attendance rate for parents' meetings of over 95% in both ECD and the school. Parents are engaged and they truly value the time each caregiver has to discuss their child. These meetings are an opportunity to learn deeply about what is happening in the classroom and strengthen the feeling of community. Additionally, ten caregivers have volunteered to form the Ubuntu Primary School's first Parent Teacher Association. They will serve as key ambassadors for caregivers within the school.

Due to the economic crisis, youth who were already navigating a precarious job market have now been pushed deeper into poverty and insecurity. It is more important than ever that each of Ubuntu's Job Skills Training (JST) placements also have access to our staff wellness offerings, which include a holistic spectrum of counselling and medical services. In order to meet increasing demand for food and service industry jobs, we relaunched the Ubuntu Café on campus. This operational business serves as a dynamic Small Business Simulator and a training ground for young people to learn the ins and outs of the Barista industry. Utilising our state-of-the-art vocational training center, educators take an interactive, simulated approach to teaching. This approach has given students the opportunity to engage in discussions, receive feedback, learn from their peers, and build confidence in a workplace environment. While waiting to be recruited, students in the job pool continued to receive mentorship and assistance with soft skills. Despite record highs of unemployment in South Africa, JST candidates are thriving.

In addition to our vaccination efforts, Ubuntu has been steadfast in our commitment to providing our most vulnerable community members with high-quality health care. We continue to play a leading role in our community's battle against HIV by sustaining a 100% Elimination of Mother-to-Child transmission and world-class treatment for all clients living with HIV. We are committed to modeling standards for safe, reliable, and high-quality clinical programming in an unprecedented pandemic environment.

External Relations

Despite navigating another year of cancelling our annual fundraising galas in the US, UK, and SA, which make up more than one-third of our annual income, Ubuntu raised \$3.9M. The Gala Replacement Campaign raised \$460k after we cancelled these in-person events. The Crisis Campaign has raised \$6.1M so far (\$970k in FY22).

In addition, we obtained \$84k worth of in-kind gifts reducing costs for Ubuntu. In June 2022, we launched a capital campaign to raise funds for the Ubuntu High School. We raised \$369k towards this campaign in FY22

Furthermore, we continued to develop our newest revenue stream, our B-BBEE strategy. We have developed business models to leverage B-BBEE opportunities and generate additional income to fund our life-changing work. We have created several for-profit entities, which are wholly-owned subsidiaries of Ubuntu Pathways NPC: 1) Ubuntu X, which provides procurement, logistics, management consulting services, and comprehensive YES4Youth Programme facilitation to corporate South Africa. 2) Investment Holdings, which provides a range of B-BBEE ownership partnerships to corporates. 3) Ubuntu Human Capital, which is a multi-SETA accredited skills development provider. We help learners gain the skills they need to achieve sustainable employment. 4) Ubuntu Meat Co, which is a female controlled company established with the sole purpose of entering the South African meat sector.

All four of these entities are set up to directly fund our core health and education operations. In FY22, we successfully maintained all our existing BBEE deals and successfully renewed or secured new contracts for any expired deals. We also secured new deals with new BBEE partners in FY22, including GlaxoSmithKline and Roche Holding. Our current BBEE partners include: Old Mutual Insure, Rushmere Noach, Tavorcor, Merrill Lynch South Africa, Boston Consulting Group, and Makula Earthmoving. **We are generating over R14M per year through these lucrative deals.**

Human Resources

Ubuntu's staff in South Africa drive our operational capacity. However, they have been on the frontlines of the pandemic over the past two and a half years and are mentally exhausted. Many employees faced increased financial burdens at home when businesses throughout Gqeberha downsized due to the pandemic and family members were laid off. To help combat them cope, we worked with Worth Financial Services to provide staff with financial training in order to deal with the increased financial responsibilities.

We successfully submitted our Annual Training Report for 2021/22 and Workplace Skills Plan for 2022/23 to the ETDP Seta earlier this year. We displayed the continuous development that had taken place as a result of our many training interventions. Our HR team developed in person and virtual initiatives to support the Ubuntu team. We continued with training sessions on online platforms. Our online leadership training received positive feedback from participants.

Throughout the pandemic, employees have been trained and regularly updated on COVID protocols, procedures, and safety measures. We provided high-quality PPE for all employees and screened everybody entering the campus to ensure employee safety. We provided lunches as well as transportation to and from work for all employees who do not have their own vehicles and were deemed essential workers as means of minimizing their exposure to COVID-19. A major HR focus during FY22 was the internal vaccination drive for Ubuntu employees. All the necessary arrangements were made for employees to make the vaccination process as seamless as possible. We are proud that 100% of our employees have been vaccinated.

While in the past, we faced challenges with our Employment Equity and Skills Development Committee (EEC), this group has made great progress in the last year. Additionally, throughout the year, the HR department reviewed policies and procedures to ensure compliance with both changing South African labour legislation and organizational needs. This is an ongoing process. All policies will be reviewed again in the next year.

Recruitment has been very challenging, as staff turnover was very high in FY22. We continue to prioritise hiring candidates who meet Ubuntu's world-class standards, even if that results in an increase in the amount of time it takes to fill roles. Performance levels experienced an expected dip as management had to balance regular responsibilities with onboarding new staff. Despite the pandemic, our absenteeism rate remains at only 3.14%. There are measures in place to improve this rate even further. Ubuntu's reputation precedes us, and despite a generally high turn-over rate, our retention rate in most roles saw a steady positive trend in the past year. We hired 93 new staff members in the last year, many of whom were project-based staff (i.e. for the Food Distribution Drive and the current Vaccine Drive). This recruitment also included 47 YES employees – youth who experience all the benefits of the Job Skills Training Programme, and then are hired for 12-month contracts as a result of YES sponsorships from Ubuntu's BBBEE partners.

Employee benefits increased over the past 12 months for all staff in areas such as provident fund company contributions by Ubuntu, medical aid contributions, salaries, and life and funeral cover. Our vision, culture, remuneration and benefits all work to keep employees as productive members of our team. Additionally, our rates of promotion from within for all staff remain very high.

Psychosocial support and training is provided for our client facing staff. This allows them to work through the onslaught of emotional hardships on a personal level, and ultimately equips employees to assist our clients who are experiencing difficulties. LifeAssist is still our primary service provider and provides ongoing interventions for our staff. 97% of all referrals to LifeAssist were self-referrals, which reflects the maturity of our employees' and their understanding that seeking help does not equate to weakness but is a sign of strength.

We are working to restructure the HR Department in order to best serve the needs of the organisation. Therefore, we look forward to providing increased and more efficient levels of support for all staff members in FY23.

Continued Progress

From early on in our organization's history, we decided to prioritize long-term, substantial impact within our community over immediate outputs for a larger number of people. Therefore, for over 23 years we've invested in local leadership and pioneered a model of development that is designed for the community and by the community. The result is a lasting institution creating generational change. In our next financial year, we have three major goals. We will continue to mitigate the effects of the COVID-19 crisis on our community as we build towards a "new normal". We will also ensure that our life-saving holistic programming and medical services remain a top priority. Finally, in FY22, we will begin the process of completing our educational pathway by breaking ground on new junior and senior high school buildings. We will grow one class per year until our current grade 5 students graduate from high school. The completion of the Ubuntu School through grade 12 will be the culmination of our cradle to career model. It will allow us to provide the orphaned and vulnerable children of Gqeberha, South Africa, what all children deserve – everything, every day.

UK Financial Review and Reserves

Although there was no physical UK fundraising gala for the third year running due to the pandemic, the charity raised funds for the second and third phase of its Crisis Campaign. Income for the year was £790k (2021: £1,151k). We believe the decrease compared to 2021 was due to donor and COVID-19 fatigue, a very difficult economic and political climate globally that has made fundraising very challenging, and the fact that our UK Director was on maternity leave for 9 months of the year. We thank all our donors for their incredible support.

Expenditure was £437k (2021: £1,042k). Of these costs, £281k (2021: £826k) represents income that was either donated to our other offices directly or transferred to our South African office to support its charitable work.

In addition, during the year £278k was paid to CAF Venturesome to repay in full the balance of the £400,000 loan taken out in 2019 to finance the construction of The Ubuntu School, a new world-class, independent primary school in Gqeberha that Ubuntu's students now attend. The majority of these funds were transferred from Ubuntu's US charitable entity and has therefore significantly contributed to the surplus of £360k reported in the year. The charity's funds are now again in surplus with £308k carried forward at the year-end. These reserves are all unrestricted.

The charity continues to repay the Bounce Back Loan of £50,000 from HSBC which was also transferred in full to Ubuntu Pathways in South Africa.

Charitable Programmes

During the year, net payments of £484k (2021: £703k) were made to Ubuntu Pathways in South Africa in support of its charitable work.

Statement of Trustees' Responsibilities

The Trustees (who are also the Directors of Ubuntu Pathways for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income or expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting 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 Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

Each of the persons who are directors at the time when this report is approved confirms that:

- as far as each director is aware, there is no relevant audit information of which the auditor is unaware; and
- to the best of their knowledge and belief, each director has taken all of the steps that ought to have reasonably been taken as a director, including making appropriate enquiries of fellow directors and of the charity's auditor for that purpose, in order to make themselves aware of any relevant audit information needed by the company's auditor in connection with preparing their report, and to establish that the company's auditor is aware of that information.

Auditors

Landau Baker have expressed a willingness to continue in office. A resolution to appoint them will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, was approved by the trustees on *12 December* 2022 and signed on their behalf by:



**J Lief
Trustee**

12 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF UBUNTU PATHWAYS

We have audited the financial statements of Ubuntu Pathways for the year ended 30 June 2022 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015.

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. 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 Auditor's 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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2022 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 and the Charities SORP 2015.

BASIS OF 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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Trustees report for which the financial statements are prepared is consistent with the financial statements.
- 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 our knowledge and understanding of the charitable company 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 charitable 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 financial statements 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the industry and its control environment and reviewed the academy's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also inquired about management's own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the academy operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty.

The audit engagement team analysed the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Jake Lew, Senior Statutory Auditor

For and on behalf of Landau Baker Limited, Statutory Auditor
154 Brent Street
London NW4 2DR

16/12/2022

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)

	Note	Restricted 2022 £	Unrestricted 2022 £	Total 2022 £	Total 2021 £
Income					
Donations	2	200,556	589,187	789,743	1,143,886
Investment income		-	44	44	16
Other income – claims under the Coronavirus Job Retention Scheme		-	-	-	7,495
Total Income		200,556	589,231	789,787	1,151,397
Expenditure					
Costs of raising funds	3a	-	19,686	19,686	26,753
Expenditure on charitable activities	3b	200,556	217,202	417,758	1,015,425
Total expenditure		200,556	236,888	437,444	1,042,178
Net expenditure and movement in funds		-	352,343	352,343	109,219
Transfer between funds		278,545	(278,545)	-	-
Reconciliation of funds					
Balance brought forward		(278,545)	234,023	(44,522)	(153,741)
Balance carried forward		-	307,821	307,821	(44,522)

Movement on reserves during the prior year was £99,378 restricted and £9,841 unrestricted.

The notes on pages 16 to 22 form part of these accounts.

BALANCE SHEET

As at 30 June 2022

	Note	2022 £	2022 £	2021 £	2021 £
CURRENT ASSETS					
Debtors	4	146,866		53,732	
Cash at bank and in hand		<u>266,738</u>		<u>276,332</u>	
		413,604		330,064	
CREDITORS: AMOUNTS DUE WITHIN ONE YEAR	5	<u>(75,868)</u>		<u>(162,382)</u>	
NET CURRENT ASSETS			337,736		167,682
CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR	6		(29,915)		(212,204)
TOTAL NET ASSETS/(LIABILITIES)			<u>307,821</u>		<u>(44,522)</u>
 Represented by:					
UNRESTRICTED FUNDS	8/9		307,821		234,023
RESTRICTED FUNDS	8/9		-		(278,545)
TOTAL CHARITY FUNDS			<u>307,821</u>		<u>(44,522)</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.

Approved by the Trustees on 12 December 2022 and signed on its behalf.



J Lief
Trustee

12 December 2022



R McCloy
Trustee

The notes on pages 16 to 22 form part of these accounts.

STATEMENT OF CASH FLOWS FOR THE YEAR

	Note	2022 £	2021 £
Net cash used by charitable activities	10	(9,594)	(14,346)
Change in cash and cash equivalents in the year		(9,594)	(14,346)
Cash and cash equivalents brought forward		<u>276,332</u>	<u>290,678</u>
Cash and cash equivalents carried forward		<u>266,738</u>	<u>276,332</u>

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) General Information

Ubuntu Pathways is a public benefit entity and a company limited by guarantee company number 05064084 incorporated in England and Wales. Ubuntu Pathways is also a charity, registered with the Charity Commission (charity registration number 1103749). The registered office and its principal place of business is 7 Cavendish Square, London W1G 0PE.

Ubuntu Pathways supports the work of Ubuntu Pathways in South Africa which aims to assist orphaned and vulnerable children and their families affected by HIV/AIDS, poverty and abuse in Gqeberha, South Africa access higher education and employment.

b) Going Concern

The Trustees confirm that, at the time of approving the financial statements, there are no material uncertainties regarding the charity's ability to continue in operational existence for the foreseeable future. In arriving at this conclusion the Trustees have taken account of current and anticipated financial performance in the current economic conditions, its Vision 2020 and its reserve position. For this reason, the going concern basis continues to be adopted in the preparation of the charity's financial statements.

c) Basis of preparation of financial statements

The financial statements have been prepared under the historic cost convention unless otherwise stated in the relevant accounting policy notes and 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 (FRS102) (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 principle accounting policies that have been applied to all years presented in these financial statements are set out below.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated.

d) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objects.

Designated funds are those funds set aside from unrestricted funds for specific purposes set out by the Trustees.

Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. The purpose and use of the restricted funds is set out in the notes to the financial statements.

e) Income

All donation income is recognised when the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

NOTES TO THE ACCOUNTS (CONTINUED)

f) Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered, and recognised when there is a legal or constructive obligation to pay for expenditure. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with staff costs allocated on the basis of time spent.

g) Financial instruments

The only financial instruments held by the charity are debtors and creditors. These are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at their transaction price less any impairment.

h) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Expenditure is capitalised for amounts over £250. Depreciation is provided to write off the cost of tangible fixed assets as follows:

Computer Equipment - 33% straight line
 Furniture - 25% straight line

i) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

h) Critical Judgements and Estimates

No judgements have been made by management in applying the charity's accounting policies.

There are no accounting estimates or assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

2. VOLUNTARY INCOME

	2022 £	2021 £
Restricted Donations (grants and donations towards Vision 2020 campaign)	200,556	98,832
Gala Replacement Campaign	190,154	-
Crisis Campaign	210,871	831,787
Donor cultivation	151,251	119,418
Outreach solicitations	17,838	67,924
Gift Aid received and claimed	19,073	25,925
	<u>789,743</u>	<u>1,143,886</u>

NOTES TO THE ACCOUNTS (CONTINUED)

3 ANALYSIS OF EXPENDITURE

3a) Costs of raising funds

This expenditure represents the costs of generating donations.

	2022 £	2021 £
Events	5	-
Wages and other salary costs	19,681	26,753
	<u>19,686</u>	<u>26,753</u>

Expenditure in both years was unrestricted.

3b) Expenditure on Charitable Activities

This expenditure represents the costs to deliver and support the projects. They include support costs, which relate specifically to the management, operation and communication of the projects undertaken.

	Restricted 2022 £	Unrestricted 2022 £	Total 2022 £	Total 2021 £
i) Net donations to Ubuntu Pathways in South Africa and the US	200,556	80,519	281,075	826,202
ii) Support costs				
Events	-	20	20	-
Wages and other salary costs	-	84,818	84,818	123,617
Rent and Service Charges	-	18,000	18,000	18,000
Insurance	-	1,937	1,937	1,629
Motor and Travel	-	-	-	882
Printing, Posting and Courier	-	195	195	195
IT and Computer	-	1,920	1,920	452
Professional Fees	-	21,037	21,037	20,425
Sundry	-	1,121	1,121	934
Loan interest	-	6,585	6,585	21,768
Bank charges	-	1,050	1,050	1,321
	<u>200,556</u>	<u>217,202</u>	<u>417,758</u>	<u>1,015,425</u>

Expenditure in 2021 was £98,832 restricted and £916,593 unrestricted.

The donations represent five payments made to South Africa of £395,000 (2021: five payments totalling £365,900), net donations banked in South Africa of £89,382 (2021: £337,373) and net payments of £203,307 from the United States (2021: net donations received of £122,929).

NOTES TO THE ACCOUNTS (CONTINUED)

3c) Wages

	2022 £	2021 £
Gross Wages	100,113	139,853
Employers National Insurance Costs	1,572	7,611
Pension Costs	2,814	2,906
	<u>104,499</u>	<u>150,370</u>

The average number of full-time equivalent employees in the year was 3 (2021: 4) with all employee time involved in providing either support to the governance of the charity or support services to charitable activities.

The charity considers its key personnel comprise to be the Director, UK. The total employment benefits (including pension and social security costs) paid out of the UK of the key management personnel were £24,381 (2021: £66,422). No other employees had employee benefits in excess of £60,000 (2021: none).

The Trustees did not receive any emoluments during the year (2021: None).

During the year, travel and subsistence expenses totalling £Nil were reimbursed to the Trustees (2021: £Nil)

3d) Net expenditure and movement in funds

	2022 £	2021 £
Audit fee	4,993	4,560
Operating leases - office rentals	<u>18,000</u>	<u>18,000</u>

4. DEBTORS

	2022 £	2021 £
Donations receivable	136,000	48,777
Other debtors	5,927	-
Prepayments	4,939	4,955
	<u>146,866</u>	<u>53,732</u>

NOTES TO THE ACCOUNTS (CONTINUED)

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Loans and overdrafts (see note 7)	9,767	115,560
Trade creditors	41,836	24,809
Accruals	20,786	20,308
Taxation and Social Security	1,869	1,672
Other creditors	1,610	33
	<u>75,868</u>	<u>162,382</u>

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Loans and overdrafts (see note 7)	29,915	212,204
	<u>29,915</u>	<u>212,204</u>

7. LOANS

In 2019, a loan of £400,000 from CAF Venturesome was taken out to fund the construction of The Ubuntu School, a new primary school in the townships of Gqeberha and was therefore transferred in full to Ubuntu Pathways in South Africa. Interest on the loan was charged at 6.5% and it was repayable in 48 equal monthly instalments between 25 January 2020 and 25 December 2023. The loan was guaranteed by Ubuntu Pathways NPC, South Africa and Ubuntu Pathways Inc, US. This loan has since been paid back early, as explained in the trustees' report. It was fully repaid in August 2021 with the help of funds received from Ubuntu Pathways Inc, US.

In 2020, the charity took out a Bounce Back Loan of £50,000 from HSBC which was also transferred in full to Ubuntu Pathways in South Africa. Interest on the loan is charged at 2.5% and it is repayable in 60 equal monthly instalments between 24 June 2021 and 24 May 2026. The loan is guaranteed by the UK government.

NOTES TO THE ACCOUNTS (CONTINUED)

8. ACCUMULATED FUNDS

	Opening Balance £	Incoming Resources £	Outgoing Resources £	Transfers £	Closing Balance £
RESTRICTED FUNDS	(278,545)	200,556	(200,556)	278,545	-
UNRESTRICTED FUNDS					
General Fund	234,023	589,231	(236,888)	(278,545)	307,821
	<u>(44,522)</u>	<u>789,787</u>	<u>(437,444)</u>	<u>-</u>	<u>307,821</u>

Restricted funds are Vision 2020 grants and donations and other grants for programme expenses.

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestrict ed Funds £	Total Funds 2022 £	Total Funds 2021 £
CURRENT ASSETS				
Debtors	-	146,866	146,866	53,732
Cash at Bank and in Hand	-	266,738	266,738	276,332
CREDITORS: Amounts falling due within one year	-	(75,868)	(75,868)	(162,382)
CREDITORS: Amounts falling due after more than one year	-	(29,915)	(29,915)	(212,204)
	<u>-</u>	<u>307,821</u>	<u>307,821</u>	<u>(44,522)</u>

10. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW

	2022 £	2021 £
Net movement in funds	352,343	109,219
Increase in debtors	(93,134)	(32,241)
(Decrease)/increase in short-term creditors	(86,514)	25,017
Decrease in long-term creditors	(182,289)	(116,341)
Net cash used by activities	<u>(9,594)</u>	<u>(14,346)</u>

NOTES TO THE ACCOUNTS (CONTINUED)

11. TAXATION

No taxation arises as the company is a registered charity.

12. PENSION SCHEME

The company auto enrolled its employees in a pension scheme from 1 August 2016.

13. CAPITAL COMMITMENTS

There were no capital commitments at the Balance Sheet date.

14. OPERATING LEASE COMMITMENTS

At the Balance Sheet date the charity had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at the Balance Sheet date.

16. RELATED PARTY TRANSACTIONS

During the year £484,382 (2021: £703,273) was advanced to Ubuntu Pathways, South Africa and £203,307 was received from Ubuntu Pathways Inc, US (2021: £122,929 paid to Ubuntu Pathways Inc, US). Both of these are related undertakings.

Directors' indemnity insurance is in place.

Donations received from trustees totalled £109,608 in 2022 (2021: £109,591).

17. LIABILITY OF MEMBERS

The charity is a company Limited by Guarantee and as such each member has guaranteed to contribute a sum not exceeding £10 to the assets of the company in the event of it being wound up and unable to pay its debts while he or she is a member or within one year after he or she ceases to be a member.