

INTERNATIONAL NEPAL FELLOWSHIP

Company no. 3060972

(Limited by guarantee and having no share capital)

Registered charity no. 1047178

Reports and Financial Statements

for the year ended 15 July 1997



INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Reports and financial statements for the year ended 15 July 1997

Contents

Page

1	Report of the directors
3	Auditor's report
4	Balance sheet
5	Consolidated statement of financial activities
6	Notes forming part of the financial statements

Directors

Mr John Bradley (Chairman)
Rev John Putman
Dr David Halpin
Mr Keith Kirby
Rev Anthony Leighton
Mr George Nichols
Mrs M Joyce Odell
Dr Elizabeth Forbes
Mr Robert Cranston
Mr Peter Rowe

Secretary and registered office

Mr John Reynolds, 69 Wentworth Road, Harborne, Birmingham, B17 9SS

Company number

3060972

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Report of the Directors
for the year ended 15 July 1997

The Directors, who are also the Trustees, have pleasure to present their report, together with the audited financial statements of the Company for the year ended 15 July 1997.

The company is a Registered Charity, number 1047178.

Principal Activities

The principal activities of the company are governed by the objects as set out in the Memorandum of Association as follows:

- i) To advance the Christian religion by enabling Christians to serve the Lord Jesus Christ amongst Nepali and other Asian peoples and to uphold and strengthen the church in the United Kingdom, Nepal and other countries; and
- ii) To relieve persons who are in need by reasons of poverty, sickness or distress in such ways as the company may from time to time determine including supporting the work of Christian relief and development agencies.

Review of the business and future developments

The directors are satisfied with the results for the period and do not anticipate any significant changes in the forthcoming year.

Fixed assets

Significant changes in fixed assets are set out in note 12 to the financial statements.

Results and dividends

The consolidated statement of financial activities is set out on page 4 and shows the result for the year, which was a surplus of £22,696 to be transferred to reserves, leaving £317,405 in reserves at 15 July 1997. The breakdown of these amounts between the different funds is shown on page 5.

Directors

The Directors from 16 July 1996 to the date of this report were as follows:

Mr John Bradley (Chairman)	(appointed 5 July 1997)
Rev John Putman	
Dr David Halpin	
Mr Keith Kirby	
Rev Anthony Leighton	
Mr George Nichols	
Mrs M Joyce Odell	
Mrs Margaret Scott-Brown	(resigned 5 July 1997)
Dr Elizabeth Forbes	
Mr Robert Cranston	(appointed 23 November 1996)
Mr Peter Rowe	(appointed 5 July 1997)

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Report of the Directors (continued)
for the year ended 15 July 1997

Freehold property

The Directors consider that the market value of freehold property is in excess of the amount shown in the financial statements but, as these assets are used in the company's business and no disposals are envisaged, the excess is not quantified.

Directors' responsibilities:

The Directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the result for the period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue its operations.

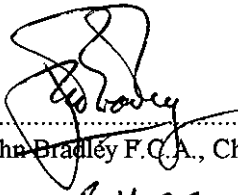
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with any relevant statutes. They are also responsible for safeguarding the assets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

Auditor

Paul Jackson Chartered Accountant has expressed his willingness to continue in office and a resolution to re-appoint him will be proposed at the annual general meeting.

This report has been prepared taking advantage of the special exemptions conferred by Part II of Schedule 8 of the Companies Act 1985, on the grounds that, in the opinion of the directors, the company is entitled to these exemptions as a small company.

On behalf of the Board of International Nepal Fellowship



.....
Mr John Bradley F.C.A., Chairman

Dated: 8.11.97

**AUDITOR'S REPORT TO THE MEMBERS OF
INTERNATIONAL NEPAL FELLOWSHIP**

I have audited, in accordance with Auditing Standards, the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and auditor

As described on page 2, the directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

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

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

Opinion

In my opinion, the financial statements give a true and fair view of the state of affairs of the company at 15 July 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Paul Jackson
Registered Auditor
Chartered Accountant

Caledonian House
98 The Centre
Feltham
Middlesex
TW13 4BH

Date... 8 November 1997

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Consolidated Statement of Financial Activities
for the year ended 15 July 1997

	Note	General funds	Designated funds	Restricted funds	Total 1997	Total 1996
<i>Continuing Activities:</i>						
Incoming Resources		£	£	£	£	£
General Donations		90,268	-	-	90,268	91,897
Deposit covenants		2,500	-	-	2,500	2,025
Legacies receivable		5,841	-	-	5,841	4,850
Support Income		-	-	312,698	312,698	283,365
Designated Nepal and seconded workers		-	-	137,369	137,369	260,261
Grants receivable		-	-	61,105	61,105	69,538
Interest receivable	9	10,711	-	-	10,711	10,786
Income from literature sales		1,350	-	-	1,350	256
Total incoming resources		110,670	-	511,172	621,842	722,978
Resources expended						
Direct charitable expenditure						
Members' costs UK	4	-	-	82,405	82,405	80,854
Remitted to Nepal	5	-	-	401,537	401,537	502,983
				483,942	483,942	583,837
Other expenditure						
Communications		6,216	-	-	6,216	5,725
Stationery and supplies		10,626	-	-	10,626	10,799
Office and mission house		8,597	-	-	8,597	5,363
Publicity expenses		21,296	-	-	21,296	17,946
Personnel	3	62,130	-	-	62,130	53,128
Sundries		6,969	-	-	6,969	9,034
		115,834	-	-	115,834	101,995
Total resources expended		(115,834)	-	(483,942)	(599,776)	(685,832)
Net incoming resources before transfers	6	(5,164)	-	27,230	22,066	37,146
Transfer from restricted to unrestricted funds	7	12,000	-	(12,000)	-	-
Net incoming resources (surplus)		6,836	-	15,230	22,066	37,146
Transfers to designated funds	19	(251,070)	251,070	-	-	-
Unrealised gains on investment assets		630	-	-	630	254
Net movement in funds		(243,604)	251,070	15,230	22,696	37,400
Fund balances brought forward at 16 July 1996		272,194	-	22,515	294,709	257,309
Fund balances carried forward at 15 July 1997		25,590	251,070	37,745	317,405	294,709

All recognised gains and losses are included in the statement of financial activities.
The notes on pages 6 to 11 form part of these financial statements

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

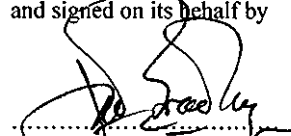
Balance Sheet at 15 July 1997

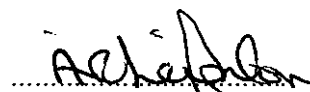
	Note	General Funds £	Designated Funds £	Restricted Funds £	Total 1997 £	Total 1996 £
Fixed assets						
Tangible assets	12	8,666	107,415	-	116,081	116,416
Investments	13	10,044	-	-	10,044	9,414
Current assets						
Stock of literature	11	435	-	-	435	435
Debtors and prepayments	14	-	-	61,105	61,105	71,298
Cash at Bank – held for Nepal		-	-	65,099	65,099	105,914
Cash at Bank – Other		30,621	143,655	-	174,276	95,498
Cash in Hand		74	-	-	74	341
		31,130	143,655	126,204	300,989	273,486
Creditors: amounts falling due within 1 year						
Creditors and accrued charges	15	(21,250)	-	(88,459)	(109,709)	(104,607)
Net current assets		9,880	143,655	37,745	191,280	168,879
Total net assets		28,590	251,070	37,745	317,405	294,709
Funds						
Realised amounts:						
Restricted funds – emergency reserve		-	-	37,745	37,745	22,515
Designated funds:						
Operational reserve	19	-	86,000	-	86,000	-
Emergency reserve	19	-	45,655	-	45,655	-
Property reserve	19	-	119,415	-	119,415	-
General Reserve		23,546	-	-	23,546	267,780
		23,546	251,070	37,745	312,361	290,295
Unrealised amounts:						
General Reserve		5,044	-	-	5,044	4,414
		28,590	251,070	37,745	317,405	294,709

The directors have taken advantage of the special exemptions conferred by Part 1 of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion, the company is entitled to these exemptions as a small company.

The directors acknowledge their responsibilities for ensuring that the company keeps account records which comply with section 221 of the Companies Act 1985 and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial period and of its surplus or deficit for each period in accordance with the requirements of section 226 of the Act, and which otherwise comply with the requirements of the Act relating to the accounts, so far as applicable to the company.

Approved by the Board on 8 November 1997
and signed on its behalf by


J.S. Bradley FCA, Director


Rev A.R. Leighton, Director

The notes on pages 6 to 11 form part of these financial statements

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1997 (continued)

2 Turnover

All of the turnover relates to the principal activity of the company.

3 Personnel costs

	1997	1996
	£	£
Wages and salaries	52,943	42,403
Social security costs	3,781	3,320
Other pension costs	3,029	2,847
Courses, travel and other	2,377	4,558
	<hr/>	<hr/>
	62,130	53,128
	<hr/> <hr/>	<hr/> <hr/>

4 Members costs UK (Missionaries on furlough - restricted)

	1997	1996
	£	£
Home leave allowances	33,515	36,908
Re-equipment allowance	5,285	230
Accommodation and travelling	9,490	12,575
Social security costs	10,608	9,382
Other pension costs	22,516	20,258
Medical/counselling	758	661
Other expenses	233	840
	<hr/>	<hr/>
	82,405	80,854
	<hr/> <hr/>	<hr/> <hr/>

5 Remitted to Nepal

	1997	1996
	£	£
Support	203,063	172,713
Designated Nepal - monies for specific projects	107,641	239,422
EC Grant	61,105	69,448
Seconded workers	29,728	21,400
	<hr/>	<hr/>
	401,537	502,983
	<hr/> <hr/>	<hr/> <hr/>

6 Net movement in resources for the year

This is stated after charging		
Depreciation	4,320	3,840
Loss on sale of tangible fixed assets	-	1,630
Auditors' remuneration	1,295	1,246
	<hr/>	<hr/>
and after crediting		
EC grants received - restricted income	61,105	69,538
EC grants received - interest received	-	8
	<hr/> <hr/>	<hr/> <hr/>

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1997 (continued)

7 Transfer from restricted to unrestricted funds

Under the terms and conditions for members, each adult UK member is responsible to find support income to include a contribution to unrestricted company administration costs. It is the policy of the company to transfer a proportion of this as decided upon by the directors.

During the year to 15 July 1997, support income included an amount exceeding £18,000 (1996 - £17,664), of which £12,000 (1996 - £10,000) was transferred to unrestricted funds during the year.

8 Directors' remuneration

No directors' remuneration was voted during the year.

9 Other interest receivable and similar income

	1997	1996
	£	£
Bank interest	10,219	10,294
Income from investments	492	492
	<hr/>	<hr/>
	10,711	10,786
	<hr/> <hr/>	<hr/> <hr/>

10 Pension costs

The company operates a non-contributory pension scheme. It is a defined contribution scheme and contributions are charged in the statement of financial activities as they accrue.

11 Stocks

	1997	1996
	£	£
Goods for resale	435	435
	<hr/> <hr/>	<hr/> <hr/>

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1997 (continued)

12 Fixed assets

Tangible assets

	Freehold property £	Motor vehicle £	Computer equipment £	Total £
<i>Cost</i>				
At 16 July 1996	107,415	5,835	7,006	120,256
Other additions	-	-	3,985	3,985
Disposals	-	-	(152)	(152)
At 15 July 1997	107,415	5,835	10,839	124,089
<i>Depreciation</i>				
At 16 July 1996	-	1,459	2,381	3,840
Charge for the year	-	1,094	3,226	4,320
Disposals	-	-	(152)	(152)
At 15 July 1997	-	2,553	5,455	8,008
<i>Net book value</i>				
At 15 July 1997	107,415	3,282	5,384	116,081
At 15 July 1996	107,415	4,376	4,625	116,416

The directors consider that the estimated market value of the freehold property at 15 July 1997 was in excess of the cost and that its ultimate residual value will not be less than this figure. Hence, no depreciation has been charged.

13 Investments

	1997 £	1996 £
Charinco Common Investment Fund:		
Market value at 15 July 1996	9,414	9,160
Unrealized gain during the year	630	254
Market value at 15 July 1997	10,044	9,414

The above investments were originally acquired on x/x by International Nepal Fellowship. This was before the company was incorporated. The investments were transferred to the company on 15 July 1996 at the market value of £9,160.

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1997 (continued)

14 Debtors and prepayments	1997	1996
	£	£
Other debtors - Grants receivable	61,105	69,538
Prepayments	-	1,760
	<hr/>	<hr/>
	61,105	71,298
	<hr/> <hr/>	<hr/> <hr/>

There are no debtors falling due after more than one year

15 Creditors and accrued charges	1997	1996
	£	£
Funds held for Nepal (restricted funds)	88,458	83,399
Trade creditors	-	3,840
Payments received on account	4,638	5,820
Accruals and deferred income	16,613	11,548
	<hr/>	<hr/>
	109,709	104,607
	<hr/> <hr/>	<hr/> <hr/>

16 Contingent liability

Should the freehold property ever be sold due to the International Nepal Fellowship ceasing to work in Nepal or the United Kingdom, there would be a liability to repay a gift of £25,000 or 25% of the net proceeds if greater. For this purpose, the net proceeds of sale will be adjusted to have regard to improvements expenditure incurred since acquisition. The directors do not anticipate such a liability crystallising in the foreseeable future.

17 Personal gifts

Personal gifts amounting to £58,480 were received on behalf of, and forwarded to missionaries in Nepal. This figure is excluded from the statement of financial activities.

18 Restricted funds

	Donations and gifts	Direct Charitable Expenditure	Surplus
	£	£	£
Support income	312,698	285,468	27,230
Designated Nepal	107,641	107,641	-
Seconded workers	29,728	29,728	-
EC Grant	61,105	61,105	-
	<hr/>	<hr/>	<hr/>
	511,172	483,942	27,230
Transfer to unrestricted funds	-	12,000	(12,000)
	<hr/>	<hr/>	<hr/>
	511,172	495,942	15,230
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

INTERNATIONAL NEPAL FELLOWSHIP
(Limited by guarantee and having no share capital)

Notes to the financial statements for the year ended 15 July 1997 (continued)

19 Designated Funds

The unrestricted funds include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 16.7.96	New designations	Utilised/ released in year	Balance at 15.7.97
	£	£	£	£
Operational reserve	-	26,000	-	26,000
Emergency reserve	-	45,655	-	45,655
Property reserve	-	119,415	-	119,415
	-	<u>251,070</u>	-	<u>251,070</u>

The emergency reserve comprises moneys set aside to cover the cost of evacuating personnel from Nepal in the event of an emergency, although this is not envisaged within the twelve months following the date of the signing of the accounts. The amount set aside represents the net costs of flights from Nepal based on current air fares, together with home leave costs for two months, less the balance of restricted reserves as indicated in the balance sheet. In the opinion of the directors, the restricted reserve balance can be used for the purpose of evacuation.

The property reserve comprises the original cost of the property plus amounts which have been set aside to cover the costs of essential maintenance work, which the directors believe will be required at 69 Wentworth Road during the twelve months following the date of the signing of the accounts.

The operational reserve comprises an estimate of the costs of basic field support plus UK administration for three months, and this has been created because of the fluctuating nature of income.