

**Company number: 03060972**  
**Charity number: 1047178**

**INTERNATIONAL NEPAL FELLOWSHIP**  
**(A company limited by guarantee)**

**Financial Statements**

**Year ended 30 June 2011**

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**COMPANY INFORMATION & TRUSTEES' REPORT**  
For the year ended 30 June 2011

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The trustees present their report along with the financial statements of the charity for the year ended 30th June 2011. The financial statements have been prepared in accordance with the accounting policies as set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" 2005.

**1 Reference and administration details of the charity, its trustees and advisers**

The International Nepal Fellowship (also known as INF/UK) is a registered charity (number 1047178) and a company limited by guarantee (number 03060972).

The principal address of INF/UK is The Cottage, 22 Weoley Park Road, Selly Oak, Birmingham B29 6QU. This is also the registered address of the company.

Board of Trustees

Mr Andrew Gammie (Chair)  
Dr Andrew Cordell  
Miss Alison Craven  
Mr Hom Nath Dhakal (appointed 18<sup>th</sup> September 2010)  
Dr Tom Donaldson  
Dr David Halpin  
Mr Roger Hamlet  
Mr Peter Hopkinson (appointed 10<sup>th</sup> September 2011)  
Rev Anthony Leighton (vice-Chair)  
Miss Diane Norton  
Mr Richard Sykes  
Mr William J Westwood (appointed 26<sup>th</sup> March 2011)

Chief Executive Officer

Mr John Reynolds

Company Secretary

Mr John Reynolds

Auditors

Mazars LLP  
45 Church Street  
Birmingham  
B3 2RT

Solicitors

Anthony Collins Solicitors  
134 Edmund Street  
Birmingham  
B3 2ES

Bankers

Bank of Scotland  
55 Temple Row  
Birmingham, B2 5LS  
  
The Co-operative Bank  
1st Floor  
118-120 Colmore Row  
Birmingham, B3 3BA

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**2 Structure, Governance and Management**

INF/UK is governed by its Memorandum and Articles of Association and the board of trustees of INF/UK is accountable for the actions of INF/UK. The board meets on average five times a year.

The board is responsible for the overall direction of the organisation and the policies that govern the way the organisation functions.

Responsibility for the day to day leadership and management of the organisation is delegated to the Chief Executive Officer (CEO), who is responsible for achieving the organisation's strategic goals. The CEO is line managed by the Chair on behalf of the board.

The CEO is supported by an 'Executive Committee', comprising the Chairman, Vice-Chairman, one other board member and the CEO.

The Chair monitors the skills mix, experience and length of service of trustees. When appointing new trustees the board takes into account the existing skills mix and experience of current trustees. New trustees are recruited through a mix of advertising (through INF publications) and direct approach by the board. The Chair manages the board profile proactively to ensure that a balance is maintained and that it does not become stale. Natural turnover of trustees aids this process, ensuring new trustees are appointed on a regular basis.

New trustees undergo an induction programme led by the Chair of trustees. The programme includes a history of INF/UK and its work, a copy of its accounts, its Memorandum and Articles of Association, key internal documents including INF/UK's strategic plan. It also draws heavily on the NCVO publication 'The Good Trustee Guide'.

Once appointed trustees continue to receive training during board meetings and their contribution is reviewed by the Chair of trustees.

INF/UK assesses the risks it faces through a risk register, which is reviewed regularly. It also has procedures to monitor and manage these risks.

**3. Objectives**

The Memorandum of Association defines the charity's 'objectives' as

- a To advance the Christian religion by enabling Christians to serve the Lord Jesus Christ amongst Nepali and other Asian people and to uphold and strengthen the church in the United Kingdom, Nepal and other countries, and*
- b 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*

INF/UK achieves its objectives through partnering the International Nepal Fellowship (Nepal) (INF/N), a non government organisation (NGO) registered in Nepal, and INF Worldwide (INF/W), an international NGO (INGO) registered in Australia. (Strong working relationships have existed between INF/UK, INF/N and INF/W, and their forbears, for over 59 years.)

INF/UK has an interest in INF/W having approximately 8.25% of the voting rights available at a general meeting. It also has the right to appoint a director to their board. For the period in question this role has been undertaken by INF/UK's CEO, John Reynolds.

There are no voting or appointment rights in respect of INF/N.

INF/W and INF/N work under a 5 year contract with the Government of Nepal to provide services in the areas of health and community development. (Note under Nepali law an INGO cannot implement its own programmes, these have to be carried out by a locally registered 'implementing agency'. INF/W therefore holds the contract with the Government and INF/N fulfils the role of the 'implementing agency'.) The contract with the Government of Nepal runs until November 2015.

Nepal has allowed freedom of religious belief for many years, formalising this in 1990. This was strengthened at the end of May 2006 when Nepal declared itself a secular society.

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**3. Objectives (continued)**

INF draws its distinctive ethos and values from its evangelical, non-denominational, Christian heritage. Its mission to serve the poor and marginalised peoples of Western Nepal, and to uphold the church of Nepal, is a holistic expression of its Christian faith. As well as pursuing its objectives through the development projects of INF/N and INF/W, INF/UK identifies with, and upholds the national church and wider Christian community within Nepal. It also identifies with, and supports the development of Christian fellowship in communities of Nepalis living outside of Nepal. INF expatriate volunteers are encouraged to attend and be committed to local Nepali churches where possible.

Because the organisation's Christian heritage, ethos and values are central to all that it is as an organisation the trustees of INF/UK believe there to be a Genuine Occupational Requirement for expatriate volunteers serving in Nepal for periods in excess of three months to be practising Christians.

**4 Public Benefit**

When deciding its own activities, and when deciding who are its partners in advancement of its objectives, trustees consider how these will further the charity's purposes for the public benefit. As part of this process the trustees have regard to the Charity Commission's general guidance on public benefit, its supplemental advice on the advancement of religion for public benefit, and its supplemental advice on prevention and relief of poverty for the public benefit.

Officers of the charity (trustees and executive staff) visit partner projects to gain insights into the work of partners, they also receive annual reports of projects. These actions help trustees verify that the works of its partners are to the public's benefit and are consistent with the charity's objectives.

**5 Main activities through the past year**

During the year reported on, INF/UK fulfilled its charitable objectives through -

**(a) Its own activities as INF/UK**

- i Seconding Christian professionals to INF/W and INF/N to work in the fields of health and development, and capacity building

The number of seconded personnel with INF/W and INF/N has remained steady during the last year, though the board is concerned that fewer mission candidates are putting themselves forward for service, a trend that is affecting other similar Christian missions.

- ii Providing pastoral support to its seconded personnel. This element of INF/UK's work is overseen by a dedicated Personnel Manager with field based pastoral visits being carried out by Rev Tony Leighton, a volunteer worker with a long experience of INF and Nepal, and CEO, John Reynolds.
- iii Fund raising for INF/N and INF/W projects and programmes continues to be a key element of INF/UK's work. During the year there was a substantial uplift in the number of applications submitted to Trusts and Foundations to fund INF's projects and work.
- iv Providing services and resources to INF/N and INF/W.
- v Publicising in the UK the work of the INF family of organisations.
- vi Servicing a diverse network of supporters both within the UK and Europe. The charity ran a conference for its UK based supporters in October 2010 with approximately 160 supporters attending. This conference generated a significant amount of good will and renewed interest in mission to Nepal. A conference for European supporters is planned for October 2012, to take place in Holland.
- vii Supporting two Nepali outreach workers working with Nepalis resident in the UK. This continues to be an important plank of INF/UK's strategy to support Nepali migrants in the UK.
- viii Acting on behalf of INF/N and INF/W in strengthening relationships with a number of UK and European based partner agencies.
- ix Extending the worldwide support base for the INF family of organisations through supporting other INF organisation bodies.

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**5. Main activities through the past year (continued)**

*(b) Supporting INF/W*

- i INF/W is the holder of the main project agreements with the Government of Nepal INF/N is its main local partner and implements the majority of INF programmes in Nepal

INF/W supports INF/N through channelling project funding to it and the worldwide recruitment of professional volunteers such as doctors, health workers, development specialist and, where needed, senior managers It also provides marketing and publicity services to it

- ii INF/W has a small number of its own projects in Nepal The Partnership Programme is designed to provide assistance to a small number of government and non-government health institutions through the provision of senior health specialists to build capacity

INF/W's *Faith @ Work* programme encourages the idea that the workplace is a valid and valuable place of ministry for committed Christians It provides training to both INF and non-INF staff and has encouraged the setting up of Christian professional bodies

- iii During 2011 INF/W continued to facilitate and support church groups in India working with Nepali migrants and communities

INF/W has maintained links with Nepali Diaspora communities in Malaysia, the Middle East, Hong Kong and Australia Some of these links have resulted in programmes to serve and work with Nepali migrant workers -

- INF/W members have been involved in running training sessions, workshops and Bible teaching to Nepali workers and fast growing Nepali churches in Malaysia
- INF/W members have led workshops and Bible training in the Middle East with migrant workers

A committee comprised of senior INF/W personnel and other non-INF personnel set up in 2009 continues to develop this work

*(b) Supporting INF Nepal*

- i INF Nepal is the biggest member of the INF family and INF/UK's largest partner It is a national non-government organisation which implements a range of health and development programmes in western Nepal It has a staff of about 360 Nepalis and on average has 20-30 expatriate volunteers, all seconded through INF/W

It seeks to serve the people of western Nepal and meet their needs in a holistic way, leading to improvements in the health and quality of life of individuals and communities INF Nepal's focus is on the poor and disadvantaged, including those affected by stigmatising diseases, the disabled and poor and marginalised communities

- ii INF/N works through six programmes based in the districts of Mugu, Jumla, Surkhet, Banke, Dang and Kaski

Its work focuses on six key technical areas, as follows

**Leprosy:** This includes the treatment of those with leprosy complications, advocacy for those requiring treatment in government facilities, and physical and social rehabilitation of those affected by leprosy

**TB** Work includes the treatment of those with complex TB (multi-drug resistant TB, TB/HIV co-infection etc ) and advocacy for those needing treatment in government services

**HIV / AIDS and drug abuse:** INF runs a voluntary counselling and testing centre in Pokhara and carries out HIV / AIDS awareness through most of its programmes INF/N also runs a drop-in centre for drug addicts in Nepalgunj

**Disability:** Work with those with disabilities includes physical rehabilitation and reconstructive surgery, socio-economic rehabilitation, and advocacy and raising awareness

**Community health and development** INF/N works with a variety of communities (displaced people, poor women, remote and disadvantaged communities) to enable them to change and be empowered

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**5. Main activities through the past year (continued)**

**Health services support:** This work focuses on improving local health services through the training of government staff (in technical and management aspects), provision of technical support, and infrastructure and equipment support

**6. Significant events during the current year**

*(a) Political situation*

The majority of INF's work takes place in Nepal. Political uncertainty is still high and the country continues to be beset with strikes together with occasional violence as differing ethnic and political groups agitate to advance their cause, have greater local autonomy or influence national politics. Nepal's political processes and institutions remain fragile.

*(b) Worldwide Economic Recession*

The worldwide economic recession has had a significant impact on INF/UK. Donations are significantly down and it has also hampered the recruitment of volunteer workers for Nepal because of job insecurity and uncertainty.

*(c) Relocation on INF/UK's UK office*

In March 2011 INF/UK relocated to new offices at The Cottage, 22 Weoley Park Road, Selly Oak, Birmingham under a ten year lease from BMS World Mission. The charity contributed £55,000 to the capital costs of refurbishing the premises, which will be rebated over ten years through a reduced rent.

**7. Financial activities**

During the year, total incoming resources were £861,513 (2010 £837,206). This was a slight increase on the previous year of 3%. Total expenditure was slightly down by 2% at £903,791 (2010 £921,286). The charity had a net shortfall for the year of £42,278, down from the previous year's deficit of £84,080. The deficit was covered from reserves.

The trustees view the year's results as an improvement albeit the aim is still to bring the charity to a positive position. The trustees feel their historical approach to managing INF/UK's reserves prudently has been vindicated as the charity is well placed to weather the current economic conditions. The decision to rent premises, rather than purchase a new property, means that property reserves have been released into a reserve from which grants will be given to its development partners in Nepal and Worldwide.

*(a) General Fund*

Total income on the General Fund was £200,262, (2010 £197,582), a slight increase of 1.4%.

Despite an increase in general donations there is still pressure overall on income. The three key components of General Income were -

- a) An increase in General donations of 8% (2011 £138,592 cf 2010 £128,423)
- b) An increase in interest income of 23% (2011 £23,417 cf 2010 £18,975)
- c) A reduction in legacy income of 90% (2011 £1,661 cf 2010 £16,183)

*(e) Designated Nepal*

Income for Nepal was up at £424,816 (2010 £402,049), which was encouraging given general market conditions.

Gifts to Nepal and INF internationally were slightly up at 422,540, an increase of 3% (2010 £409,872). The trustees consider this figure to be satisfactory.

*(b) Support Fund*

Volunteer workers recruited by INF (UK) raise funds toward the Support Fund, which covers the costs of maintaining them in Nepal and on Home Assignment. These funds are raised from church groups, trusts and personal supporters, many of whom represent friendship contacts from the volunteers' church groupings. The Support Fund is a pooled resource and guarantees an even level of allowance while a volunteer is in the service of INF.

During the current financial year support income increased slightly to £216,077 (2010 £208,436). This slight increase and a favourable exchange rate between sterling and the Nepali Rupee means that the support fund is stable and satisfactory. The value of the general support fund is level (2011 £221,419 cf 2010 £220,952). A strong support reserve underpins the charity's commitment to its expatriate workers in Nepal.

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**8. Reserves policy**

The charity has a well-defined reserves policy, which is reviewed on an annual basis. This comprises -

(a) Operational Reserves

These are moneys set aside to cover potential fluctuations in income for both the INF (UK) Headquarters (Unrestricted fund), and volunteer allowances (Support fund - Restricted). The aspiration is to hold an amount equivalent to between a lower limit of three months' and an upper limit of six months' costs, based on the projected annual costs for the coming year for each of these respectively.

The amount held as at 30th June 2011 for General Operational Reserve was £132,250 equating to approx 6 months. The reserve holding for the Support Operational Reserve remains at £132,000, which equates to 7 months.

(b) Home Assignment Reserve

This is a designated fund within the Support Fund. Moneys are accrued to this reserve during a volunteer's period of service towards their eventual Home Assignment allowances. The fund is recalculated annually to ensure it is adequate, the fund holding as at 30th June 2011 was £83,000.

(c) Emergency Repatriation Reserve

In view of the continuing political and security difficulties in Nepal it is appropriate to hold an emergency reserve to ensure liquid funds are available in the event of an evacuation of volunteers, plus sufficient to keep them in the UK for a period of approximately three months prior to their possible return. The figure is reviewed annually and as at 30 June 2011 stood at £120,500.

(d) INF Medical Fund Reserve

Until mid-2007 the board of INF (UK) considered it cost effective to provide members with an in-house medical scheme. A serious illness suffered by one member caused the board to re-consider this though the eventual financial cost in the case in question was modest and easily covered from existing Medical Fund Reserves.

To mitigate the risk of significant future claims from hospitalisation in a third country all members now have full medical insurance cover provided through Salt Insurance. INF's in-house medical scheme continues, providing a lesser level of cover to include costs that fall outside of the Salt scheme e.g. costs up to the excess figure, maternity costs and inoculations in Nepal. A reduced reserve of £10,000 is still considered appropriate.

(d) Sabbatical Reserve

A sabbatical reserve is held to enable missionary members to re-skill or have a period of reflection and renewal. The purpose is to equip and encourage long term service within INF.

(f) Member Welfare fund

This fund is a result of a major fund raising effort some years ago on behalf of missionary members. It has grown through continuing standing orders and now amounts to £24,103.

(g) General Reserves

The board believes it prudent to hold a General Reserve to cover needs or liabilities not yet identified. For the past four years the board decided to hold lower General Reserves than previously given the ability to utilise funds from the property reserve if needed. Now that the longer term location of the offices has been settled the board have decided to hold a higher general reserve and to release the remainder property moneys into a fund for use by the projects and works of INF. General Reserves at the end of 2011 are £113,489 (2010 £7,906).

(h) Gift to the work of INF in Nepal and internationally

There has been a significant change with the reserve designated for the work of INF in Nepal and internationally. Now that the long term location of the UK office has been settled the bulk of the moneys held in the property reserve have been transferred to this fund. The trustees have set up a mechanism to receive grant applications from the projects of INF in Nepal and internationally.

Grant applications will be received on an agreed pro forma application and assessed against agreed criteria including INF's charitable purposes and its agreed vision and mission statements.

In addition to the monies from the Property reserve, the trustees have also committed any future significant legacies to this fund. The intention is to disburse monies in this fund over a five year period.



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**8. Reserves policy (continued)**

As at June 2011 the fund stood at £400,861 (2010 £11,299) INF Worldwide and INF Nepal have been invited to make grant applications in support of their work

(i) Restricted Reserves

These are funds held on behalf of a project, or for a designated purpose. With the exception of the support account the amount held is equal to the Fund balance at any one time

**9. Investment policy**

The board have the power to invest in such assets as they see fit. Safety of its assets is important to the charity and consequently the majority of its reserves are held in cash. With the Bank of England base rate being held to 0.5% for the year the return on cash invested in banks has been very low. Despite this the directors continue to believe this approach is correct for the charity in the current climate

**10. Post balance sheet events**

A large legacy of £250,000 has been received by the charity. This will be transferred to the reserve for the work of INF in Nepal and internationally as noted in 8 (h) above

**11. Plans for the future**

Plans have been made for a consultant to review INF/UK's fund raising capabilities with a view to significantly raising restricted funds for the work of INF in Nepal and internationally. This review will take place in the spring of 2012

**12. Statement of Trustee responsibilities**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the trustees are required to

- Select suitable accounting policies and then apply them consistently,
- Make sound judgements and estimates that are reasonable and prudent, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will not continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**13 Information to Auditors**

Each Trustee of the Charity at the date when this report was approved (who also are treated as Directors for the purposes of Company law)

- so far they are aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Charity's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information (as defined) and to establish that the Charity's auditors are aware of that information

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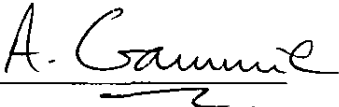
**COMPANY INFORMATION & TRUSTEES' REPORT**  
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**14. Voluntary help and gifts in kind**

The board are very grateful to a number of volunteers who have helped in various aspects of our work during the past year and are seeking to increase this input in the coming year

Signed on behalf of the board on 24<sup>th</sup> March 2012

 ANDREW GAMMIE  
Chairman

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**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INTERNATIONAL NEPAL FELLOWSHIP**  
For the year ended 30 June 2011

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We have audited the financial statements of International Nepal Fellowship for the year ended 30 June 2011 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)


**Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 30 June 2011 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,
- have been prepared in accordance with the Companies Act 2006

**Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Glen Jones (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date 27 March 2012

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 30 June 2011

	Note	Unrestricted funds			Total	Total
		General funds	Designated funds	Restricted funds	2011	2010
		£	£	£	£	£
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
<i>Voluntary income</i>						
Gifts to Nepal		-	-	424,816	424,816	402,049
Member support funds		-	-	216,077	216,077	208,436
Others		-	-	20,358	20,358	29,139
Sponsored Nepalis	3	16,688	-	-	16,688	15,829
General donations		138,592	-	-	138,592	128,423
Legacies		1,661	-	-	1,661	16,183
Contribution to printing		3,946	-	-	3,946	4,294
Volunteer income		-	-	-	-	-
<i>Investment income</i>						
Interest & dividends receivable	9	23,417	-	-	23,417	18,975
		<u>184,304</u>	<u>-</u>	<u>661,251</u>	<u>845,555</u>	<u>823,328</u>
<b>Charitable activities</b>						
Conference fees		15,928	-	-	15,928	13,649
Trading income		30	-	-	30	229
		<u>15,958</u>	<u>-</u>	<u>-</u>	<u>15,958</u>	<u>13,878</u>
<b>TOTAL INCOMING RESOURCES</b>		<u>200,262</u>	<u>-</u>	<u>661,251</u>	<u>861,513</u>	<u>837,206</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Purchases and conference		17,454	-	-	17,454	17,372
		<u>17,454</u>	<u>-</u>	<u>-</u>	<u>17,454</u>	<u>17,372</u>
<b>Charitable activities</b>						
Gift to Nepal and INF internationally		2,200	-	-	2,200	10,509
Designated for specific gifts		-	-	420,340	420,340	399,363
Member support funds	4	-	-	155,466	155,466	144,653
Other member related funds	4	-	-	27,624	27,624	35,871
Others		-	-	19,804	19,804	28,780
Sponsored Nepalis	3	27,254	-	-	27,254	28,530
<i>Support costs</i>						
Personnel	15	149,703	-	-	149,703	179,309
Premises		22,038	-	-	22,038	22,192
Utilities		907	-	-	907	1,389
Office costs		16,832	-	-	16,832	8,544
Communications		16,727	-	-	16,727	17,081
Publicity /promotional		7,914	-	-	7,914	8,007
Recruitment		3,480	-	-	3,480	3,867
Depreciation	15	5,009	-	-	5,009	5,025
	14	<u>252,064</u>	<u>-</u>	<u>623,234</u>	<u>875,298</u>	<u>893,120</u>

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**STATEMENT OF FINANCIAL ACTIVITIES (Continued)**  
**For the year ended 30 June 2011**

		Unrestricted funds			Total	Total
	Note	General funds	Designated funds	Restricted funds	2011	2010
		£	£	£	£	£
<b>Governance costs</b>	5	11,039	-	-	<b>11,039</b>	10,794
		<u>11,039</u>	<u>-</u>	<u>-</u>	<u><b>11,039</b></u>	<u>10,794</u>
<b>TOTAL RESOURCES EXPENDED</b>		<u>280,557</u>	<u>-</u>	<u>623,234</u>	<u><b>903,791</b></u>	<u>921,286</u>
<b>NET OUTGOING RESOURCES</b>		<u>(80,295)</u>	<u>-</u>	<u>38,017</u>	<u><b>(42,278)</b></u>	<u>(84,080)</u>
Transfer between funds		174,490	(163,908)	(10,582)	-	-
Unrealised gain on investments		11,388	-	-	<b>11,388</b>	1,737
<b>NET MOVEMENT</b>		<u>105,583</u>	<u>(163,908)</u>	<u>27,435</u>	<u><b>(30,890)</b></u>	<u>(82,343)</u>
Brought forward		7,906	752,019	633,668	<b>1,393,593</b>	1,475,936
<b>CARRIED FORWARD</b>		<u><u>113,489</u></u>	<u><u>588,111</u></u>	<u><u>661,103</u></u>	<u><u><b>1,362,703</b></u></u>	<u><u>1,393,593</u></u>

All of the above results are derived from continuing operations. There were no other recognised gains or losses other than those stated above. The deficit for the year for Companies Act purposes was (£42,278) (2010 deficit £84,080)

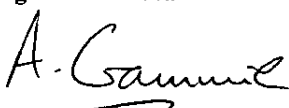
**INTERNATIONAL NEPAL FELLOWSHIP**  
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**BALANCE SHEET AS AT 30 June 2011**

Company number: 03060972

	Notes	General funds £	Designated funds £	Restricted funds £	Total 2011 £	Total 2010 £
<b>FIXED ASSETS</b>						
Tangible assets	10	57,344	-	-	57,344	3,212
Investments	11	35,667	-	-	35,667	24,279
		<u>93,011</u>	<u>-</u>	<u>-</u>	<u>93,011</u>	<u>27,491</u>
<b>CURRENT ASSETS</b>						
Debtors and prepayments	12	8,449	-	-	8,449	10,397
Cash at bank and in hand		86,812	588,111	661,103	1,336,026	1,445,619
		<u>95,261</u>	<u>588,111</u>	<u>661,103</u>	<u>1,344,475</u>	<u>1,456,016</u>
<b>CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR</b>						
Creditors and accrued charges	13	(74,783)	-	-	(74,783)	(89,914)
		<u>20,478</u>	<u>588,111</u>	<u>661,103</u>	<u>1,269,692</u>	<u>1,366,102</u>
<b>NET CURRENT ASSETS</b>						
		<u>113,489</u>	<u>588,111</u>	<u>661,103</u>	<u>1,362,703</u>	<u>1,393,593</u>
<b>TOTAL NET ASSETS</b>						
		<u>113,489</u>	<u>588,111</u>	<u>661,103</u>	<u>1,362,703</u>	<u>1,393,593</u>
<b>FUNDS</b>						
Restricted income funds	17	-	-	661,103	661,103	633,668
Designated income funds	18	-	-	-	-	-
Property		-	-	-	-	608,470
Other		-	588,111	-	588,111	143,549
General reserve		113,489	-	-	113,489	7,906
		<u>113,489</u>	<u>588,111</u>	<u>661,103</u>	<u>1,362,703</u>	<u>1,393,593</u>

Approved and authorised for issue by the board on 24<sup>th</sup> March 2012  
and signed on its behalf

  
A Gammie

  
A Craven

**INTERNATIONAL NEPAL FELLOWSHIP**  
**(A company limited by guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2011**

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**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and under the historical cost convention, which has been modified to include the revaluation of investments

**Incoming resources**

Incoming resources represent amounts receivable during the period Tax refunds are accrued in accordance with the SORP 2005 (Accounting and Reporting by Charities)

**Depreciation**

Depreciation is calculated to write off the cost of the assets less their residual value over their expected useful lives using the following rates

Computer equipment and software	33 $\frac{1}{3}$ % straight line
Leasehold Improvements	10 years

**Pension costs**

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme

**Investments**

Investments are valued at market value in accordance with the SORP Changes in value during the period are reported in gains/losses in investment assets in the Statement of Financial Activities

**Foreign currencies**

Assets, liabilities, revenues and expenditure in foreign currencies are translated into sterling at the rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date, and transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract which are translated at those contracted rates Differences arising on the translation of such items are dealt with in the Statement of Financial Activities

**Grants**

Grants received towards specific projects are taken to income during the period in which they are receivable Grants payable are recognised as expenditure when the commitment is entered into Where such a grant is to be paid over instalments, the outstanding balance is disclosed as a liability

**Resources expended**

Expenditure is included on an accruals basis, when incurred

Charitable Activities – these are staff costs plus other purchases of materials and services which relate directly to the provision of the charitable activities Grants payable are accounted for once approved by the board of trustees

Support Costs – these represent costs incurred by UK based staff, directly providing support for the staff and programmes based in Nepal They are allocated to the three main charitable activities (support of missionary workers, INF Nepal and INF Worldwide) as disclosed in Note 16

Governance – these are costs incurred in connection with administration of the charity and compliance with constitutional and statutory requirements These represent audit, legal and trustee costs Only direct costs are included under this category No office costs or overheads are apportioned as in the opinion of the Trustees these would be immaterial

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**1 ACCOUNTING POLICIES (Continued)**

**Designated funds**

Designated funds are amounts which have been set aside at the discretion of the Trustees for a specific, but not legally binding, reason

**Restricted funds**

Restricted funds are income received for a particular purpose as specified by the donor or supplier, less expenditure applied for such a purpose

**Cash flow statements**

The financial statements do not include a cash flow statement because, as a small reporting entity, the company is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1

**Operating leases**

Payments made under operating leases are charged on a straight line basis over the term of the lease

**2 STAFF COSTS**

	2011 £	2010 £
Wages and salaries	123,550	149,095
Social security costs	10,885	12,898
Other pension costs	9,914	9,938
Courses, travel and other	5,353	7,378
	<u>149,702</u>	<u>179,309</u>
Average number of employees/volunteers on home assignment		
Management	1	1
Administration	4	6
Volunteers on home assignment	5	5
Sponsored Nepalis	2	2
	<u>12</u>	<u>14</u>

**3 SPONSORED NEPALIS**

	2011 £	2010 £
Income and donations	16,688	15,829
Less Costs	(27,254)	(28,530)
	<u>(10,566)</u>	<u>(12,701)</u>



**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**4 MEMBERS' SUPPORT COSTS**

	2011 £	2010 £
<b>(1) UK Costs</b>		
Allowances and travel	25,982	23,047
Social security	2,994	3,027
Other pension costs	33,577	34,809
Sabbatical costs	-	5,070
<b>(2) Remitted to Nepal</b>		
Support and related costs	92,913	78,700
	<u>155,466</u>	<u>144,653</u>
<b>(3) Transfer to Home Assignment Reserve to cover future years costs</b>		
Other member related funds	27,624	35,871
	<u>183,090</u>	<u>180,524</u>

**5 GOVERNANCE COSTS**

	2011 £	2010 £
Bank and web charges	1,882	2,414
Legal and statutory	1,364	144
Trustee expenditure	1,655	2,658
Trustee Nepal costs	-	778
Audit fee	6,138	4,800
	<u>11,039</u>	<u>10,794</u>

**6 NET MOVEMENT IN RESOURCES FOR THE YEAR**

	2011 £	2010 £
The net movement in resources for the year is stated after charging		
Depreciation of owned tangible fixed assets	3,176	5,025
Audit fee	6,138	4,800
Operating lease rentals - land and buildings	15,056	14,893
	<u>24,370</u>	<u>24,718</u>

**7 TRANSFERS FROM RESTRICTED FUNDS**

Under the terms and conditions for members, each adult UK member is responsible to fund 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 ended 30 June 2011 the transfer was equivalent to 6.6% of budgeted income for member's support.

During the year ended 30 June 2011, support income included an amount of £12,600 (2010 £12,600), all of which was transferred to unrestricted funds during the year.

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**8 DIRECTORS' REMUNERATION**

No directors' remuneration was voted during the year. Directors' expenses incurred in connection with the company's affairs amounted to £1,655 (2010 £3,436)

**9 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2011 £	2010 £
Bank interest	22,916	18,549
Dividends	426	426
Other	75	-
	<u>23,417</u>	<u>18,975</u>

**10 FIXED ASSETS**

	Leasehold improvements £	Computer equipment and software £	Total £
<b>Cost</b>			
At 1 July 2010	-	13,545	13,545
Additions	55,000	4,141	59,141
At 30 June 2011	<u>55,000</u>	<u>17,686</u>	<u>72,686</u>
<b>Depreciation</b>			
At 1 July 2010	-	10,333	10,333
Charge for the year	1,833	3,176	5,009
At 30 June 2011	<u>1,833</u>	<u>13,509</u>	<u>15,342</u>
<b>Net book value</b>			
At 30 June 2011	<u>53,167</u>	<u>4,177</u>	<u>57,344</u>
At 30 June 2010	<u>-</u>	<u>3,212</u>	<u>3,212</u>

**11 INVESTMENTS**

	2011 £	2010 £
Charinco Common Investment Fund		
Market value at beginning of year	24,279	22,542
Unrealised (loss)/gain during the year	11,388	1,737
	<u>35,667</u>	<u>24,279</u>

The above investments in Charinco were originally acquired by International Nepal Fellowship, before the company was incorporated. The investments were transferred to the company on 15 July 1996 at the market value of £9,160. A further gift of shares was received in 2005, with a value of £17,762.

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**12 DEBTORS AND PREPAYMENTS**

	2011 £	2010 £
Other debtors and prepayments	8,449	10,397
	<u>8,449</u>	<u>10,397</u>

There are no debtors falling due after more than one year

**13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £	2010 £
Funds held for Nepal	29,071	23,761
Taxation and social security	3,321	3,284
Accruals and deferred income	42,391	62,869
	<u>74,783</u>	<u>89,914</u>

**14 CHARITABLE ACTIVITIES**

	Activities directly undertaken £	(Note 16) Grant Funding £	(Note 15) Support Costs £	2011 Total £	2010 Total £
Support of missionary workers	183,090	-	89,044	272,134	278,690
Support of INF Nepal	-	-	66,783	66,783	73,624
Support of INF Worldwide	-	-	66,783	66,783	73,624
Support of INF Internationally	-	469,598	-	469,598	467,182
	<u>183,090</u>	<u>469,598</u>	<u>222,610</u>	<u>875,298</u>	<u>893,120</u>

**15 SUPPORT COSTS**

Activity	Support of missionary workers £	Support of INF Nepal £	Support of INF Worldwide £	Total 2011 £	Total 2010 £
Personnel (note 2)	59,881	44,911	44,911	149,703	179,309
Premises	8,816	6,611	6,611	22,038	22,192
Utilities	363	272	272	907	1,389
Office costs	6,732	5,050	5,050	16,832	8,544
Communications	6,691	5,018	5,018	16,727	17,081
Publicity/promotion	3,166	2,374	2,374	7,914	8,007
Recruitment	1,392	1,044	1,044	3,480	3,867
Depreciation (note 10)	2,003	1,503	1,503	5,009	5,025
	<u>89,044</u>	<u>66,783</u>	<u>66,783</u>	<u>222,610</u>	<u>245,414</u>

**Basis of allocations:**

The Trustees have apportioned support costs direct to activities where this is possible. Where support costs cannot be directly attributable to activities the Trustees have taken the view that support costs should be divided in a ratio of 40%, 30%, and 30% between support of missionaries, support of INF Nepal and support of INF Worldwide as they believe this reflects the division of costs incurred by the charity.

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**16 ANALYSIS OF GRANTS**

	Grants to Institutions £	Total 2011 £	Total 2010 £
Support of missionary workers	-	-	-
Support of INF Internationally	469,598	469,598	467,182
	<u>469,598</u>	<u>469,598</u>	<u>467,182</u>

**17 RESTRICTED FUNDS**

	Brought forward £	Donations and gifts £	Charitable expenditure £	Transfers £	Carried forward £
<b>Gifts to Nepal</b>					
Designated Nepal	-	390,289	(392,727)	2,438	-
Seconded workers	-	13,959	(13,959)	-	-
Tax seconded	-	1,750	(1,750)	-	-
Theotracs (Scholarship)	300	300	(300)	-	300
Other in Nepal	28,562	72	-	-	28,634
Gordon Leitch Memorial Fund	1,175	1,175	(1,175)	-	1,175
Camps	1,617	7,042	(200)	-	8,459
Himalayan Ministries	-	10,229	(10,229)	-	-
<b>Member Related Funds</b>					
Support fund	220,952	216,077	(155,466)	(60,144)	221,419
Emergency repatriation reserve	114,000	-	-	6,500	120,500
Home assignment reserve	70,000	-	(27,624)	40,624	83,000
INF Medical Scheme	10,000	-	-	-	10,000
Operational reserve (support)	132,000	-	-	-	132,000
Sabbatical reserve	31,300	-	-	-	31,300
<b>Others</b>					
Members welfare fund	23,594	509	-	-	24,103
Personal gifts	-	15,035	(15,035)	-	-
Volunteers	-	4,694	(4,694)	-	-
UK Staff	168	120	(75)	-	213
	<u>633,668</u>	<u>661,251</u>	<u>(623,234)</u>	<u>(10,582)</u>	<u>661,103</u>

Note The support Fund transfer includes a transfer of £12,600 (2010 £12,600) from support income to unrestricted funds

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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2011

**18 DESIGNATED FUNDS**

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

	Balance at 1 July 2010 £	New designations £	Utilised/ released in year £	Transfers £	Balance at 30 June 2011 £
Operational reserve (general)	132,250	-	-	-	132,250
Property reserve	608,470	-	-	(608,470)	-
INF work in Nepal and Internationally	11,299	-	-	389,562	400,861
Property Reserve – The Cottage	-	-	-	55,000	55,000
	<u>752,019</u>	<u>-</u>	<u>-</u>	<u>(163,908)</u>	<u>588,111</u>

**19 OTHER FINANCIAL COMMITMENTS**

At 30 June 2011 the charity was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2012

	Land & building £	2011 Other £	Land & buildings £	2010 Other £
Within 1 year	-	-	3,784	-
Within 2-5 years	10,476	-	-	-
	<u>10,476</u>	<u>-</u>	<u>3,784</u>	<u>-</u>

**20 RELATED PARTY TRANSACTIONS**

The directors consider that no transactions took place with related parties during the year

**21 RESERVES POLICY**

**Operational reserves**

To cover fluctuations in income on both restricted account and unrestricted account Target level of reserve to be held to equal 6 months of total projected annual costs on the Support fund (restricted fund), and the UK budget (unrestricted fund) respectively

**Home assignment reserves**

An element of regular monthly support is required towards a member's eventual home assignment at the end of their period in Nepal This is credited to a home assignment reserve on a monthly basis Payment of home assignment costs is taken from the home assignment reserve

**Emergency reserves**

The security position in Nepal remains volatile and uncertain

The board consider it imperative to hold an emergency reserve to enable it to respond to any emergency that arises

**Property reserve**

The charity contributed £55,000 towards the capital costs of refurbishing 22 Weoley Park Road, Selly Oak, Birmingham, this capital will be rebated over ten years through a reduced rent with a corresponding amortisation of the property reserve

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2011**

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**21 RESERVES POLICY (continued)**

**INF work in Nepal and internationally**

£389,562 of funds previously held in the property reserve have been reallocated to the fund for INF's work in Nepal and internationally

The trustees have decided to disburse these monies held in this fund over a rolling five-year period by way of grants to INF projects. Formal grant applications will be considered for funding commitment up to 3 years, and these will be assessed against agreed criteria including INF's charitable purposes and its agreed vision and mission statements.

In addition to the monies from the Property reserve, the trustees have also committed any future significant legacies to this fund.

**Restricted reserves**

These are funds held on behalf of a project, or for a designated purpose. The amount held is equal to the fund balance at any one time.