

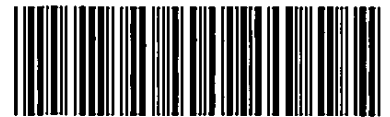
Company number: 03060972
Charity number: 1047178

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

Financial Statements

Year ended 30 June 2010

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INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

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INTERNATIONAL NEPAL FELLOWSHIP

(A company limited by guarantee)

COMPANY INFORMATION & TRUSTEES' REPORT

For the year ended 30 June 2010

The trustees present their report along with the financial statements of the charity for the year ended 30th June 2010. 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)
Mr Peter Bruce	(resigned 27 th March 2010)
Dr Andrew Cordell	
Miss Alison Craven	
Mr David Dixie	(resigned 27 th March 2010)
Dr Tom Donaldson	(appointed 27 th March 2010)
Dr David Halpin	
Mr Roger Hamlet	(appointed 26 th June 2010)
Mrs Sarah Hay	(resigned 5 th December 2009)
Rev Anthony Leighton	(vice-Chair)
Miss Diane Norton	
Mr Richard Sykes	

Chief Executive Officer

Mr John Reynolds

Company Secretary

Mr John Reynolds

Auditors

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Solicitors

Anthony Collins Solicitors
Pearl Assurance House
4 Temple Row
Birmingham
B2 5HG

Bankers

Bank of Scotland
55 Temple Row
Birmingham, B2 5LS

The Co-operative Bank
1st Floor
118-120 Colmore Row
Birmingham, B3 3BA

INTERNATIONAL NEPAL FELLOWSHIP

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COMPANY INFORMATION & TRUSTEES' REPORT

For the year ended 30 June 2010

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, as witnessed this year, 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 regular training during board meetings and their contribution is reviewed on an annual basis by the Chair of trustees.

INF/UK assesses the risks it faces through a risk register, which is reviewed regularly. It has also put in place procedures to monitor and manage these risks. The board continues to operate a number of 'Assurances', which are internal audit functions and presently cover the areas of finance and risk management.

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 58 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 2010.

Negotiations for renewal of the 5 year agreement with the Government of Nepal are well advanced and encouraging comments have been received from government officials regarding its renewal. However, Nepal continues to suffer political instability, which makes the process and mechanism of government difficult. In keeping with the experience of other INGOs, the renewal of INF's 5 year agreement with the government of Nepal has become bogged down by inter-party politics.

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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2010

3. Objectives (continued)

To ensure the good working of INF, and in order to maintain an acceptable immigration status for its expatriate workers, the Government of Nepal has granted temporary extensions to official visas. The difficulties described above are not uncommon and INF experienced similar difficulties, for similar reasons, in 2005 and 2000. The Directors fully expect a new 5 year agreement to be signed.

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.

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

1. 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 fallen during the past few years but the rate of decline has flattened out. This fall was, in part, a consequence of decisions taken in 2005 to localise many of the key positions within INF/N rather than them being held by expatriates. The board continues to be concerned with the fact that fewer mission candidates are putting themselves forward for service, a trend that seems to be affecting other similar Christian missions, this is despite the commitment of greater resources to this area of INF/UK's business during 2009-2010.

The Directors' last annual report acknowledged that the decline in volunteers might represent a fundamental change in the environment and that this could lead to a change in strategic emphasis in the future. In view of the continuing trend noted above, the board devoted a day's retreat on the 16th January 2010 to explore these trends in greater depth. Martin Lee, CEO of Global Connections, a Christian Network agency with approx 200 mission agency members, made a presentation and helped the board understand the implications of market changes. Details of this have been shared with colleagues in Nepal in order that an INF family-wide response can be developed to this challenge.

11. 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 the CEO, John Reynolds.
111. Fund raising for INF/N and INF/W projects and programmes continues to be a key element of INF/UK's work. A major application to DFID to support INF/N's work with internal migrants in Nepal was re-submitted in June 2009 but in December 2009 the charity learned it had not been successful.

INTERNATIONAL NEPAL FELLOWSHIP
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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2010

5. Main activities through the past year (continued)

In June 2010 the charity decided to strengthen its fund raising capacity. It recruited a former INF Programmes Director in a voluntary capacity and also recruited two part time unpaid interns with International Development qualifications. The approach will substantially increase INF/UK's ability to research and submit applications to trusts and institutional funders.

- iv Providing services and resources to INF/N and INF/W
- v Publicising in the UK the work of the INF family of organisations. During 2009 INF/UK commissioned a new set of brochures and is developing a web based, social networking strategy to communicate with its supporters and generate new supporters.
- vi Servicing a diverse network of supporters both within the UK and Europe. The charity ran a major residential supporter conference in Rehe, central Germany in October 2009. Approximately 200 supporters attended from 16 countries. This conference generated a significant amount of good will and renewed interest in mission to Nepal. A further European conference is planned for 2012.
- 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.

(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 2010 INF/W continued to facilitate and support church groups in India working with Nepali migrants and communities. During 2010 INF/UK brokered an agreement with BMS Worldwide and INF/W to enable INF/W to import foreign currency into India in support of its work there, thus overcoming one of the stumbling blocks referred to in the Directors report of 2009.

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.

INF/UK has invited INF/W to submit an application for funding to support the development of Diaspora work worldwide including research into needs.

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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2010

5. Main activities through the past year (continued)

(c) INF Nepal

- 1 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 350 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.

- 11 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 (for example reactions), 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.

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 is beset with continual 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 is also hampering the recruitment of volunteer workers for Nepal because of future job insecurity and uncertainty.

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

When INF/UK sold 69 Wentworth Road it relocated to 104-106 Hagley Road, Edgbaston, Birmingham as a temporary move to give time and space for the trustees to decide its location for the long term. An agreement has now been reached for the charity to lease a property at the International Mission Centre in Selly Oak. This is adjacent to BMS World Mission's training College. BMS World Mission has partnered INF for over 35 years and the Directors believe there will be synergies through co-locating with this partner. The charity will be contributing to the capital costs of refurbishing the new premises, which will be rebated over ten years through a reduced rent. The charity gave notice to determine their current lease at 104-106 Hagley Road in December 2010 and plan to move in March 2011.

INTERNATIONAL NEPAL FELLOWSHIP
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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2010

7. Financial activities

During the year, total incoming resources were £837,206 (2009 £952,145) This was a reduction of 12.1% on the y/e 2009, which itself saw a fall of 11.63% on the y/e 2008 Total expenditure was down 15.9% at £921,286 (2009 £1,095,512) Overall costs are 25.5% lower than y/e 2008 The charity had a net shortfall for the year of £84,080, which was covered from reserves

The trustees view the year's results as disappointing. A further shortfall is anticipated for 2010-2011, though cost saving measures have been put in place and the shortfall will be less than y/e 2010. The trustees feel their historical approach to managing INF/UK's reserves 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, will mean property reserves can be released for use in the charity's core business and in particular its support for its development partners in Nepal and Worldwide. A decision on releasing property reserves will be taken in 2011 when the full costs of refurbishing its new offices are known.

(a) General Fund

Total income on the General Fund was £197,582 (2009 £311,300), down 36.5%

At the time of last year's report the trustees anticipated pressure on general donations and from a fall in interest rates, this proved correct. The two key components of the reduction in General Income were -

- a) a fall of in General donations of 23.4% (2010 128,423 cf 2009 167,660)
- b) a fall in interest income of 77.7% (2010 18,975 cf 2009 £85,136), this was the result of low market place interest rates

(b) Designated Nepal

Income for Nepal was up at £402,049 (2009 £383,568), which was encouraging given general market conditions

Gifts to Nepal and INF internationally were down at 409,872, a fall of 26.6% (2009 £558,092). Given the reduction in general income the trustees consider this figure to be satisfactory.

(c) 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 fell to £208,436 (2009 £226,348) reflecting the lower number of members on the field. Although support income fell during the year the impact of this reduction was offset by favourable exchange rate movements between sterling and the Nepali Rupee. Despite increasing salaries and allowances for expatriate workers in Nepal by 20% to keep pace with local inflation, the value of the general support fund increased by 10.8% (2010 £220,952 cf £199,409). A strong support reserve underpins the charity's commitment to its expatriate workers in Nepal.

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 2010 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.

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For the year ended 30 June 2010

8. Reserves policy (continued)

(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 holding as at 30th June 2010 was £70,000.

(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.

(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.

(e) Sabbatical Reserve

One missionary, who has re-skilled and changed role from Community Based Rehabilitation to Personnel Officer (a role that had been difficult to fill), completed her sabbatical in 2009-2010. The trustees are pleased to be able to provide this opportunity to its missionaries, enabling them to provide long term professional support to INF/N.

(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 £23,594. Notices have been placed in INF's regular monthly prayer notes encouraging people to contact us if they know of former missionary members in need in order that funds can be disbursed.

(g) General Reserves

The board believes it prudent to hold a General Reserve to cover needs or liabilities not yet identified. For the past three years the board decided to hold lower General Reserves than in previous years cognisant of its ability to utilise funds from the property reserve if needed. General Reserves at the end of 2010 are £7,906 (2009 £57,629).

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

Grants to the work of INF in Nepal and internationally reduced significantly (2010 £10,509 cf 2009 £175,221) reflecting lower income, this year's operating shortfall and previous year's actions to disburse general reserves that are not repeatable.

(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

There have been no post balance sheet events.

INTERNATIONAL NEPAL FELLOWSHIP
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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2010

11. Plans for the future

In May 2007 the board agreed a 10-year vision statement which is being used to shape operational plans and set boundaries for the management. Detailed operational plans are in place and are reviewed on an annual basis.

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.

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



Chairman

INTERNATIONAL NEPAL FELLOWSHIP
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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INTERNATIONAL NEPAL FELLOWSHIP
For the year ended 30 June 2010

We have audited the financial statements of International Nepal Fellowship for the year ended 30 June 2010 which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under accounting policies set out therein.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustee' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Company Information & Trustees Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 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 our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

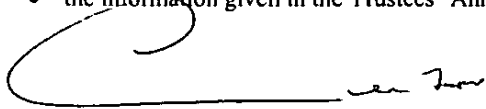
INTERNATIONAL NEPAL FELLOWSHIP
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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INTERNATIONAL NEPAL FELLOWSHIP
For the year ended 30 June 2010

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 30 June 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report 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 25 March 2011

INTERNATIONAL NEPAL FELLOWSHIP
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STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2010

		Unrestricted funds			Total	Total
	Note	General funds	Designated funds	Restricted funds	2010	2009
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Gifts to Nepal		-	-	402,049	402,049	383,568
Member support funds		-	-	208,436	208,436	226,348
Others		-	-	29,139	29,139	23,242
Sponsored Nepalis	3	15,829	-	-	15,829	10,225
General donations		128,423	-	-	128,423	167,660
Legacies		16,183	-	-	16,183	43,628
Contribution to printing		4,294	-	-	4,294	4,651
Volunteer income		-	-	-	-	-
<i>Investment income</i>						
Interest & dividends receivable	9	18,975	-	-	18,975	85,136
		<u>183,704</u>	<u>-</u>	<u>639,624</u>	<u>823,328</u>	<u>944,458</u>
Charitable activities						
Conference fees		13,649	-	-	13,649	7,582
Trading income		229	-	-	229	105
		<u>13,878</u>	<u>-</u>	<u>-</u>	<u>13,878</u>	<u>7,687</u>
TOTAL INCOME		<u>197,582</u>	<u>-</u>	<u>639,624</u>	<u>837,206</u>	<u>952,145</u>
RESOURCES EXPENDED						
Cost of generating funds						
Costs of generating voluntary income						
	15	-	-	-	-	-
Purchases and conference		17,372	-	-	17,372	11,994
		<u>17,372</u>	<u>-</u>	<u>-</u>	<u>17,372</u>	<u>11,994</u>
Charitable activities						
Gift to Nepal and INF internationally		-	10,509	-	10,509	175,221
Designated for specific gifts		-	-	399,363	399,363	382,871
Member support funds	4	-	-	144,653	144,653	148,855
Other member related funds	4	-	-	35,871	35,871	58,085
Others		-	-	28,780	28,780	22,480
Sponsored Nepalis	3	28,530	-	-	28,530	28,530
<i>Support costs</i>						
Personnel	16	179,309	-	-	179,309	181,508
Premises		22,192	-	-	22,192	22,137
Utilities		1,389	-	-	1,389	1,918
Office costs		8,544	-	-	8,544	9,602
Communications		17,081	-	-	17,081	17,880
Publicity /promotional		8,007	-	-	8,007	14,902
Recruitment		3,867	-	-	3,867	5,189
Depreciation	16	5,025	-	-	5,025	5,293
	15	<u>273,944</u>	<u>10,509</u>	<u>608,667</u>	<u>893,120</u>	<u>1,074,471</u>

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (Continued)
For the year ended 30 June 2010

		Unrestricted funds			Total	Total
	Note	General funds	Designated funds	Restricted funds	2010	2009
		£	£	£	£	£
Governance costs	5	10,794	-	-	10,794	9,047
		<u>10,794</u>	<u>-</u>	<u>-</u>	<u>10,794</u>	<u>9,047</u>
TOTAL EXPENDITURE		<u>302,110</u>	<u>10,509</u>	<u>608,667</u>	<u>921,286</u>	<u>1,095,512</u>
NET (EXPENDITURE)/INCOME		<u>(104,528)</u>	<u>(10,509)</u>	<u>30,957</u>	<u>(84,080)</u>	<u>(143,367)</u>
Transfer between funds		53,068	(40,000)	(13,068)	-	-
Profit/(loss) on investments		1,737	-	-	1,737	(6,363)
NET MOVEMENT		<u>(49,723)</u>	<u>(50,509)</u>	<u>17,889</u>	<u>(82,343)</u>	<u>(149,730)</u>
Brought forward		57,629	802,528	615,779	1,475,936	1,625,666
CARRIED FORWARD		<u>7,906</u>	<u>752,019</u>	<u>633,668</u>	<u>1,393,593</u>	<u>1,475,936</u>

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

BALANCE SHEETS AS AT 30 June 2010

Company number: 03060972

	Notes	General funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
FIXED ASSETS						
Tangible assets	10	3,212	-	-	3,212	7,257
Investments	11	24,279	-	-	24,279	22,542
		<u>27,491</u>	<u>-</u>	<u>-</u>	<u>27,491</u>	<u>29,799</u>
CURRENT ASSETS						
Stock of literature	12	-	-	-	-	-
Debtors and prepayments	13	10,397	-	-	10,397	14,381
Cash at bank and in hand		59,932	752,019	633,668	1,445,619	1,497,667
		<u>70,329</u>	<u>752,019</u>	<u>633,668</u>	<u>1,456,016</u>	<u>1,512,048</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Creditors and accrued charges	14	(89,914)	-	-	(89,914)	(65,911)
NET CURRENT ASSETS		<u>(19,585)</u>	<u>752,019</u>	<u>633,668</u>	<u>1,366,102</u>	<u>1,446,137</u>
TOTAL NET ASSETS		<u><u>7,906</u></u>	<u><u>752,019</u></u>	<u><u>633,668</u></u>	<u><u>1,393,593</u></u>	<u><u>1,475,936</u></u>
FUNDS						
Restricted income funds	18	-	-	633,668	633,668	615,779
Designated income funds	19	-	608,470	-	608,470	668,470
Property		-	143,549	-	143,549	134,058
Other		-	-	-	-	-
General reserve		7,906	-	-	7,906	57,629
		<u>7,906</u>	<u>752,019</u>	<u>633,668</u>	<u>1,393,593</u>	<u>1,475,936</u>

Approved by the board _____
and signed on its behalf

A. Gammie
A Gammie
23/3/11

Alison M Craven 21 3 11
A Craven

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

1 ACCOUNTING POLICIES

The financial statements are prepared, in accordance with SORP 2005 (Accounting and Reporting by Charities) and relevant legislation, under the historical cost convention, which has been modified to include the revaluation of land and buildings

Income

Income represents amounts received during the period, the accounting policy for which is set out below. 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	33½% straight line
Freehold buildings	2% straight line

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.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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 so as to match them with the expenditure towards which they contribute. 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.

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

1 ACCOUNTING POLICIES (Continued)

Resources expended (Continued)

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.

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.

2 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	149,095	152,685
Social security costs	12,898	12,993
Other pension costs	9,938	9,947
Courses, travel and other	7,378	5,883
	<u>179,309</u>	<u>181,508</u>
Average number of employees/volunteers on home assignment		
Management	1	1
Administration	6	6
Volunteers on home assignment	5	7
Sponsored Nepalis	2	2
	<u>14</u>	<u>16</u>

3 SPONSORED NEPALIS

	2010	2009
	£	£
Income and donations	15,829	10,225
Less Costs	(28,530)	(28,530)
	<u>(12,701)</u>	<u>(18,305)</u>

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

4 MEMBERS' SUPPORT COSTS

	2010 £	2009 £
(1) UK Costs		
Allowances and travel	23,047	14,271
Social security	3,027	2,686
Other pension costs	34,809	39,862
Sabbatical costs	5,070	26,874
(2) Remitted to Nepal		
Support and related costs	78,700	65,162
	<u>144,653</u>	<u>148,855</u>
(3) Transfer to Home Assignment Reserve to cover future years costs		
Other member related funds	35,871	58,085
	<u>180,524</u>	<u>206,940</u>

5 GOVERNANCE COSTS

	2010 £	2009 £
Bank and web charges	2,414	1,751
Legal and statutory	144	51
Trustee expenditure	2,658	1,642
Trustee Nepal costs	778	828
Audit fee	4,800	4,775
	<u>10,794</u>	<u>9,047</u>

6 NET MOVEMENT IN RESOURCES FOR THE YEAR

	2010 £	2009 £
The net movement in resources for the year is stated after charging		
Depreciation of owned tangible fixed assets	5,025	5,293
Audit fee	4,800	4,775
	<u>9,825</u>	<u>10,068</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 2010 the transfer was equivalent to 6.6% of budgeted income for member's support.

During the year ended 30 June 2010, support income included an amount of £12,600 (2009 £15,000), all of which was transferred to unrestricted funds during the year.

8 DIRECTORS' REMUNERATION

No directors' remuneration was voted during the year. Directors' expenses incurred in connection with the company's affairs amounted to £3,436 (2009 £2,470).

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

9 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£	£
Bank interest	18,549	77,294
Dividends	426	597
Other	-	7,245
	<u>18,975</u>	<u>85,136</u>

10 FIXED ASSETS

	Computer equipment and software £
Cost or valuation	
At 1 July 2009	15,051
Additions	980
Disposals	(2,486)
At 30 June 2010	<u>13,545</u>
Depreciation	
At 1 July 2009	7,794
Charge for the year	5,025
Disposals	(2,486)
At 30 June 2010	<u>10,333</u>
Net book value	
At 30 June 2010	<u>3,212</u>
At 30 June 2009	<u>7,257</u>

11 INVESTMENTS

	2010	2009
	£	£
Charinco Common Investment Fund		
Market value at beginning of year	22,542	28,905
Unrealised (loss)/gain during the year	1,737	(6,363)
	<u>24,279</u>	<u>22,542</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
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

12 STOCKS

	2010 £	2009 £
Goods for resale	-	-

13 DEBTORS AND PREPAYMENTS

	2010 £	2009 £
Other debtors and prepayments	10,397	14,381
	<u>10,397</u>	<u>14,381</u>

There are no debtors falling due after more than one year

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Funds held for Nepal	23,761	27,742
Taxation and social security	3,284	4,209
Accruals and deferred income	62,869	33,960
	<u>89,914</u>	<u>65,911</u>

15 CHARITABLE ACTIVITIES

	Activities directly undertaken £	(Note 17) Grant Funding £	(Note 16) Support Costs £	2010 Total £	2009 Total £
Support of missionary workers	180,524	-	98,166	278,690	310,313
Support of INF Nepal	-	-	73,624	73,624	77,529
Support of INF Worldwide	-	-	73,624	73,624	77,529
Support of INF Internationally	-	467,182	-	467,182	609,100
	<u>180,524</u>	<u>467,182</u>	<u>245,414</u>	<u>893,120</u>	<u>1,074,471</u>
Fund raising	-	-	-	-	-
	<u>180,524</u>	<u>467,182</u>	<u>245,414</u>	<u>893,120</u>	<u>1,074,471</u>

INTERNATIONAL NEPAL FELLOWSHIP
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

16 SUPPORT COSTS

Activity	Support of missionary workers £	Support of INF Nepal £	Support of INF Worldwide £	Support total £	Fund Raising £	Total 2010 £	Total 2009 £
Personnel (note 2)	71,725	53,792	53,792	179,309	-	179,309	181,508
Premises	8,876	6,658	6,658	22,192	-	22,192	22,137
Utilities	555	417	417	1,389	-	1,389	1,918
Office costs	3,418	2,563	2,563	8,544	-	8,544	9,602
Communications	6,833	5,124	5,124	17,081	-	17,081	17,880
Publicity/promotion	3,203	2,402	2,402	8,007	-	8,007	14,902
Recruitment	1,547	1,160	1,160	3,867	-	3,867	5,189
Depreciation (Note 10)	2,009	1,508	1,508	5,025	-	5,025	5,293
	<u>98,166</u>	<u>73,624</u>	<u>73,624</u>	<u>245,414</u>	<u>-</u>	<u>245,414</u>	<u>258,429</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.

17 ANALYSIS OF GRANTS

	Grants to individuals £	Grants to Institutions £	Total 2010 £	Total 2009 £
Fund raising	-	-	-	-
Support of missionary workers	-	-	-	-
Support of INF Internationally	-	467,182	467,182	609,100
	<u>-</u>	<u>467,182</u>	<u>467,182</u>	<u>609,100</u>

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

18 RESTRICTED FUNDS

	Brought forward	Donations and gifts	Charitable expenditure	Transfers	Carried forward
	£	£	£	£	£
Grants					
TB and Leprosy Project	-	-	-	-	-
Security appeal	-	-	-	-	-
Gifts to Nepal					
Designated Nepal	-	381,564	(381,564)	-	-
Seconded workers	-	16,033	(16,033)	-	-
Tax seconded	-	1,765	(1,765)	-	-
Theotracs (Scholarship)	-	300	-	-	300
Other in Nepal	-	-	-	-	-
Gordon Leitch Memorial Fund	28,490	1,247	-	-	29,737
Camps	477	1,140	-	-	1,617
Member Related Funds					
Support fund	199,409	208,436	(144,654)	(42,239)	220,952
Emergency repatriation reserve	114,000	-	-	-	114,000
Home assignment reserve	70,000	-	(35,871)	35,871	70,000
INF Medical Scheme	10,000	-	-	-	10,000
Operational reserve (support)	132,000	-	-	-	132,000
Sabbatical reserve	38,000	-	-	(6,700)	31,300
Others					
Members welfare fund	23,336	258	-	-	23,594
Personal gifts	-	18,559	(18,559)	-	-
Volunteers	-	10,221	(10,221)	-	-
UK Staff	67	101	-	-	168
	<u>615,779</u>	<u>639,624</u>	<u>(608,667)</u>	<u>(13,068)</u>	<u>633,668</u>

Note The support Fund transfer includes a transfer of £12,600 (2009 £15,000) from support income to unrestricted funds

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 purpose

	Balance at 1 July 2009	New designations	Utilised/ released in year	Transfers	Balance at 30 June 2010
	£	£	£	£	£
Operational reserve (general)	132,250	-	-	-	132,250
Property reserve	668,470	-	-	(60,000)	608,470
INF work in Nepal and Internationally	1,808	-	(10,509)	20,000	11,299
EU Repayment reserve	-	-	-	-	-
	<u>802,528</u>	<u>-</u>	<u>(10,509)</u>	<u>(40,000)</u>	<u>752,019</u>

INTERNATIONAL NEPAL FELLOWSHIP
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

20 OTHER FINANCIAL COMMITMENTS

At 30 June 2010 the charity was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2010

	Land & building £	2010 Other £	Land & buildings £	2009 Other £
Within 1 year	3,784	-	14,812	-
	<u>3,784</u>	<u>-</u>	<u>14,812</u>	<u>-</u>

21 RELATED PARTY TRANSACTIONS

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

22 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 property reserve represents the sale proceeds of 69 Wentworth Road after deduction of agents costs and solicitors fees The Directors have decided to maintain a property reserve as they anticipate purchasing a property for Charitable use in the future

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