

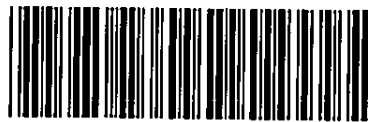
3060972

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

**Financial Statements**

**Year ended 30 June 2009**

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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 period ended 30 June 2009

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The trustees present their report along with the financial statements of the charity for the period ended 30th June 2009. The financial statements have been prepared on the accounting policies 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 3060972).

The principal address of INF/UK is 104-106 Hagley Road, Edgbaston, Birmingham B16 8LT. This is also the registered address of the company.

Board of Trustees

Mr Andrew Gammie (Chair)  
Mr Peter Bruce  
Dr Andrew Cordell (appointed January 2009)  
Miss Alison Craven  
Mr David Dixie  
Dr David Halpin  
Mrs Sarah Hay  
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  
The Broadway  
Dudley  
West Midlands  
DY1 4PY

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

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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.

Two committees support the CEO, an 'Executive Committee', comprising the Chairman, Vice-Chairman, one other board member and the CEO, and a 'Finance Committee' ordinarily comprised of two board members, two independent co-optees, 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 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 continued 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 57 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 scheduled to start in mid-2010. On the evidence of past history and the contract mid-term review carried out in early 2009 by the government, the directors of INF/W firmly believe that a renewed contract will be granted.

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**COMPANY INFORMATION & TRUSTEES REPORT**  
For the period ended 30 June 2009

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**3 Objectives (Continued)**

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 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 continues to fall although the rate of decline has lessened. This is 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 2008-2009.

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 will devote a day's retreat on the 16<sup>th</sup> 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, will make a presentation and help the board explore the implications of market changes.

- 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 the 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. A major application submitted to DFID to support INF/N's work with migrants in Nepal was declined during the year, this was re-submitted in accordance with the guidance from DFID. In December 2009 the charity learned it had not been successful with its re-submission.
- 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.

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

**COMPANY INFORMATION & TRUSTEES REPORT**  
For the period ended 30 June 2009

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**5 Main activities through the past year (Continued)**

- vi Servicing a diverse network of supporters both within the UK and Europe

Throughout 2009 plans continued for a major residential supporter conference in Rehe, central Germany, this took place in October 2009. Approximately 200 supporters attended from 16 countries. This conference generated a significant amount of goodwill and renewed interest in mission to Nepal. Follow up work will continue into 2010 to build on the work of the conference.

- 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. During 2010 it is intended to run a number of church leadership seminars to enable and facilitate the growing number of churches and fellowships within the Nepali community 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. In this respect INF/UK provided a grant of £54,000, over a two year period, to INF Australia (INF/A) to enable it to employ a Development Director. It is hoped that INF/A will develop sufficiently to make the position permanent and increase its overall support of both INF/N and INF/W. INF/UK also supported the recruitment process for this new post by encouraging one of its former experienced volunteers to apply. This individual has now emigrated to take up the post.

(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 2009 INF/W continued to facilitate and support church groups in India working with Nepali migrants and communities. Its ability to work in India is though hampered by the lack of a foreign currency licence (meaning it cannot legally fund projects themselves). It is hoped that this impediment may be overcome during 2010. INF/UK has offered a grant to INF/W to help develop the work in India during 2010.

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 was set up during 2009 to further 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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**For the period ended 30 June 2009**

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**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 20-25 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, HIV / AIDS 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 also runs a drop-in and residential 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 works with a variety of communities (displaced people, poor women, remote and disadvantaged communities) to empower them.

**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. The political progress seen during 2007/2008 reversed during 2008/2009. Political uncertainty has increased and the country is beset with continual strikes together with 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 there is some thought that it is hampering recruitment of volunteer workers through 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. Negotiations have started for a permanent move to a new location in Selly Oak and are continuing. A final decision will not be made until later in 2010. The current at 104-106 Hagley Road lease is a five year lease from January 2008, the company have the ability to give three months' notice on quarter days to determine the lease without cost or penalty.

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For the period ended 30 June 2009

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**7. Financial activities**

During the year, total incoming resources were £952,145 (2008 £1,076,594) This was a reduction of 11.6% on the previous year Total expenditure was down 11.4% at 1,095,512 (2008 £1,236,116)

The trustees view the year's results as disappointing but satisfactory in the light of the recession The shortfall between income and expenditure of £143,367 is not considered excessive The trustees feel their approach to managing INF/UK's reserves in has been vindicated as the company is well placed not just to weather the current recession but also to still provide strong support for its development partners in Nepal and Worldwide

*(a) General Fund*

Total income on the General Fund was £311,300 (2008 £235,025), up 32.5% on the previous year

There were two main reasons for this General donations were 20% up at £167,660 (2008 £139,761) following a fall of the same magnitude the previous year

Interest income was 60% up at £85,136 (2008 £53,286) reflecting the full year of investment of the sale proceeds of 69 Wentworth Road

The trustees anticipate significant pressure on general donations during 2009/2010 Interest income will be very low because of historically low interest rates

*(b) Designated Nepal*

Income for Nepal was significantly down at £383,568 (2008 £544,389) This fall is concerning, though the 2008 figures itself posted a rise of 35.6% over 2007 (£401,389)

Gifts to Nepal and INF internationally were down at £558,092 (2008 £660,247) The trustees consider this figure to be satisfactory The ability to maintain giving at a higher level than income is a result of a prudent approach by trustees in past years and the long term view taken of reserves

*(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 £226,348 (2008 £270,021) reflecting the lower number of members on the field

At the time of their last report the Directors were predicting significant pressure on the Support Fund and a reduction in its balance as a result of exchange rate movements At the end of the day these pressures were mitigate by favourable exchange rate movements during the final half of the year The Support Fund is marginally higher in 2009 at £199,409 (2008 £195,586) 2009/2010 will see the full impact of increased allowance levels for both Nepal and the UK but without a commensurate increase in support targets for two years The board continues to believe that the size of the Support Fund is sufficient to cover this commitment

**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 2009 for General Operational Reserve was £132,250 equating to 4.8 months The reserve holding for the Support Operational Reserve remains at £132,000, which equates to 6 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 holding as at 30th June 2009 was £70,000



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**COMPANY INFORMATION & TRUSTEES REPORT**  
For the period ended 30 June 2009

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**8. Reserves policy (Continued)**

*(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*

Two sabbaticals were provided during 2008/09 and a further one started during the prior financial year was completed. As a result of this scheme one post holder has gone on to be Executive Director of United Missions to Nepal, an organisation similar to INF serving Nepal. Another missionary has re-skilled and changed role from Community Based Rehabilitation (she had successfully trained her successor) to Personnel Officer (a role that had been difficult to fill). The final sabbatical has enabled the post holder to obtain an MBA and move from a training role to the role of Programmes Director (again a role that had been difficult to fill). The trustees are pleased to be able to provide this form of support 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 £23,336. 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 two years the board decided to hold lower General Reserves than in previous years for two reasons: (i) it believes that it is acting prudently through its other reserve holdings, and (ii) it also wishes to exercise a faith reliance on God's provision. General Reserves at the end of 2009 are £57,629 (2008 £6,510). The board anticipate utilising some of these reserves in support of INF/N given the fall off of income for Nepal

*(h) EU Repayment Reserve*

INF/UK has now received confirmation that the contract has been closed in the EU's books and the specific reserved raised against this contingency has been written back to General Reserves

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

Grants totalling £175,221 (2008 £117,500) were released towards the work of INF in Nepal and internationally

*(j) 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. The charity has negotiated good terms with their bankers resulting in money market interest rates being paid on moneys held in their current account, notwithstanding that the accounts are instant access

Given the turmoil in the banking sector during 2008 the trustees decided to lessen their exposure to Bank of Scotland, which was one of the most vulnerable banks, by opening an account with the Cooperative Bank and transferring substantial funds to it

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**COMPANY INFORMATION & TRUSTEES REPORT**  
For the period ended 30 June 2009

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**9. Investment policy (Continued)**

The board believe that, through their actions, they have achieved an acceptable balance of risk and reward  
Work has commenced on a socially responsible investment policy

**10. Post balance sheet events**

There have been no post balance sheet events

**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. A detailed operational plan was put in place for 2008/09. This is linked closely to a new staff appraisal system incorporating personal objectives linked to the operational plan. The board are pleased with the way that the company's plans are progressing.

**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**

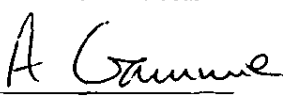
Each Trustee of the Charity at the date when this report was approved (who also are treated as Directors for the purposes of Company law)

- 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  
28/1/2010

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

**INDEPENDENT AUDITORS REPORT**  
**For the period ended 30 June 2009**

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We have audited the financial statements of International Nepal Fellowship for the year ended 30 June 2009 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's 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 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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**STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 30 June 2009

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**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 2009 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

Mazars LLP

Mazars LLP, Chartered Accountants (Statutory auditor)  
Glen Jones (Senior statutory auditor)  
The Broadway  
Dudley  
West Midlands  
DY1 4PY

Date 18 February 2010

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
For the year ended 30 June 2009

		Unrestricted funds			Total	Total
	Note	General funds	Designated funds	Restricted funds	2009	2008
		£	£	£	£	£
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds</b>						
<i>Voluntary income</i>						
Gifts to Nepal		-	-	383,568	383,568	544,389
Member support funds		-	-	226,348	226,348	270,021
Others		-	-	23,242	23,242	27,159
Sponsored Nepalis	3	10,225	-	-	10,225	8,605
General donations		167,660	-	-	167,660	139,761
Legacies		43,628	-	-	43,628	19,618
Contribution to printing		4,651	-	-	4,651	2,530
Volunteer income		-	-	-	-	350
<i>Investment income</i>						
Interest & dividends receivable	9	85,136	-	-	85,136	53,286
		<u>311,300</u>	<u>-</u>	<u>633,158</u>	<u>944,458</u>	<u>1,065,719</u>
<b>Charitable activities</b>						
Conference fees		7,582	-	-	7,582	9,341
Trading income		105	-	-	105	1,534
		<u>7,687</u>	<u>-</u>	<u>-</u>	<u>7,687</u>	<u>10,875</u>
<b>TOTAL INCOME</b>		<u>318,987</u>	<u>-</u>	<u>633,158</u>	<u>952,145</u>	<u>1,076,594</u>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds</b>						
Costs of generating voluntary income	15	-	-	-	-	40,078
Purchases and conference		11,994	-	-	11,994	13,584
		<u>11,994</u>	<u>-</u>	<u>-</u>	<u>11,994</u>	<u>53,662</u>
<b>Charitable activities</b>						
Gift to Nepal and INF internationally		-	174,651	570	175,221	117,500
Designated for specific gifts		-	-	382,871	382,871	542,747
Member support funds	4	-	-	148,855	148,855	159,475
Other member related funds	4	-	-	58,085	58,085	50,907
Others		-	-	22,480	22,480	25,704
Sponsored Nepalis	3	28,530	-	-	28,530	24,063
<i>Support costs</i>						
Personnel	16	181,508	-	-	181,508	154,251
Premises		22,137	-	-	22,137	11,390
Utilities		1,918	-	-	1,918	2,060
Office costs		9,602	-	-	9,602	21,107
Communications		17,880	-	-	17,880	14,918
Publicity /promotional		14,902	-	-	14,902	20,550
Recruitment		5,189	-	-	5,189	3,750
Depreciation	16	5,293	-	-	5,293	2,842
	15	<u>286,959</u>	<u>174,651</u>	<u>612,861</u>	<u>1,074,471</u>	<u>1,151,264</u>

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

**STATEMENT OF FINANCIAL ACTIVITIES (Continued)**  
**For the year ended 30 June 2009**

	Note	Unrestricted funds		Restricted funds	Total 2009	Total 2008
		General funds	Designated funds			
		£	£	£	£	£
<b>Governance costs</b>	5	9,047	-	-	9,047	31,190
		<u>9,047</u>	<u>-</u>	<u>-</u>	<u>9,047</u>	<u>31,190</u>
<b>TOTAL EXPENDITURE</b>		<u>308,000</u>	<u>174,651</u>	<u>612,861</u>	<u>1,095,512</u>	<u>1,236,116</u>
<b>NET (EXPENDITURE)/INCOME</b>		<u>10,987</u>	<u>(174,651)</u>	<u>20,297</u>	<u>(143,367)</u>	<u>(159,522)</u>
Transfer between funds		46,495	(29,510)	(16,985)	-	-
Profit on sale of property		-	-	-	-	6,000
Loss on investments		(6,363)	-	-	(6,363)	(4,162)
<b>NET MOVEMENT</b>		<u>51,119</u>	<u>(204,161)</u>	<u>3,312</u>	<u>(149,730)</u>	<u>(157,684)</u>
Brought forward		6,510	1,006,689	612,467	1,625,666	1,783,350
<b>CARRIED FORWARD</b>		<u>57,629</u>	<u>802,528</u>	<u>615,779</u>	<u>1,475,936</u>	<u>1,625,666</u>

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**BALANCE SHEETS AS AT 30 JUNE 2009**

	Notes	General funds £	Designated funds £	Restricted funds £	Total 2009 £	Total 2008 £
<b>FIXED ASSETS</b>						
Tangible assets	10	7,257	-	-	7,257	12,070
Investments	11	22,542	-	-	22,542	28,905
		<u>29,799</u>	<u>-</u>	<u>-</u>	<u>29,799</u>	<u>40,975</u>
<b>CURRENT ASSETS</b>						
Stock of literature	12	-	-	-	-	200
Debtors and prepayments	13	14,381	-	-	14,381	9,403
Cash at bank and in hand		79,360	802,528	615,779	1,497,667	1,944,180
		<u>93,741</u>	<u>802,528</u>	<u>615,779</u>	<u>1,512,048</u>	<u>1,953,783</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>						
Creditors and accrued charges	14	(65,911)	-	-	(65,911)	(87,282)
Grant money refundable	14	-	-	-	-	(281,810)
		<u>27,830</u>	<u>802,258</u>	<u>615,779</u>	<u>1,446,137</u>	<u>1,584,691</u>
<b>NET CURRENT ASSETS</b>						
		<u>57,629</u>	<u>802,528</u>	<u>615,779</u>	<u>1,475,936</u>	<u>1,625,666</u>
<b>FUNDS</b>						
Restricted income funds	18	-	-	615,779	615,779	612,467
Designated income funds	19	-	668,470	-	668,470	776,000
Property		-	134,058	-	134,058	230,689
Other		57,629	-	-	57,629	6,510
General reserve		<u>57,629</u>	<u>802,528</u>	<u>615,779</u>	<u>1,475,936</u>	<u>1,625,666</u>

Approved by the board \_\_\_\_\_  
and signed on its behalf

*A Gammie*  
A Gammie  
28/1/2010

*A R Leighton*  
A R Leighton

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2009**

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**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 Accounting 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 1/3% 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 Accounting by Charities. 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 2009**

**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**

	2009 £	2008 £
Wages and salaries	152,685	151,118
Social security costs	12,993	11,789
Other pension costs	9,947	9,095
Courses, travel and other	5,883	9,468
	<u>181,508</u>	<u>181,470</u>
Average number of employees/volunteers on home assignment		
Management	1	1
Administration	6	6
Volunteers on home assignment	7	11
Sponsored Nepalis	2	2
	<u>16</u>	<u>20</u>

**3 SPONSORED NEPALIS**

	2009 £	2008 £
Income and donations	10,225	8,605
Less Costs	(28,530)	(24,063)
	<u>(18,305)</u>	<u>(15,458)</u>

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2009

**4 MEMBERS' SUPPORT COSTS**

	2009 £	2008 £
<b>(1) UK Costs</b>		
Allowances and travel	14,271	11,646
Social security	2,686	2,887
Other pension costs	39,862	46,355
Sabbatical costs	26,874	12,454
<b>(2) Remitted to Nepal</b>		
Support and related costs	65,162	86,133
	<u>148,855</u>	<u>159,475</u>
<b>(3) Transfer to Home Assignment Reserve to cover future years costs</b>		
Other member related funds	58,085	50,907
	<u>206,940</u>	<u>210,382</u>

**5 GOVERNANCE COSTS**

	2009 £	2008 £
Bank and web charges	1,751	1,950
Legal and statutory	51	23,559
Trustee expenditure	1,642	1,502
Trustee Nepal costs	828	833
Audit fee	4,775	3,346
	<u>9,047</u>	<u>31,190</u>

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

	2009 £	2008 £
The net movement in resources for the period is stated after charging		
Depreciation of owned tangible fixed assets	5,293	3,343
Audit fee	4,775	3,346
	<u>10,068</u>	<u>6,689</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 2009 the transfer was equivalent to 6.6% of budgeted income for member's support.

During the year ended 30 June 2009, support income included an amount of £15,000 (2008 £14,556), 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 £2,470 (2008 £2,336).

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2009

<b>9</b>	<b>OTHER INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>2009</b> £	<b>2008</b> £
	Bank interest	77,294	51,221
	Dividends	597	2,065
	Other	7,245	-
		<u>85,136</u>	<u>53,286</u>
<b>10</b>	<b>FIXED ASSETS</b>		<b>Computer equipment and software £</b>
	<b>Cost or valuation</b>		
	At 1 July 2008		16,958
	Additions		480
	Disposals		(2,387)
	At 30 June 2009		<u>15,051</u>
	<b>Depreciation</b>		
	At 1 July 2008		4,888
	Charge for the year		5,293
	Disposals		(2,387)
	At 30 June 2009		<u>7,794</u>
	<b>Net book value</b>		
	At 30 June 2009		<u>7,257</u>
	At 30 June 2008		<u>12,070</u>
<b>11</b>	<b>INVESTMENTS</b>	<b>2009</b> £	<b>2008</b> £
	Charinco Common Investment Fund		
	Market value at beginning of year	28,905	33,067
	Unrealised (loss)/gain during the year	(6,363)	(4,162)
		<u>22,542</u>	<u>28,905</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 2009

**12 STOCKS**

	2009 £	2008 £
Goods for resale	-	200

**13 DEBTORS AND PREPAYMENTS**

	2009 £	2008 £
Other debtors and prepayments	14,381	9,403
	<u>14,381</u>	<u>9,403</u>

There are no debtors falling due after more than one year

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

	2009 £	2008 £
Funds held for Nepal	27,742	58,304
Taxation and social security	4,209	3,673
Accruals and deferred income	33,960	25,305
	<u>65,911</u>	<u>87,282</u>
Grant money refundable	-	281,810

The charity received a European Union grant for a project which has ceased. The money was refunded during the year to the European Union.

**15 CHARITABLE ACTIVITIES**

	Activities directly undertaken £	(Note 17) Grant Funding £	(Note 16) Support Costs £	2009 Total £	2008 Total £
Support of missionary workers	206,942	-	103,371	310,313	303,900
Support of INF Nepal	-	-	77,529	77,529	68,675
Support of INF Worldwide	-	-	77,529	77,529	68,675
Support of INF Internationally	28,530	580,570	-	609,100	710,014
	<u>235,472</u>	<u>580,570</u>	<u>258,429</u>	<u>1,074,471</u>	<u>1,151,264</u>
Fund raising	-	-	-	-	40,078
	<u>235,472</u>	<u>580,570</u>	<u>258,429</u>	<u>1,074,471</u>	<u>1,191,342</u>

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2009

**16 SUPPORT COSTS**

Activity	Support of missionary workers £	Support of INF Nepal £	Support of INF Worldwide £	Support total £	Fund Raising £	Total 2009 £	Total 2008 £
Personnel (note 2)	72,604	54,452	54,452	181,508	-	181,508	181,470
Premises	8,855	6,641	6,641	22,137	-	22,137	13,400
Utilities	768	575	575	1,918	-	1,918	2,423
Office costs	3,840	2,881	2,881	9,602	-	9,602	24,832
Communications	7,152	5,364	5,364	17,880	-	17,880	17,551
Publicity/promotion	5,960	4,471	4,471	14,902	-	14,902	24,177
Recruitment	2,075	1,557	1,557	5,189	-	5,189	3,750
Depreciation (Note 10)	2,117	1,588	1,588	5,293	-	5,293	3,343
	<u>103,371</u>	<u>77,529</u>	<u>77,529</u>	<u>258,429</u>	-	<u>258,429</u>	<u>270,946</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 2009 £	Total 2008 £
Fund raising	-	-	-	-
Support of missionary workers	-	-	-	-
Support of INF Internationally	-	609,100	609,100	710,014
	-	<u>609,100</u>	<u>609,100</u>	<u>710,014</u>

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2009

**18 RESTRICTED FUNDS**

	Brought forward £	Donations and gifts £	Charitable expenditure £	Transfers £	Carried forward £
<b>Grants</b>					
TB and Leprosy Project	570	-	(570)	-	-
Security appeal	960	-	-	(960)	-
<b>Gifts to Nepal</b>					
Designated Nepal	-	366,467	(366,467)	-	-
Seconded workers	-	12,431	(12,431)	-	-
Tax seconded	-	1,749	(1,749)	-	-
Theotrac (Scholarship)	-	300	(300)	-	-
Other in Nepal	-	1,925	(1,925)	-	-
Gordon Leitch Memorial Fund	27,893	597	-	-	<b>28,490</b>
Camps	377	100	-	-	<b>477</b>
<b>Member Related Funds</b>					
Support fund	195,586	226,348	(148,855)	(73,670)	<b>199,409</b>
Emergency repatriation reserve	114,000	-	-	-	<b>114,000</b>
Home assignment reserve	70,000	-	(58,085)	58,085	<b>70,000</b>
INF Medical Scheme	10,000	-	-	-	<b>10,000</b>
Operational reserve (support)	132,000	-	-	-	<b>132,000</b>
Sabbatical reserve	38,440	-	-	(440)	<b>38,000</b>
<b>Others</b>					
Members welfare fund	22,455	881	-	-	<b>23,336</b>
Personal gifts	-	11,373	(11,373)	-	-
Volunteers	-	10,950	(10,950)	-	-
UK Staff	186	37	(156)	-	<b>67</b>
	<u>612,467</u>	<u>633,158</u>	<u>(612,861)</u>	<u>(16,985)</u>	<u>615,779</u>

Note The support Fund transfer includes a transfer of £15,000 (2008 £14,556) 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 2008 £	New designations £	Utilised/ released in year £	Transfers £	Balance at 30 June 2009 £
Operational reserve (general)	132,250	-	-	-	<b>132,250</b>
Property reserve	776,000	-	-	(107,530)	<b>668,470</b>
INF work in Nepal and Internationally	3,439	-	(174,651)	173,020	<b>1,808</b>
EU Repayment reserve	95,000	-	-	(95,000)	-
	<u>1,006,689</u>	<u>-</u>	<u>(174,651)</u>	<u>(29,510)</u>	<u>802,528</u>

**INTERNATIONAL NEPAL FELLOWSHIP**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2009

**20 OTHER FINANCIAL COMMITMENTS**

At 30 June 2009 the charity was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2010

	Land & building £	2009 Other £	Land & buildings £	2008 Other £
Within 1 year	14,812	-	-	-
Within 2 to 5 years	-	-	15,134	-
	<u>14,812</u>	<u>-</u>	<u>15,134</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