

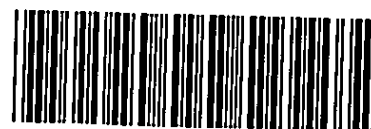
Company number: 03060972
Charity number: 1047178

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

Financial Statements

Year ended 30 June 2012

THURSDAY



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INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

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INTERNATIONAL NEPAL FELLOWSHIP
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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2012

The trustees present their report along with the financial statements of the charity for the year ended 30th June 2012. The financial statements have been prepared in accordance with the accounting policies as set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" 2005.

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

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

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

Board of Trustees

Mr Andrew Gammie (Chair)
Dr Andrew Cordell
Miss Alison Craven
Mr Hom Nath Dhakal
Dr Thomas Donaldson
Dr David Halpin
Mr Roger Hamlet
Mr Peter Hopkinson (appointed 10th September 2011)
Rev Anthony Leighton (vice-Chair)
Miss Diane Norton
Mr Richard Sykes
Mr William Westwood

Chief Executive Officer

Mr John Reynolds

Company Secretary

Mr John Reynolds

Auditors

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Solicitors

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

Bankers

Bank of Scotland
33 Old Broad Street
London
EC2N 1HZ

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

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2. Structure, Governance and Management

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

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

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

The 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 and key internal documents including INF/UK's strategic plan. It also draws heavily on the NCVO publication 'The Good Trustee Guide'.

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

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

3. Objectives

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

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

INF/UK achieves its objectives through partnering the International Nepal Fellowship (Nepal) (INF/N), a non government organisation (NGO) registered in Nepal, and INF Worldwide (INF/W), an international NGO (INGO) registered in Australia. (Strong working relationships have existed between INF/UK, INF/N and INF/W, and their forbears, for over 60 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 current contract with the Government of Nepal runs until November 2015.)

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

COMPANY INFORMATION & TRUSTEES' REPORT
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3. Objectives (continued)

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

The organisation's Christian heritage, ethos and values are central to all that it is as an organisation, therefore the trustees of INF/UK believe there to be a Genuine Occupational Requirement for expatriate Mission Workers 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, executive and staff) visit partner projects and the work of partners, they also receive annual reports of projects. These actions help trustees verify that the works of its partners are to the public's benefit and are consistent with the charity's objectives.

5. Main activities through the past year

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

(a) Its own activities as INF/UK

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

The number of seconded personnel with INF/W and INF/N has remained steady during the last year. The board remains concerned that fewer mission candidates are putting themselves forward for service, a trend that is affecting other similar Christian missions, but take comfort that in recent months there has been an uplift in people contacting the organisation to serve in Nepal.

- ii Providing pastoral support to its seconded personnel. This element of INF/UK's work is overseen by a dedicated UK staff with field based pastoral visits being regularly carried out.
- iii Fundraising for INF/N and INF/W projects and programmes continues to be a key element of INF/UK's work. Building on the work started in 2010-2011 there was a further uplift in the number of applications submitted to Charitable Trusts and Foundations to fund INF's projects and work.
- iv Providing services and resources to INF/N and INF/W
- v Publicising in the UK the work of the INF family of organisations
- vi Servicing a diverse network of supporters both within the UK and Europe. The charity ran a conference for its UK based supporters in October 2011 with approximately 160 supporters attending. Conferences such as these generate a significant amount of good will and renewed interest in mission to Nepal. A conference for European supporters took place in Holland in October 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

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For the year ended 30 June 2012

5. Main activities through the past year (continued)

(b) Supporting INF/W

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

INF/W supports INF/N through channelling project funding and the worldwide recruitment of professional volunteers such as doctors, health workers, development specialists 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 INF/W also supports and networks with a number of projects in the Nepali Diaspora

- The INF Migrant Link Initiative networks with and supports the Nepalese Migrant Unity Network and Mitra Niwas to provide hospitality to migrants and ex-migrants travelling to and from the Asian Diaspora, offering practical and (limited) financial support to migrants with socio-economic, legal or medical needs
- The INF India Migrant Initiative works in partnership with the United Nepalese Churches Association in Delhi, Manav Kalyan Sabha in Simla, Prerna & Prayas in Dehradun, Ps Narendra in Kotdwar It also works with Concern, BMS and ACTS in India Many migrants are illiterate and have few, if any, skills The jobs they are able to do are menial and often dangerous These partners help Nepali migrants through giving tailoring and sewing classes to ladies, computer classes and literacy classes, and schooling for 35 children They also distribute literature about Health Awareness and Safe Migration
- 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

- iv During 2011/12 INF/UK created a Grants Fund, using the residual moneys from the sale of 69 Wentworth Road and funds received from legacies 13 grants, totalling £146,094, were made in the year ending 30th June 2012

(b) Supporting INF Nepal

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

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

- ii INF/N works through programmes based in the districts of Mugu, Jumla, Surkhet, Banke, Dang and Kaski A further programme is planned for Bajura District for 2012/13

Its work focuses on six key technical areas, as follows

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

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

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

COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2012

5. Main activities through the past year (continued)

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

INF/N also has a programme focused on migrants travelling from the mid-west to work in India. Through this it promotes safe migration practices, health awareness, and strategies to reducing exploitation and trafficking. INF/N is unable to work outside of Nepal due to restrictions on Nepali NGOs. It addresses this shortcoming through partnering with the migrant work of INF/W.

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

6. Significant events during the current year

(a) Political situation

The majority of INF's work takes place in Nepal. Political uncertainty is still high and the country continues to be beset with strikes together with occasional violence as differing ethnic and political groups agitate to advance their cause, have greater local autonomy or influence national politics. Nepal's political processes and institutions remain fragile. The Constitutional Assembly failed to agree a new constitution for the country by the deadline of May 2012 and a further period of interim government was approved.

Despite the challenges the staff of INF/W's service office, led by Acting Executive Director Seeta Gurung and Liaison Officer Shital Subedi, has successfully maintained strong relationships with the Government of Nepal and its Social Welfare Council.

INF/W and INF Nepal have both worked in strong collaboration with and in support of the Government of Nepal's health and development agenda and plans, and maintain strong relationships at both national and local level.

(b) Relocation of INF/UK's UK office

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

(c) Fundraising Review

A review of INF/UK's fundraising was undertaken by independent consultant, 'Action Planning'. Recommendations have been made to strengthen capabilities in a variety of areas. The outcomes of the review formed the basis of INF/UK plans for 2012-2013.

7. Financial activities

During the year, total incoming resources were £1,398,340 (2011 £861,513). This was a significant increase over the previous year of 62%, largely due to the receipt of a large legacy. Total expenditure was up by 25% at £1,131,600 (2011 £903,791). The charity had a net surplus for the year of £266,740 compared to the previous year's deficit of £42,278.

(a) General Fund

Total income on the General Fund was £628,527 (2011 £184,304), an increase of 241%.

The three key components of General Income were -

- a) An increase in General donations of £17,562 (2012 £156,154 cf 2011 £138,592)
- b) An increase in legacy income of £430,667 (2012 £432,328 cf 2011 £1,661)
- c) A reduction in interest income of £2,741 (2012 £20,676 cf 2011 £23,417)

(b) Designated Nepal

This is income for the work of INF amongst Nepalis. Income was up again this year, rising to £519,247 (2011 £424,816). This is encouraging given general market conditions as income to Nepal has risen by 29% over the past two years.

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5. Financial Activities (continued)

(c) Support Fund

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

During the current financial year support income increased slightly to £217,222 (2011 £216,077). This slight increase and a continuing strengthening of sterling against the Nepali Rupee means that the support fund is stable and satisfactory. The value of the general support fund is £271,566 (2011 £221,419). 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 30 June 2012 for General Operational Reserve was £132,250 equating to approx 5 months. The reserve holding for the Support Operational Reserve remains at £132,000, which equates to 9 months.

(b) Home Assignment Reserve

This is a designated fund within the Support Fund. Moneys are accrued to this reserve during a volunteer's period of service towards their eventual Home Assignment allowances. The fund is recalculated annually to ensure it is adequate. The fund holding as at 30 June 2012 was £59,000.

(c) Emergency Repatriation Reserve

In view of the continuing political and security difficulties in Nepal it is appropriate to hold an emergency reserve to ensure liquid funds are available in the event of an evacuation of volunteers, plus sufficient to keep them in the UK for a period of approximately three months prior to their possible return. The figure is reviewed annually and as at 30 June 2012 stood at £120,500.

(d) INF Medical Fund Reserve

Until mid-2007 the board of INF/UK considered it cost effective to provide Mission Workers with an in-house medical scheme. A serious illness suffered by one Mission Worker 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 Mission Workers now have full medical insurance cover provided through Salt Insurance. INF/UK'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 reserve of £10,000 is considered appropriate.

(e) Sabbatical Reserve

A sabbatical reserve is held to enable Mission Workers to re-skill or have a period of reflection and renewal. The purpose is to equip and encourage long term service within INF. No sabbaticals were granted during the year. The Sabbatical Reserve stands at £31,300.

(f) Mission Worker Welfare fund

This fund is a result of a major fund raising effort some years ago on behalf of Mission Workers. It has grown through continuing standing orders and now amounts to £24,757. Grants have been offered to retired Mission Workers to assist for travel costs associated with the 2012 European Conference, which took place in Holland in October 2012.

(g) General Reserves

The board believes it prudent to hold a General Reserve to cover needs or liabilities not yet identified. General Reserves at 30 June 2012 are £60,693 (2011 £113,489).

COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2012

8. Reserves policy (continued)

(h) Grants Fund

The trustees have set up a grant making mechanism to give grants to INF projects, in Nepal and outside of Nepal

A formal grant application process has been set up and this is overseen by the INF/UK Grants Committee. Grants are assessed against agreed criteria including INF's charitable purposes and its agreed vision and mission statements.

The trustees have also committed any future significant legacies to this fund. The intention is to disburse monies in this fund over a five-year period.

As at 30th June 2012 the Grant Fund stood at £687,095 (2011 £400,861). Grants totalling £146,094 were made during the year.

(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.

10. Post balance sheet events

A large legacy of £250,000 has been received by the charity. This has been transferred to the reserve for the project works of INF as noted in 8 (h) above.

11. Statement of Trustees' 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.

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

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COMPANY INFORMATION & TRUSTEES' REPORT
For the year ended 30 June 2012

13. 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


A Gammie

Chairman

21st March 2013

INTERNATIONAL NEPAL FELLOWSHIP
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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INTERNATIONAL NEPAL FELLOWSHIP
For the year ended 30 June 2012

We have audited the financial statements of International Nepal Fellowship for the year ended 30 June 2012 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 30 June 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

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



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

Date 27 March 2013

INTERNATIONAL NEPAL FELLOWSHIP
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STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 30 June 2012

	Note	Unrestricted funds General funds £	Designated funds £	Restricted funds £	Total 2012 £	Total 2011 £
INCOMING RESOURCES						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Gifts to Nepal		-	-	519,247	519,247	424,816
Mission Worker support funds		-	-	217,222	217,222	216,077
Others		-	-	17,733	17,733	20,358
Sponsored Nepalis	3	17,531	-	-	17,531	16,688
General donations		156,154	-	-	156,154	138,592
Legacies		432,328	-	-	432,328	1,661
Contribution to printing		1,138	-	-	1,138	3,946
Volunteer income		700	-	-	700	-
<i>Investment income</i>						
Interest & dividends receivable	9	20,676	-	-	20,676	23,417
		<u>628,527</u>	<u>-</u>	<u>754,202</u>	<u>1,382,729</u>	<u>845,555</u>
Charitable activities						
Conference fees		14,948	-	-	14,948	15,928
Trading income		663	-	-	663	30
		<u>15,611</u>	<u>-</u>	<u>-</u>	<u>15,611</u>	<u>15,958</u>
TOTAL INCOMING RESOURCES		<u>644,138</u>	<u>-</u>	<u>754,202</u>	<u>1,398,340</u>	<u>861,513</u>
RESOURCES EXPENDED						
Cost of generating funds						
Purchases and conference		18,281	-	-	18,281	17,454
		<u>18,281</u>	<u>-</u>	<u>-</u>	<u>18,281</u>	<u>17,454</u>
Charitable activities						
Gift to Nepal and INF internationally		-	-	-	-	2,200
Designated for specific gifts		-	-	504,753	504,753	417,902
Mission Worker support funds	4	-	-	139,973	139,973	155,466
Other Mission Worker related funds	4	-	-	38,502	38,502	27,624
Grants	17	-	146,094	-	146,094	2,438
Others		-	-	16,982	16,982	19,804
Sponsored Nepalis	3	28,696	-	-	28,696	27,254
<i>Support costs</i>						
Personnel	16	157,459	-	-	157,459	149,703
Premises		14,686	-	-	14,686	22,038
Utilities		863	-	-	863	907
Office costs		12,294	-	-	12,294	16,832
Communications		16,398	-	-	16,398	16,727
Publicity /promotional		14,561	-	-	14,561	7,914
Recruitment		883	-	-	883	3,480
Depreciation	6,10	7,465	-	-	7,465	5,009
	15	<u>253,305</u>	<u>146,094</u>	<u>700,210</u>	<u>1,099,609</u>	<u>875,298</u>

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STATEMENT OF FINANCIAL ACTIVITIES (Continued)
For the year ended 30 June 2012

		Unrestricted funds		Restricted funds	Total 2012	Total 2011
	Note	General funds £	Designated funds £	£	£	£
Governance costs	5	13,710	-	-	13,710	11,039
		<u>13,710</u>	<u>-</u>	<u>-</u>	<u>13,710</u>	<u>11,039</u>
TOTAL RESOURCES EXPENDED		<u>285,296</u>	<u>146,094</u>	<u>700,210</u>	<u>1,131,600</u>	<u>903,791</u>
NET INCOMING / (OUTGOING) RESOURCES		<u>358,842</u>	<u>(146,094)</u>	<u>53,992</u>	<u>266,740</u>	<u>(42,278)</u>
Transfer between funds		(412,395)	424,995	(12,600)	-	-
Realised loss on investments		(805)	-	-	(805)	-
Unrealised gain on investments		1,562	-	-	1,562	11,388
NET MOVEMENT		<u>(52,796)</u>	<u>278,901</u>	<u>41,392</u>	<u>267,497</u>	<u>(30,890)</u>
Brought forward		113,489	588,111	661,103	1,362,703	1,393,593
CARRIED FORWARD		<u>60,693</u>	<u>867,012</u>	<u>702,495</u>	<u>1,630,200</u>	<u>1,362,703</u>

All of the above results are derived from continuing operations. There were no other recognised gains or losses other than those stated above. The surplus for the year for Companies Act purposes was £265,935 (2011 deficit £42,278).

INTERNATIONAL NEPAL FELLOWSHIP
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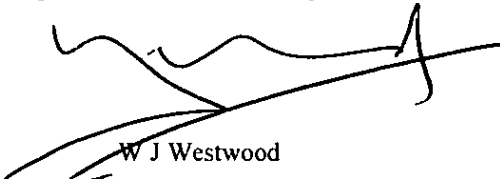
BALANCE SHEET AS AT 30 June 2012

Company number: 03060972

	Notes	General funds £	Designated funds £	Restricted funds £	Total 2012 £	Total 2011 £
FIXED ASSETS						
Tangible assets	10	51,505	-	-	51,505	57,344
Investments	11	27,751	-	-	27,751	35,667
		<u>79,256</u>	<u>-</u>	<u>-</u>	<u>79,256</u>	<u>93,011</u>
CURRENT ASSETS						
Debtors and prepayments	12	51,056	-	-	51,056	8,449
Cash at bank and in hand		50,758	939,628	702,495	1,692,881	1,336,026
		<u>101,814</u>	<u>939,628</u>	<u>702,495</u>	<u>1,743,937</u>	<u>1,344,475</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR						
Creditors and accrued charges	13	(120,377)	(38,637)	-	(159,014)	(74,783)
NET CURRENT ASSETS		<u>(18,563)</u>	<u>900,991</u>	<u>702,495</u>	<u>1,584,923</u>	<u>1,269,692</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	-	(33,979)	-	(33,979)	
TOTAL NET ASSETS		<u><u>60,693</u></u>	<u><u>867,012</u></u>	<u><u>702,495</u></u>	<u><u>1,630,200</u></u>	<u><u>1,362,703</u></u>
FUNDS						
Restricted income funds	18	-	-	702,495	702,495	661,103
Designated income funds	19	-	867,012	-	867,012	588,111
General reserve		60,693	-	-	60,693	113,489
		<u><u>60,693</u></u>	<u><u>867,012</u></u>	<u><u>702,495</u></u>	<u><u>1,630,200</u></u>	<u><u>1,362,703</u></u>

Approved and authorised for issue by the board on 21st March 2013
and signed on its behalf


A Gammie


W J Westwood

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

1 ACCOUNTING POLICIES

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

Incoming resources

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

Depreciation

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

Computer equipment and software	33⅓% straight line
Leasehold Improvements	10 years

Pension costs

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

Investments

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

Foreign currencies

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

Grants

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

Resources expended

Expenditure is included on an accruals basis, when incurred

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

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

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

INTERNATIONAL NEPAL FELLOWSHIP
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

1 ACCOUNTING POLICIES (Continued)

Designated funds

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

Restricted funds

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

Cash flow statements

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

Operating leases

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

2 STAFF COSTS

	2012 £	2011 £
Wages and salaries	129,285	123,550
Social security costs	11,340	10,885
Other pension costs	9,089	9,914
Courses, travel and other	4,672	5,353
Outsourced	3,073	0
	<u>157,459</u>	<u>149,702</u>
Average number of employees/mission workers on home assignment		
Management	1	1
Administration	4	4
	<u>5</u>	<u>5</u>

3 SPONSORED NEPALIS

	2012 £	2011 £
Income and donations	17,531	16,688
Less Costs	(28,696)	(27,254)
	<u>(11,165)</u>	<u>(10,566)</u>

INTERNATIONAL NEPAL FELLOWSHIP
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

4 MISSION WORKERS' SUPPORT COSTS

	2012 £	2011 £
(1) UK Costs		
Allowances and travel	25,392	25,982
Social security	2,952	2,994
Other pension costs	33,557	33,577
Sabbatical costs	-	-
(2) Remitted to Nepal		
Support and related costs	78,072	92,913
	<u>139,973</u>	<u>155,466</u>
(3) Transfer to Home Assignment Reserve to cover future years costs		
Other Mission Worker related funds	38,502	27,624
	<u>178,475</u>	<u>183,090</u>

5 GOVERNANCE COSTS

	2012 £	2011 £
Bank and web charges	1,851	1,882
Legal and statutory	349	1,364
Trustee expenditure	1,006	1,655
Foreign exchange losses	5,164	-
Audit fee	5,340	6,138
	<u>13,710</u>	<u>11,039</u>

6 NET MOVEMENT IN RESOURCES FOR THE YEAR

	2012 £	2011 £
The net movement in resources for the year is stated after charging		
Depreciation of owned tangible fixed assets (see note 10)	7,465	3,176
Audit fee	5,340	6,138
Operating lease rentals		
- land and buildings	12,420	15,056
	<u>12,420</u>	<u>15,056</u>

7 TRANSFERS FROM RESTRICTED FUNDS

Under the terms and conditions for overseas staff, each adult is responsible to fund their own support costs to include a contribution to unrestricted company administration costs. It is the policy of the company to transfer a proportion of this from restricted support costs to unrestricted support costs as decided upon by the directors. During the year ended 30 June 2012 the transfer was equivalent to 6.6% of budgeted income for Mission Worker's support.

During the year ended 30 June 2012, support income included an amount of £12,600 (2011 £12,600), 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 travelling costs amounted to £1,006 (2011 £1,655).

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

9 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Bank interest	20,247	22,916
Dividends	429	426
Other	-	75
	<u>20,676</u>	<u>23,417</u>

10 FIXED ASSETS

	Leasehold improvements £	Computer equipment and software £	Total £
Cost			
At 1 July 2011	55,000	17,686	72,686
Additions	-	1,626	1,626
	<u>55,000</u>	<u>18,831</u>	<u>73,831</u>
At 30 June 2012	<u>55,000</u>	<u>18,831</u>	<u>73,831</u>
Depreciation			
At 1 July 2011	1,833	13,509	15,342
Charge for the year	5,500	1,965	7,465
	<u>7,333</u>	<u>14,993</u>	<u>22,326</u>
At 30 June 2012	<u>7,333</u>	<u>14,993</u>	<u>22,326</u>
Net book value			
At 30 June 2012	<u>47,667</u>	<u>3,838</u>	<u>51,505</u>
At 30 June 2011	<u>53,167</u>	<u>4,177</u>	<u>57,344</u>

11 INVESTMENTS

	2012 £	2011 £
Charinco Common Investment Fund		
Market value at beginning of year	35,667	24,279
Realised loss during the year	(805)	-
Unrealised gain during the year	1,562	11,388
Disposals	(8,673)	-
	<u>27,751</u>	<u>35,667</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 2012

12 DEBTORS AND PREPAYMENTS

	2012 £	2011 £
Other debtors and prepayments	51,056	8,449
	<u>51,056</u>	<u>8,449</u>

There are no debtors falling due after more than one year

13 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2012 £	2011 £
Funds held for Nepal	71,616	29,071
Taxation and social security	3,885	3,321
Accruals and deferred income	44,876	42,391
Grants committed to Nepal	38,637	-
	<u>159,014</u>	<u>74,783</u>

14 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2012 £	2011 £
Grants to INF Nepal & INF Worldwide	<u>33,979</u>	<u>-</u>

15 CHARITABLE ACTIVITIES

	Activities directly undertaken £	(Note 17) Grant Funding £	(Note 16) Support Costs £	2012 Total £	2011 Total £
Support of missionary workers	178,475	-	89,845	268,320	272,134
Support of INF Nepal	-	-	67,382	67,382	66,783
Support of INF Worldwide	-	-	67,382	67,382	66,783
Support of INF Internationally	550,431	146,094	-	696,525	469,598
	<u>728,904</u>	<u>146,094</u>	<u>224,609</u>	<u>1,099,609</u>	<u>875,298</u>

INTERNATIONAL NEPAL FELLOWSHIP
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

16 SUPPORT COSTS

Activity	Support of missionary workers £	Support of INF Nepal £	Support of INF Worldwide £	Total 2012 £	Total 2011 £
Personnel (note 2)	62,983	47,238	47,238	157,459	149,703
Premises	5,874	4,406	4,406	14,686	22,038
Utilities	345	259	259	863	907
Office costs	4,918	3,688	3,688	12,294	16,832
Communications	6,560	4,919	4,919	16,398	16,727
Publicity/promotion	5,825	4,368	4,368	14,561	7,914
Recruitment	353	265	265	883	3,480
Depreciation (note 10)	2,987	2,239	2,239	7,465	5,009
	<u>89,845</u>	<u>67,382</u>	<u>67,382</u>	<u>224,609</u>	<u>222,610</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

Organisation	Programme	Grant to Institutions £	Total 2012 £	Total 2011 £
INF/N	Displaced People Initiative (DPI)	28,000		
INF/N	International Partner Relations Officer	16,346		
INF/N	Flood Relief - Pokhara	2,000		
INF/W	Faith @ Work	9,340		
INF/W	India Migrant Initiative (IMI)	20,000		
INF/W	Migrant Link Initiative (MLI)	23,349		
INF/W	International Director	34,810		
INF/W	Four small grants under £1500	2,249		
INF/W	Governance Review			2,438
Chhahari Nepal UK (Charity No 1133311)	Chhahari schools	10,000		
Total:		<u>146,094</u>	<u>146,094</u>	<u>2,438</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

18 RESTRICTED FUNDS

	Brought forward £	Donations and gifts £	Charitable expenditure £	Transfers £	Carried forward £
Gifts to Nepal					
Designated Nepal	-	488,446	(488,446)	-	-
Seconded workers	-	10,612	(10,612)	-	-
Tax seconded	-	387	(387)	-	-
Theotracs (Scholarship)	300	300	(400)	-	200
Gordon Leitch Memorial Fund	28,634	68	-	-	28,702
PROTRAC	1,175	1,169	(1,309)	-	1,035
Camps	8,459	18,266	(3,600)	-	23,124
Mission Worker Related Funds					
Support fund	221,419	217,222	(139,973)	(27,102)	271,566
Emergency repatriation reserve	120,500	-	-	-	120,500
Home assignment reserve	83,000	-	(38,502)	14,502	59,000
INF Medical Scheme	10,000	-	-	-	10,000
Operational reserve (support)	132,000	-	-	-	132,000
Sabbatical reserve	31,300	-	-	-	31,300
Others					
Mission Workers' welfare fund	24,101	656	-	-	24,757
Personal gifts	-	11,873	(11,873)	-	-
Volunteers	-	5,064	(5,064)	-	-
UK Staff	215	139	(44)	-	310
	<u>661,103</u>	<u>754,202</u>	<u>(700,210)</u>	<u>(12,600)</u>	<u>702,495</u>

Note The support Fund transfer includes a transfer of £ 12,600 (2011 £12,600) 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 2011 £	New designations £	Utilised/ released in year £	Transfers £	Balance at 30 June 2012 £
Operational reserve (general)	132,250	-	-	0	132,250
Grants Fund	400,861	-	-146,094	432,328	687,095
Property Reserve – The Cottage	55,000	-	-	-7,333	47,667
	<u>588,111</u>	<u>-</u>	<u>-146,094</u>	<u>424,995</u>	<u>867,012</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

20 FUNDS

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 2012 for the General Operational Reserve in designated funds was £132,250 equating to approx 5 months costs. The reserve holding for the Support Operational Reserve in restricted funds remains at £132,000, which equates to 9 months costs.

Home Assignment Reserve

This is a designated fund within the Support Fund. Moneys are accrued to this reserve during a volunteer's period of service towards their eventual Home Assignment allowances. The fund is recalculated annually to ensure it is adequate. The fund holding as at 30th June 2012 was £59,000.

Emergency Repatriation Reserve

In view of the continuing political and security difficulties in Nepal it is appropriate to hold an emergency reserve to ensure liquid funds are available in the event of an evacuation of volunteers, plus sufficient to keep them in the UK for a period of approximately three months prior to their possible return. The figure is reviewed annually and as at 30 June 2012 stood at £120,500.

INF Medical Fund Scheme

Until mid-2007 the board of INF (UK) considered it cost effective to provide Mission Workers with an in-house medical scheme. A serious illness suffered by one Mission Worker 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 Mission Workers 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 reserve of £10,000 is considered appropriate.

Sabbatical Reserve

A sabbatical reserve is held to enable Mission Workers to re-skill or have a period of reflection and renewal. The purpose is to equip and encourage long term service within INF. No sabbaticals were granted during the year. The Sabbatical Reserve stands at £31,300.

Mission Workers' Welfare fund

This fund is a result of a major fund raising effort some years ago on behalf of Mission Workers. It has grown through continuing standing orders and now amounts to £24,757. Grants have been offered to retired Mission Workers to assist with travel costs associated with the 2012 European Conference, which took place in Holland in October 2012.

General Reserves

The board believes it prudent to hold a General Reserve to cover needs or liabilities not yet identified. General Reserves at 30th June 2012 are £60,693 (2011 £113,489).

Grants Fund

The trustees have set up a grant making mechanism to give grants to INF projects, in Nepal and outside of Nepal.

A formal grant application process has been set up and this is overseen by the INF/UK Grants Committee. Grants are assessed against agreed criteria including INF's charitable purposes and its agreed vision and mission statements.

The trustees have committed any future significant legacies to this fund. The intention is to disburse monies in this fund over a five year period.

As at 30th June 2012 the Grant Fund stood at £687,095 (cf 2011 £400,861). Grants totalling £73,477 have been paid over during the year. Further commitments have been made over the coming 3 years of £72,617.

INTERNATIONAL NEPAL FELLOWSHIP
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

Other Restricted Reserves

These are funds held on behalf of a project, or for a designated purpose

21 OTHER FINANCIAL COMMITMENTS

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

	Land & building £	2012 Other £	Land & buildings £	2011 Other £
Within 1 year	-	-	-	-
Within 2-5 years	10,788	413	10,476	-
	<u>10,788</u>	<u>413</u>	<u>10,476</u>	<u>-</u>

22 RELATED PARTY TRANSACTIONS

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