

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

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FINANCIAL STATEMENTS

15 JULY 2000



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15 JULY 2000

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INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

COMPANY INFORMATION
15 JULY 2000

COMPANY NUMBER: 3060972

CHARITY NUMBER: 1047178

DIRECTORS: Mr John Bradley (Chairman)
Mr Robert Cranston
Dr Elizabeth Forbes - Stone
Miss Barbara Gill
Dr David Halpin
Rev Anthony Leighton
Dr Sarah Meanley
Dr Jan Parker
Rev John Putman
Mr Peter Rowe
Mr Alexander Swarbrick
Mr Asbjorn Voreland

COMPANY SECRETARY: Mr John Reynolds

REGISTERED OFFICE: 69 Wentworth Road
Harborne
Birmingham
B17 9SS

AUDITORS: Mazars Neville Russell
The Broadway
Dudley
West Midlands
DY1 4PY

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

BANKERS: Bank of Scotland plc
124 Colmore Row
Birmingham
B3 3AU

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 15 July 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company are as follows:

- i) 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
- ii) To relieve persons who are in need by reasons of poverty, sickness or distress in such ways as the company may from time to time determine including supporting the work of Christian relief and development agencies.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

RESULTS AND DIVIDENDS

The results of the company for the year are set out, in the financial statements on pages 5 to 14.

FIXED ASSETS

The directors consider that the market value of freehold property is in excess of the net book value shown in the financial statements.

DIRECTORS

The directors set out below held office during the whole of the period from 16 July 1999 to the date of this report (unless otherwise stated):

Mr John Bradley (Chairman)
Mr Robert Cranston
Dr Elizabeth Forbes - Stone
Miss Barbara Gill
Dr David Halpin
Rev Anthony Leighton
Dr Sarah Meanley (appointed 1 July 2000)
Mr George Nichols (resigned 1 July 2000)
Dr Jan Parker
Rev John Putman
Mr Peter Rowe
Mr Alexander Swarbrick
Mr Asbjorn Voreland

INTERNATIONAL NEPAL FELLOWSHIP
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DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES

RESPONSIBILITIES OF THE DIRECTORS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

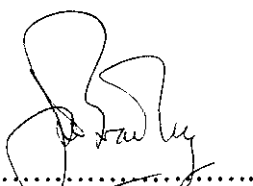
- * select suitable accounting policies and then supply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements, and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS

Mazars Neville Russell here indicate their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forth coming annual general meeting.

Approved by the board on 26 April 2001
and signed on its behalf by



.....
Mr John Bradley (Chairman)

INTERNATIONAL NEPAL FELLOWSHIP
(A company limited by guarantee)

AUDITORS' REPORT TO THE MEMBERS OF
INTERNATIONAL NEPAL FELLOWSHIP

We have audited the financial statement on pages 5 to 14 which have been prepared following the accounting policies set out on pages 8 and 9.

Respective responsibilities of the members of the Council of Management and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

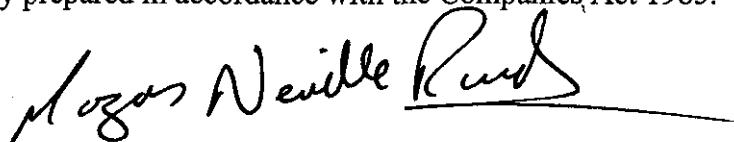
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the charity's affairs at 15 July 2000 and of its incoming resources and application of resources for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS and
Registered Auditors

The Broadway
Dudley
West Midlands
DY1 4PY

26 April 2001

INTERNATIONAL NEPAL FELLOWSHIP

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 15 JULY 2000

	Note	Unrestricted funds General funds £	Designated funds £	Restricted funds £	Total 2000 £	Total 1999 £
INCOMING RESOURCES						
General donations		120,670	-	-	120,670	84,477
Contributions to printing		4,819	-	-	4,819	6,908
Support income		-	-	327,169	327,169	317,241
Designated Nepal and seconded workers		-	-	316,214	316,214	305,584
Members Welfare Fund		-	-	72,387	72,387	-
Grants receivable		10,312	-	78,434	88,746	71,834
Interest receivable	9	19,024	-	685	19,709	20,616
Income from literature and other sales		1,640	-	-	1,640	1,761
Conference fees		7,392	-	-	7,392	11,110
		<u>163,857</u>	<u>-</u>	<u>794,889</u>	<u>958,746</u>	<u>820,531</u>
TOTAL INCOMING RESOURCES						
RESOURCES EXPANDED						
Direct charitable expenditure:						
Purchases and conference costs		13,675	-	-	13,675	10,929
Members' costs UK	4	-	-	160,281	160,281	112,675
Grants payable to Nepal	20	-	-	78,434	78,434	67,252
Other funds remitted to Nepal	5	-	-	433,085	433,085	495,988
		<u>13,675</u>	<u>-</u>	<u>671,800</u>	<u>685,475</u>	<u>686,844</u>
Other expenditure:						
Communications		13,533	-	-	13,533	13,167
Stationery and supplies		11,533	-	-	11,533	11,938
Office and mission house		6,893	-	-	6,893	10,733
Publicity expenses		14,566	-	-	14,566	11,631
Personnel	3	85,479	-	-	85,479	74,641
Sundries		5,452	-	-	5,452	10,609
		<u>137,456</u>	<u>-</u>	<u>-</u>	<u>137,456</u>	<u>132,719</u>
TOTAL RESOURCES EXPENDED		<u>151,131</u>	<u>-</u>	<u>671,800</u>	<u>822,931</u>	<u>819,563</u>
NET INCOMING RESOURCES BEFORE TRANSFERS						
	6	12,726	-	123,089	135,815	968
Transfers from restricted to unrestricted funds	7	16,610	-	(16,610)	-	-
NET INCOMING RESOURCES		<u>29,336</u>	<u>-</u>	<u>106,479</u>	<u>-</u>	<u>968</u>
Net transfer between funds	18	(38,371)	38,371	-	-	-
Surplus on revaluation of freehold property	11	-	242,585	-	242,585	-
Unrealised (losses)/gains on investment assets	((137)	-	-	(137)	379
NET MOVEMENT IN FUNDS	(<u>9,172)</u>	<u>280,956</u>	<u>106,479</u>	<u>378,263</u>	<u>1,347</u>
FUND BALANCES BROUGHT FORWARD AT BEGINNING OF YEAR						
		<u>165,175</u>	<u>134,915</u>	<u>86,961</u>	<u>387,051</u>	<u>385,704</u>
FUND BALANCES CARRIED FORWARD AT END OF YEAR						
		<u>156,003</u>	<u>415,871</u>	<u>193,440</u>	<u>765,314</u>	<u>387,051</u>

All recognised gains and losses are included in the statement of financial activities.

The company's income and expenditure all relates to continuing operations.

INTERNATIONAL NEPAL FELLOWSHIP

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 15 JULY 2000

	2000 £	1999 £
Gross income of continuing operations	957,106	816,365
Non-charitable trading activities: net income	<u>1,640</u>	<u>4,166</u>
Total income of continuing operations	958,746	820,531
Total expenditure of continuing operations	<u>(822,931)</u>	<u>(819,563)</u>
Net income for the year	<u><u>135,815</u></u>	<u><u>968</u></u>

Total income comprises £163,857 for unrestricted funds and £794,889 for restricted funds. A detailed analysis of income by source is provided in the Statement of Financial Activities.

Turnover of non-charitable trading activities amounted to £1,640.

Detailed analyses of expenditure are provided in the Statement of Financial Activities.

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 5 which, together with the notes to the accounts on pages 6 to 14, provides full information on the movements during the year on all the funds of the company.

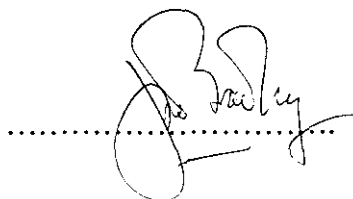
INTERNATIONAL NEPAL FELLOWSHIP

BALANCE SHEET AT 15 JULY 2000

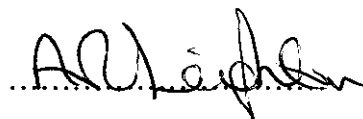
	Note	General funds £	Designated funds £	Restricted funds £	Total 2000 £	Total 1999 £
Fixed assets						
Tangible assets	11	-	359,535	-	359,535	110,149
Investments	12	11,408	-	-	11,408	11,545
		<u>11,408</u>	<u>359,535</u>	<u>-</u>	<u>370,943</u>	<u>121,694</u>
Current assets						
Stock of literature	10	353	-	-	353	353
Debtors and prepayments	13	20,460	-	148,873	169,333	103,409
Cash at bank and in hand		157,666	56,336	220,018	434,020	269,831
		<u>178,479</u>	<u>56,336</u>	<u>368,891</u>	<u>603,706</u>	<u>563,686</u>
Creditors: amounts falling due within one year						
Creditors and accrued charges	14	(33,884)	-	(175,451)	(209,335)	(298,329)
		<u>(33,884)</u>	<u>-</u>	<u>(175,451)</u>	<u>(209,335)</u>	<u>(298,329)</u>
Net current assets		<u>144,595</u>	<u>56,336</u>	<u>193,440</u>	<u>394,371</u>	<u>265,357</u>
Total net assets		<u>156,003</u>	<u>415,871</u>	<u>193,440</u>	<u>765,451</u>	<u>387,051</u>
Funds						
Restricted funds	17	-	-	193,440	193,440	86,961
Designated funds:	18					
Revaluation reserve	11	-	242,585	-	242,585	-
Other		-	173,286	-	173,286	135,415
General reserve		156,003	-	-	156,003	164,675
		<u>156,003</u>	<u>415,871</u>	<u>193,440</u>	<u>765,314</u>	<u>387,051</u>

Approved by the Board on 26 April 2001
and signed on its behalf

J Bradley



A R Leighton



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 15 JULY 2000**

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

Income

Income represents amounts received during the period, with the exception of grants, 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. Contributions during the period amounted to £48,417 (1999 - £39,100) and no further contributions are payable for the year.

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 unrealised 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.

INTERNATIONAL NEPAL FELLOWSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 15 JULY 2000

1 ACCOUNTING POLICIES - continued

Designated funds

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

Restricted funds

Restricted funds are income received for a particular purpose as specified by the donee 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 INCOMING RESOURCES

All of the incoming resources relate to the principal activity of the company. Grants receivable of £78,434 (1999 - £71,834) are attributable to the EC, whilst the remainder of incoming resources is attributable to the UK.

3 STAFF COSTS

	2000 £	1999 £
Wages and salaries	72,700	61,660
Social security costs	5,976	5,169
Other pension costs	3,578	3,475
Courses, travel and other	3,225	4,337
	<hr/>	<hr/>
	85,479	74,641
	<hr/>	<hr/>
Average number of employees		
Management	1	1
Administration	5	5
Home leave	7	6
	<hr/>	<hr/>
	13	12
	<hr/>	<hr/>

INTERNATIONAL NEPAL FELLOWSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 15 JULY 2000

4 MEMBERS COSTS UK (MISSIONARIES ON FURLOUGH)

	2000 £	1999 £
Home leave allowances	63,196	43,515
Re-equipment allowances	5,722	7,959
Accommodation and travelling	14,146	8,677
Social security costs	8,241	10,238
Other pension costs	44,839	35,625
Provision for UK-based sabbaticals	15,000	-
Other expenses	9,137	6,661
	<u>160,281</u>	<u>112,675</u>

5 REMITTED TO NEPAL

Support	111,871	190,104
Provision for members' conference in Nepal	5,000	-
Designated Nepal - monies for specific projects	286,895	273,242
Seconded workers	29,319	32,642
	<u>433,085</u>	<u>495,988</u>

6 NET MOVEMENT IN RESOURCES FOR THE YEAR

The net movement in resources for the year is stated after charging:

Depreciation of owned tangible fixed assets	4,414	2,155
Audit fee	2,750	1,457
	<u></u>	<u></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 to 15 July 2000, support income included an amount of £16,610 (1999 - £15,360), all of which was transferred to unrestricted funds during the year. A sum of £6,272 was transferred from support income to the Members' Welfare Discretionary Fund.

8 DIRECTORS' REMUNERATION

No directors' remuneration was voted during the year. Directors' expenses incurred in connection with the company's affairs amounted to £478 (1999 - £579).

INTERNATIONAL NEPAL FELLOWSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 15 JULY 2000

9 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £	1999 £
Bank interest	19,246	20,114
Income from investments	463	502
	<u>19,709</u>	<u>20,616</u>

10 STOCKS

Goods and resale	<u>353</u>	<u>353</u>
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11 FIXED ASSETS

	Freehold property £	Computer equipment £	Total £
Cost			
At 16 July 1999	107,415	13,156	120,571
Additions	-	11,215	11,215
Surplus on revaluation	242,585	-	242,585
Disposals	-	-	-
	<u>350,000</u>	<u>24,371</u>	<u>374,371</u>
At 15 July 2000			
Depreciation			
At 16 July 1999	-	10,422	10,422
Charge for the year	-	4,414	4,414
Disposals	-	-	-
	<u>-</u>	<u>14,836</u>	<u>14,836</u>
At 15 July 2000			
Net book value			
At 15 July 2000	<u>350,000</u>	<u>9,535</u>	<u>359,535</u>
At 15 July 1999	<u>107,415</u>	<u>2,734</u>	<u>110,149</u>

The freehold property at 69 Wentworth Road, Harborne, Birmingham, was valued as at 15 July 2000 by Hadleigh, Chartered Surveyors of Harborne, Birmingham, on a vacant possession basis. No depreciation has, therefore, been charged in the current year.

INTERNATIONAL NEPAL FELLOWSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 15 JULY 2000

12 INVESTMENTS

	2000 £	1999 £
Charinco Common Investment Fund: Market value at beginning of year	11,545	11,166
Unrealised gain during the year	-	379
Market value at end of year	<u>11,545</u>	<u>11,545</u>

The above investments 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.

13 DEBTORS AND PREPAYMENTS

Trade debtors	1,686	1,190
Tax reclaimable	54,067	34,368
Other debtors - grants receivable	110,221	64,394
Prepayments	3,359	3,457
	<u>169,333</u>	<u>103,409</u>

There are no debtors falling due after more than one year

14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

Funds held for Nepal	155,457	274,730
Trade creditors	1,550	1,818
Other creditors	12,067	2,705
Taxation and social security	2,266	3,949
Payments received on account	6,719	2,750
Accruals and deferred income	31,276	12,377
	<u>209,335</u>	<u>298,329</u>

15 CONTINGENT LIABILITY

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

16 PERSONAL GIFTS

Personal gifts amounting to £27,968 (1999 - £49,461) were received on behalf of, and forwarded to missionaries in Nepal. This figure is excluded from the statement of financial activities.

INTERNATIONAL NEPAL FELLOWSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 15 JULY 2000

17 RESTRICTED FUNDS

	Brought forward £	Donations and gifts £	Direct charitable expenditure £	Transfers £	Carried forward £
Gordon Leitch Memorial Scholarship Fund	15,467	-	-	-	15,467
Support income	71,494	327,169	(277,152)	(121,511)	-
Operational reserve (support)	-	-	-	24,629	24,629
Home assignment reserve	-	-	-	74,000	74,000
Members welfare fund	-	73,072	-	6,272	79,344
Designated Nepal	-	245,657	(245,657)	-	-
EC Grant	-	78,434	(78,434)	-	-
Seconded workers	-	29,319	(29,319)	-	-
Project Grants	-	-	-	-	-
Scholarship Fund	-	45	(45)	-	-
Gospel Outreach fund	-	4,025	(4,025)	-	-
Himalayan Ministries	-	6,221	(6,221)	-	-
Others in Nepal	-	8,901	(8,901)	-	-
Members in UK	-	9,123	(9,123)	-	-
	<u>86,961</u>	<u>781,966</u>	<u>(658,877)</u>	<u>(16,610)</u>	<u>193,440</u>
Transfer to unrestricted funds from support income	-	-	(16,610)	16,610	-
	<u>86,961</u>	<u>781,966</u>	<u>(658,877)</u>	<u>-</u>	<u>193,440</u>

18 DESIGNATED FUNDS

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

	Balance at 15 July 1999 £	New designations £	Surplus on revaluation £	Utilised/ released in year £	Balance at 15 July 2000 £
Operational reserve (support)	-	33,371	-	-	33,371
Operational reserve (general)	27,500	5,000	-	-	32,500
Property reserve	107,415	-	242,585	-	350,000
	<u>134,915</u>	<u>38,371</u>	<u>242,585</u>	<u>-</u>	<u>415,871</u>

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

The property reserve represents the current market value the property at 69 Wentworth Road.

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

INTERNATIONAL NEPAL FELLOWSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 15 JULY 2000

19 RELATED PARTY TRANSACTIONS

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

20 GRANTS PAYABLE

	2000 £	1999 £
These comprise the following grants, all in excess of £10,000:		
Payable to institutions:		
INF Nepal Community Health and Development Project (Burtibang)	78,434	-
INF Nepal Health Services Partnership	-	49,564
Grant for works outside of INF projects	-	14,735
Grant for general funds	-	2,953
	<u>78,434</u>	<u>67,252</u>
	Number	Number
Number of grants	<u>1</u>	<u>3</u>