



Development
NEPAL

Development Nepal

Annual report and accounts
for the year ended 31st December 2015

Registered Charity Number: 1085199

Development Nepal

Annual report and accounts for the year ended 31st December 2015

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Trustees and Officers

Trustees

Christopher Kelly
Brian Wong
Charlie Ullman
Roland Hancock

Secretary

Brian Wong

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Report of the Trustees for the year ended 31st December 2015

The Trustees present their annual report and the financial statements for the year ended 31st December 2015.

Information with respect to the identity of the Trustees is set out on page 3 of this report. The financial statements comply with the charity's trust deed, guidance of the Charity Commission, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 and the Charities Act 2011.

Status and administration

The charity is constituted by a Deed of Trust dated 21st April 1999, and has been a registered charity since 23rd February 2001. The charity is registered with the UK Charity Commissioners under charity number 1085199.

Objects

The primary objects of Development Nepal are to support communities and marginalised groups using a participatory self-help approach to:

- Facilitate the community and individuals to assess their needs;
- Empower the community and individuals to identify solutions; and
- Support the implementation of these initiatives.

Development Nepal does this through implementing the *Ujyalo Bhabisya (Brighter Future)* Programme.

Review of the charity's activities and future developments

Development Nepal has continued to work with some of the poorest individuals and communities to increase their access to essential resources and opportunities, and increase their ability to make choices and influence change. We do this through *Ujyalo Bhabisya* (meaning 'A Brighter Future'), a holistic community development programme designed to alleviate poverty in the Sunsari district of East Nepal. We run *Ujyalo Bhabisya* together with UCHEP, our local Nepali implementing partner, delivering activities in education, health, community infrastructure and micro-finance and livelihoods. On a day-to-day level we implement Programme *Ujyalo Bhabisya* through a network of Nepalese community facilitators, supported by a small team of local Nepalese staff.

We have continued to deliver Programme *Ujyalo Bhabisya* working with children and adults across 30 communities. During 2015 we have established a Micro-Finance Cooperative to help provide sustainability to our work in Sunsari.

2015 has been a quieter year for fundraising the UK, following the third Development Nepal Spring Ball, and a Development Nepal Programme Visit & Trek in 2014, and while the Trustees and Ball Committee gear up for the fourth Development Nepal Spring Ball in May 2016.

The Trustees wish to thank UCHEP, the *Ujyalo Bhabisya* Programme team and the Community Facilitators for all of their hard work in making 2015 a successful year. The Programme would not be what it is without the tireless work of the *Ujyalo Bhabisya* Programme Team: Ram Niraula, Kalpana Ghimire, Simta Subba, Umesh Uranw and the UCHEP Chairperson Rabin Ghimire, nor without the hard work day-in, day-out of the Community Facilitators. In particular the Trustees wish to recognise Ram Niraula's on-going hard work in leading the team locally.

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The statement of financial activities for the year to 31st December 2015 is set out on page 8. A summary of the financial results is set out below.

Incoming Resources and Resources Expended

Income during the year has been £6,746 (prior year: £53,265) with expenditure during the year of £18,755 (prior year: £36,175) of which expenditure of £17,842 (prior year: £18,585) related to direct charitable expenditure and expenditure of £913 (prior year: £17,590) related entirely to expenditure incurred for fundraising (Development Nepal Balls and Fundraising Trek).

Direct Charitable expenditure on the *Ujyalo Bhabisya* Programme relates to costs incurred in running the *Ujyalo Bhabisya* Programme which includes working with 30 communities in Sunsari, East Nepal. Costs relate primarily to funding 20 community facilitators to conduct our education, health, and micro-finance and livelihoods work.

The charity's funds have decreased during the year to £27,744 (from £40,174).

The trustees wish to thank their supporters, including friends of Development Nepal, who have signed up for standing orders and for all those who generously supported Development Nepal through their own independent fundraising for Development Nepal.

Fundraising, administration and programme costs

Expenditure during the year relates to on-going *Ujyalo Bhabisya* Programme costs in Nepal. Fundraising expenditure relates to ring-fenced costs of putting on the Development Nepal fundraising ball.

As Trustees we ensure that any expenditure relating to a fundraising event is covered entirely by the income relating solely to that event.

UK employees and related parties

The charity does not employ any staff in the UK, nor do the trustees or UK advisors receive any payment for their involvement with the charity. The charity has not made any related party transactions during the year.

Fixed assets and the revolving fund

The charity expenses small asset purchases made during the year direct to the income and expense account. Where support has been provided for community infrastructure, such as the development of irrigation systems, ownership is transferred to the local communities and as a consequence the costs incurred are expensed in the year incurred. The charity does not hold any property or investments other than the monies committed to the Revolving Fund in Nepal. Monies committed to the Revolving Fund are held locally by the bank in Sunsari, and can only be accessed by participants upon agreement by UCHEP. Monies held within the UB Cooperative are either in use as loans, or are held at a bank in Sunsari.

The trustees take any surplus to reserves at the end of each financial year and retain the funds for the use by the charity to support future programmes.

Reserves

Trustees review the levels of reserves on an annual basis. Trustees are comfortable with the current level of reserves, as they represent sufficient funding for over a year's activity. At the 31st December 2015 the Revolving Fund continues to be treated as a separate unrestricted reserve.

Governance of the charity

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During the year the trustees have met virtually through a series of monthly conference calls. Trustees serve for a minimum period of two years. The composition of the board of trustees is reviewed during the year to ascertain whether the trustees have the relevant skill-sets required to govern the charity. Potential trustees are identified by the current trustees, and invited to join the board. Development Nepal's trustees are supported by advisors, who bring specific skill-sets to support Development Nepal's activities. The trustees and UK advisors provide their expertise and time voluntarily without pay.

Risk management

In the light of Corporate Governance guidance contained within the Charities Statement of Recommended Practice issued on 12th October 2000, the Trustees routinely conduct a high level Risk Assessment for the Charity and *Ujyalo Bhabisy*a Programme during the year, and in particular ahead of any substantial fundraising activities.

Trustees' responsibilities

The Trustees are required by charity law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity as at the end of the financial year.

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st December 2015. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

UCHEP and Nepali advisors

The charity is grateful for the unstinting efforts of UCHEP for their crucial input as implementation delivery partners of the *Ujyalo Bhabisy*a Programme. The trustees are particularly grateful to the *Ujyalo Bhabisy*a Programme core staff: Ram Niraula, Kalpana Ghimire, Simta Subba and Umesh Uranw, and for the ongoing support that Rabin Ghimire and the rest of the UCHEP family provide in supporting the delivery of the *Ujyalo Bhabisy*a Programme.

During the year Development Nepal has worked closely with Harihar Maharjan and Ravindra Shakya and are grateful for their efforts and their support of the *Ujyalo Bhabisy*a Programme.

By order of the Trustees

Christopher Kelly BA MA CA
(Chair of Trustees)

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Independent Examiner's Report to the Trustees of Development Nepal for the year ended 31st December 2015

The accounts have been prepared by the trustees and reviewed by an independent examiner. I report on the accounts and accompanying notes of the charity for the year ended 31st December 2015, which are set out on pages 8 to 14.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Charities Act) and that an independent examination is needed. The charity have prepared accounts on a receipts and payments basis and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants for England and Wales.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that, in any material respect, the requirements to keep accounting records in accordance with section 130 of the Charities Act, and to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Signed:

Name:

Robert Dodds

Relevant professional qualification or body: Chartered Accountant, Institute of Chartered Accountants in England and Wales

Address:

Date:

14th May 2016

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Statement of Financial Activities for the year ended 31st December 2015

	Note	2015	2014
		£	£
Incoming resources:			
Voluntary income	2	6,322	10,748
Activities for generating funds	3	-	42,489
Interest		20	7
Revolving fund income		404	21
Total incoming resources		6,746	53,265
Costs of generating funds:			
Fundraising	3	-913	-17,590
Charitable expenditure:			
Programme planning & strategy	4,5	-936	-790
Direct programme costs	4,5	-16,906	-17,795
Total charitable expenditure			-18,585
Total resources expended		-18,755	-36,175
Net (outgoing) resources		-12,009	17,090
Net movement in funds			
Fund balances brought forward at 1 st January		40,174	24,065
Unrealised foreign exchange (losses)/gains		-421	-981
Fund balances carried forward at 31st December		27,744	40,174

All incoming resources and resources expended are derived from continuing activities. All funds are unrestricted.

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Balance Sheet as at 31st December 2015

	Note	2015 £	2014 £
Current assets			
Cash at bank and in hand	6	26,835	38,735
Loans outstanding (Revolving Fund)	7	909	1,439
Net assets		27,744	40,174
Reserves:			
Unrestricted funds (General reserves held in the UK)	6, 8	24,329	34,174
Unrestricted funds (General reserves held in Nepal)	6, 8	993	4,063
Unrestricted funds (Revolving Fund held in Nepal)	8	2,421	1,937
Total funds		27,744	40,174

The accounts on pages 8 and 9, together with the related notes on pages 10 - 14, were approved by the Trustees on 14th May 2016 and were signed on their behalf by:

Christopher Kelly (Chair)

Brian Wong (Secretary)

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Notes to the Financial Statements for the year ended 31st December 2015

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2005, and in line with Charity Commission guidance. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared on a 'receipts and payments basis'.

Receipts and income

Donations are recorded on a receipt basis.

The charity's policy on restricted funds is to separately record donations, grants and other sources of fundraising where restrictions are imposed that are narrower than the charity's overall objectives.

Resources expended

Resources expended are recorded on a payment basis. Where applicable payments are split between direct programme expenditure and administration and fundraising costs. During the year costs related to programme expenditure, with some costs relating to fundraising costs.

Neither the trustees nor UK based advisors receive any payment for their involvement with the charity.

Foreign currencies

Transactions in foreign currencies are translated at the average rate at the end of the year. Amounts held in Nepalese Rupees at year end have been translated at the closing rate. The closing rate at 31st December 2015 was 152 Np Rps to £1 (prior year closing rate 157 Np Rps to £1), and the average rate of exchange during 2015 was 156 Np Rps to £1 (prior year average rate being 162 Np Rps to £1).

Taxation

The charity is a registered charity, and as such is entitled to certain tax exemptions which it subscribes to. The charity is not registered for VAT and accordingly, all the charity's expenditure is recorded inclusive of any VAT incurred.

Revolving Fund

The Revolving Fund is made up of cash at bank and outstanding loans. Trustees review the Revolving Fund and debt portfolio on an annual basis to minimise the possibility of bad debts.

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2 Voluntary Income

Donations and gifts are broken down as follows:

	2015 £	2014 £
Standing Orders	3,966	3,383
Individuals	1,156	4,023
Trust Donations	1,200	2,342
Corporate	-	1,000
Total	6,322	10,748

3 Fundraising: activities and costs of generating funds

Income	2015 £	2014 £
2014 Ball	-	35,555
2014 Trek	-	6,934
Total Fundraising Income	-	42,489
Expenditure		
2014 Ball	500	14,595
2014 Trek	-	2,223
2015 Fundraising (Bank Error Funds returned)	-772	-
2016 Ball	1,185	-
Total Fundraising Expenditure	913	16,818

In 2014 the Trustees held two fundraising events, the Development Nepal fundraising ball and a Development Nepal fundraising trek and programme visit. The Development Nepal fundraising ball is held approximately every 18-24 months and is the charity's main fundraising event. The 2014 ball was held on 31st May 2014. No fundraising events were held during 2015. In 2016 the Trustees will be holding a Development Nepal fundraising ball on the 14th May 2016.

The 2015 fundraising costs relate to the 2014 Ball, deposit and costs for the 2016 Ball venue together with costs for Nepalese items procured for the 2016 Ball, and funds returned that related to a bank error which had previously been recognised in the prior year.

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Reconciliation to the SOFA:

	2015	2014
Ball Expenditure	-	14,595
Trek Expenditure	-	2,223
Bank error discussed with HSBC and recouped in 2015 (shown as a cost to the Charity in 2014)	-772	772
Total Fundraised expenditure per the SOFA:	-772	17,590

4 Charitable expenditure

Charitable expenditure comprises amounts spent locally in Nepal in relation to *Ujyalo Bhabisya* Programme, and are broken down below. Support costs are apportioned to each programme area on the basis of amount spent in each area, as this is considered proportionate to the amount of time spent on each area by programme staff.

	Direct Costs 2015 £	Support Costs 2015 £	Total 2015 £	Total 2014 £
Programme planning and strategy				
Needs assessment and capacity building				
Monitoring and evaluation	596	340	936	790
Direct programme costs				
Education	6,511	3,720	10,231	10,579
Health	568	324	892	2,452
Finance (including Cooperative)	3,679	2,104	5,783	4,764
Sub-Total	10,758	6,148	16,906	17,795
Total	11,354	6,488	17,842	18,585

5 Support costs

Support costs comprise the costs of running the local programme office in Sunsari, and are broken down as follows.

	2015 £	2014 £
Staff costs	4,474	3,271
Office costs	2,013	2,207
Total	6,488	5,478

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6 Cash at bank and in hand

The cash at bank and in hand comprise Development Nepal monies held in the UK, monies held locally in Sunsari by UCHEP on behalf of Development Nepal and monies held locally in Sunsari relating to the Revolving Fund (excluding Revolving Fund monies that are currently loaned out which are considered in note 7). Funds held in the UB Cooperative are not considered to be Development Nepal resources.

All funds are considered readily available, and are fully recoverable by Development Nepal. Amounts held in Nepalese Rupees at year end have been translated at the 31st December 2014 exchange rate.

Cash at bank balances held in:	2015 £	2014 £
UK	24,328	35,714
Sunsari (Excluding Revolving Fund)	989	2,520
Revolving Fund	1,518	501
Total	26,835	38,735

7 Revolving fund: loans outstanding

The Revolving Fund balance at year end comprises loans outstanding and cash at bank. The cash element of the fund is included in note 6. The loans outstanding element of the revolving fund is included below. Outstanding loans have been reviewed at year-end and the trustees do not consider there to be any bad debt risk within the outstanding loans.

	2015 £	2014 £
Loans outstanding	909	1,439
Total	909	1,439

8 Funds

	2014 Total £	Income £	Expenditure £	FX Gains / (Losses) £	Transfers £	2015 Total £
General reserve (represented by cash held in the UK)	35,715	6,342	-728		-17,000	24,329
General reserve (represented by	2,522		-18,027	-502	17,000	993

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cash held in Nepal)						
Revolving fund (loans outstanding and cash)	1,937	404		80		2,421
Total	40,174	6,746	-18,755	-421	0	27,744

The Revolving Fund is within unrestricted reserves (both cash and monies within outstanding loans) and is held in Nepalese Rupees locally in Sunsari.

Amounts held in Nepalese Rupees within general reserves and the Revolving Fund at year end have been translated at the 31st December 2015 closing rate.