



Development Nepal

Annual report and accounts
for the year ended 31st December 2016

Registered Charity Number: 1085199

Development Nepal

Annual report and accounts for the year ended 31st December 2016

Contents

Trustees and Officers	3
Report of the Trustees	4
Independent Examiner's Report of the Accounts	7
Statement of Financial Activities	8
Balance Sheet.....	9
Notes to the Financial Statements	10

Development Nepal

Trustees and Officers

Trustees

Christopher Kelly
Brian Wong
Charlie Ullman
Roland Hancock

Secretary

Brian Wong

Registered Address

49 Penn Road
Beaconsfield
Bucks
HP9 2LW

Website / E-mail

www.developmentnepal.org
info@developmentnepal.org

Development Nepal

Report of the Trustees for the year ended 31st December 2016

The Trustees present their annual report and the financial statements for the year ended 31st December 2016.

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 have done this through *Ujyalo Bhabisya* (meaning 'A Brighter Future'), a holistic community development programme designed to alleviate poverty in the Sunsari district of East Nepal, and from May 2016 through a substantially increased focus on our micro-finance and livelihoods initiative which informed the establishment of the *Ujyalo Bhabisya Co-operative*. Profit generated by the *Ujyalo Bhabisya Co-operative* will support the traditional *Ujyalo Bhabisya* programme activities.

The Trustees wish to thank the Community Facilitators for all of their hard work to deliver programme *Ujyalo Bhabisya*, while recognising that a change to the strategy with a focus on micro-finance and livelihoods has required a substantial reduction in the number of Community Facilitators. The Trustees would also like to thank UCHEP, our local Nepali implementing partner, and the *Ujyalo Bhabisya* programme and Co-operative team: Ram Niraula, Kalpana Ghimire, Simta Subba, Umesh Uranw and the UCHEP Chairperson Rabin Ghimire. In particular the Trustees wish to recognise Ram Niraula's on-going hard work in leading the team locally.

2016 was a busy fundraising year for Development Nepal with the fourth Development Nepal Spring Ball held in May 2016, and the Trustees wish to thank the Ball Committee for all their excellent work in making the Ball such a successful event.

The statement of financial activities for the year to 31st December 2016 is set out on page 8. A summary of the financial results is set out below.

Development Nepal

Incoming Resources and Resources Expended

Income during the year has been £40,829 (prior year: £6,746) with expenditure during the year of £26,828 (prior year: £18,755) of which expenditure of £15,868 (prior year: £17,842) related to direct charitable expenditure and expenditure of £10,960 (prior year: £913) related entirely to expenditure incurred for the Development Nepal 2016 fundraising ball expenditure.

Direct Charitable expenditure on the *Ujyalo Bhabisyas* Programme relates to costs incurred in running the *Ujyalo Bhabisyas* Programme which includes working with 30 communities in Sunsari, East Nepal. Costs relate primarily to the cost of setting up and running the *Ujyalo Bhabisyas* Co-operative, together with costs of funding 20 community facilitators for the first 4 months of the year in order to deliver on educational programmatic activities.

The charity's funds have increased during the year to £41,692 (prior year: £27,744).

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 Bhabisyas* programme costs in Nepal and the costs associated with setting up and the *Ujyalo Bhabisyas* Co-operative. 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 that are held and utilised by the Co-operative, and recoverable from the Co-operative, in the same manner as funds held in the Co-operative by another member of the Co-operative.

Reserves

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.

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 2016 the Revolving Fund as held within the Co-operative continues to be treated as a separate unrestricted reserve.

Development Nepal

Governance of the charity

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 material Development Nepal expenditure during the year, and in particular ahead of any substantial expenditure and 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 2016. 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 and *Ujyalo Bhabisy*a Co-operative. The Trustees are particularly grateful to the core team of 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 and *Ujyalo Bhabisy*a Co-operative.

During the year Development Nepal has worked closely with Harihar Maharjan and are grateful for his efforts and his support of the *Ujyalo Bhabisy*a programme and *Ujyalo Bhabisy*a Co-operative.

By order of the Trustees

Christopher Kelly BA MA CA
(Chair of Trustees)

Development Nepal

Independent Examiner's Report to the Trustees of Development Nepal for the year ended 31st December 2016

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 2016, which are set out on pages 8 to 13.

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.

Name: Robert Dodds

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

Date: 16th August 2017

Development Nepal

Statement of Financial Activities for the year ended 31st December 2016

	Note	2016	2015
		£	£
Incoming resources:			
Voluntary income	2	14,897	6,322
Activities for generating funds	3	25,721	-
Interest		10	20
Revolving fund income		201	404
Total incoming resources		40,829	6,746
Costs of generating funds:			
Fundraising	3	-10,960	-913
Charitable expenditure:			
Programme planning & strategy	4	-1,394	-936
Direct programme costs	4	-14,474	-16,906
Total resources expended		-26,828	-18,755
Net (outgoing) resources		14,001	-12,009
Net movement in funds			
Fund balances brought forward at 1 st January		27,744	40,174
Unrealised foreign exchange (losses)/gains		-53	-421
Fund balances carried forward at 31st December	7	41,692	27,744

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

Development Nepal

Balance Sheet as at 31st December 2016

	Note	2016 £	2015 £
Current assets			
Cash at bank and in hand	5	41,692	26,835
Loans outstanding (Revolving Fund)	6	0	909
Net assets		41,692	27,744
Reserves:			
Unrestricted funds (General reserves held in the UK)	5, 7	31,997	24,329
Unrestricted funds (General reserves held in Nepal)	5, 7	1,836	993
Unrestricted funds (Revolving Fund held in Nepal)	7	7,859	2,422
Total funds		41,692	27,744

The accounts on pages 8 and 9, together with the related notes on pages 10 - 13, were approved by the Trustees on 17 August 2017 and were signed on their behalf by:

Christopher Kelly (Chair)

Brian Wong (Secretary)

Development Nepal

Notes to the Financial Statements for the year ended 31st December 2016

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 fundraising costs. During the year the majority of costs related to programme expenditure, and some costs relating to the fundraising costs of the 2016 ball, for which income earned exceeded fundraising expenditure.

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 2016 was 134 Np Rps to £1 (prior year closing rate 152 Np Rps to £1), and the average rate of exchange during 2016 was 145 Np Rps to £1 (prior year average rate being 156 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.

Development Nepal

2 Voluntary Income

Donations and gifts are broken down as follows:

	2016 £	2015 £
Standing Orders	3,582	3,966
Individuals	9,315	1,156
Trust Donations	2,000	1,200
Corporate	-	-
Total	14,897	6,322

3 Fundraising: activities and costs of generating funds

Income	2016 £	2015 £
2016 Ball	25,721	-
Total Fundraising Income	25,721	-
Expenditure		
2014 Ball	-	500
2016 Ball	10,960	1,185
Total Fundraising Expenditure	10,960	1,685

On 14th May 2016 the Trustees held the 2016 fundraising ball. The fundraising ball is the charity's main fundraising event. Fundraising income and expenditure relate entirely to the 2016 fundraising ball.

Reconciliation to the SOFA:

	2016	2015
2014 Ball	-	500
2016 Ball	10,960	1,185
Fraudulent expenditure being discussed with HSBC to recoup in 2015 (shown as a cost to the Charity in 2014)	-	-772
Total Fundraised expenditure per the SOFA:	-10,960	-913

Development Nepal

4 Charitable expenditure

Charitable expenditure comprises amounts spent locally in Nepal in relation to the *Ujyalo Bhabisy*a programme and the *Ujyalo Bhabisy*a Co-operative (Micro-finance), and are broken down below.

	Total 2016 £	Total 2015 £
Programme planning and strategy		
Monitoring and evaluation	0	936
Direct programme costs		
Education	3,772	10,231
Micro-finance	12,096	5,783
Other		892
Sub-total	15,868	16,906
Total	15,868	17,842

For 2016 the monitoring and evaluation costs have been captured within direct programme costs. 'Other' costs for 2015 related primarily to maternal child health costs.

5 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 Development Nepal monies held locally in Sunsari relating to the Revolving Fund that are held within the *Ujyalo Bhabisy*a Co-operative. Monies that are not Development Nepal's that are held in the *Ujyalo Bhabisy*a Co-operative are not considered to be Development Nepal resources and are not accounted for.

All funds are considered readily available, and the UK and Sunsari bank balances are fully recoverable by Development Nepal. Revolving Funds held by Development Nepal within the *Ujyalo Bhabisy*a Co-operative are Development Nepal funds and can be allocated to any Development Nepal expenditure in Nepal. Amounts held in Nepalese Rupees at year end have been translated at the 31st December 2016 exchange rate.

Cash at bank balances held in:	2016 £	2015 £
UK	31,997	24,328
Sunsari (Excluding Revolving Fund)	1,836	989
Revolving Fund	7,859	1,518
Total	41,692	26,835

Development Nepal

6 Revolving fund: loans outstanding

During 2016 loans previously taken out from the Revolving Fund were paid back or transferred to become loans from the Cooperative. The DN funds held within the Revolving Fund were placed as funds within an account held by the Cooperative, with these funds then being lent out by the Cooperative in a similar manner to any other Cooperative held funds. As such the loans outstanding figure at 2016 year end is considered to be nil.

	2016 £	2015 £
Loans outstanding	0	909
Total	0	909

7 Funds

	2015 Total £	Income £	Expenditure £	FX Gains / (Losses) £	Transfers £	2016 Total £
General reserve (represented by cash held in the UK)	24,329	40,628	-10,960		-22,000	31,997
General reserve (represented by cash held in Nepal)	993		-15,868	-761	17,472	1,836
Revolving fund	2,422	201		708	4,528	7,859
Total	27,744	40,829	-26,828	-53	0	41,692

The Revolving Fund is within unrestricted reserves and is held in Nepalese Rupees locally with the *Ujyalo Bhabisya* Co-operative in Sunsari.

Amounts held in Nepalese Rupees within general reserves and the Revolving Fund at year end have been translated at the 31st December 2016 closing rate.