

Community Action Nepal

(A company limited by guarantee)

Annual Report and Financial Statements

31 March 2023

Company registration number: 3477884

Charity registration number: 1067772



Community Action Nepal

Contents

| | |
|--|----|
| Reference and Administrative Details | 1 |
| Trustees' report | 3 |
| Trustees' responsibilities in relation to the financial statements | 7 |
| Independent examiner's report | 8 |
| Statement of financial activities | 9 |
| Balance sheet | 10 |
| Cash flow statement | 11 |
| Notes to the financial statements | 12 |

Community Action Nepal
Reference and Administrative Details

| | | |
|------------------------------------|--|------------------------------|
| Charity name | Community Action Nepal | |
| Charity registration number | 1067772 | |
| Company registration number | 3477884 | |
| Principal office | Stewart Hill Cottage Hesket Newmarket WIGTON CA7 8HX | |
| Registered office | FIFTEEN Rosehill Montgomery Way Rosehill Estate CARLISLE CA1 2RW | |
| Trustees | J Frew | (resigned 10 March 2023) |
| | Dr R E Lorge | (resigned 7 July 2022) |
| | P Braithwaite | |
| | L Houlding | (resigned 13 April 2022) |
| | D B Webber | (resigned 27 June 2022) |
| | P R Powell | |
| | Dr C A Souch | |
| | Dr R A Welford | |
| | Dr R A Parkin | |
| | M L Lewis | (resigned 27 June 2022) |
| | G D Utting | |
| | P B Pearson | |
| | A W Fotherby | (appointed 8 July 2022) |
| | R Scott-Ward | (appointed 8 July 2022) |
| | S R Umpleby | (appointed 12 December 2022) |

Community Action Nepal
Reference and Administrative Details

| | |
|-------------------|-----------------------------|
| Patrons | Sir C J S Bonington CBE |
| | P B Scott |
| | L Houlding |
| Bankers | Cumberland Building Society |
| | 38 Fisher Street |
| | CARLISLE |
| | CA3 8RQ |
| Accountant | Dodd & Co Limited |
| | FIFTEEN Rosehill |
| | Montgomery Way |
| | Rosehill Estate |
| | CARLISLE |
| | CA1 2RW |

Community Action Nepal
Trustees' Report for the Year Ended 31 March 2023

The Trustees, who are also directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Company for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

REFERENCE AND ADMINISTRATIVE DETAILS

The trustees who served during the year and who have been appointed since the year end are detailed on page one.

The trustees are appointed by the Council of Trustees in accordance with the Charity's Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is incorporated as a Company Limited by Guarantee and the governing document takes the form of the company's Memorandum and Articles of Association.

CAN's main focus has been on its original core purpose of continuing to deliver aid and support to the communities of the rural inaccessible areas of the Nepalese Himalayas. The Trustees remain in frequent telephone and email contact with the Operations Director Nepal.

At the Annual General Meeting a Secretary, Treasurer and Chair of the Charity are nominated, seconded and appointed. Due to distance, it is not always possible for every member to attend each meeting and the Charity makes increasing use of web-based calls and conference calls. The work of CAN and its finances are always available for inspection. Minutes of the meetings are circulated to all Trustees and relevant information conveyed as appropriate to members of the Management Committee in Nepal and to the Operations Director Nepal.

New trustees are inducted into their role by existing trustees who explain the charity's objectives and activities and pass on their detailed knowledge of the charity's projects and its finances. Trustees are directed towards guidance issued by the Charity Commission and Companies House as to the legal responsibilities they have as trustees and directors and are encouraged to seek any opportunities to continually develop their skills and knowledge.

RISK ASSESSMENT

The Trustees agree and are made aware of their duty to consider the risks that the Charity faces. Reserves accumulated both in the UK bank accounts and in the Kathmandu accounts are maintained at a level to ensure cash reserves are available to support the project work and payment of staff employed to maintain the work. The UK holds funds in a current account and an interest-bearing reserve account. Funds are sent quarterly to the Kathmandu office on receipt of detailed information about funds needed for the following quarter. Trustees are aware that the Charity does not over extend spending in relation to the number of projects maintained. The weakening of the GBP following Brexit has been a major consideration. CAN in Nepal is in close liaison with the Social Welfare Council [SWC] in Nepal about their future requirements and stipulations that were fully implemented by 1 January 2020. Since January 2020, CAN has handed over more of the dispersed project areas and, in compliance with SWC requirements for the next five year period from 10 June 2020 to 9 June 2025, CAN is concentrating on the less accessible region of Nubri and Tsum Valley, North Gorkha.

To reduce the risks attached to the use in Nepal of monies raised in the UK, the Charity is registered as an NGO and INGO in Nepal. The UK Trustees are satisfied that CAN has staff and procedures in place to ensure monies are strictly accounted for and are spent as detailed in the quarterly request information. These also comply with the strict and robust accounting procedures of organisations associated with funding part of CAN's work.

As previously, the Trustees are aware that effective financial control is essential both in the UK and in Nepal. Fundraising continues to be a high priority together with on-going awareness of the economic situations in both the UK and in Nepal.

Community Action Nepal
Trustees' Report for the Year Ended 31 March 2023

OBJECTIVES AND ACTIVITIES

The Charity was set up in 1997 to provide relief of poverty, sickness and distress amongst the people of Nepal in the project areas in compliance with the stipulations of the Social Welfare Council [SWC] of Nepal, as set out in the Memorandum of Association. The activities, projects and services covered comprise support for health, education, agriculture and livelihoods and the relief of poverty and distress in the SWC nominated and agreed areas.

In setting the Charity's objectives, the Trustees have paid due regard to Charity Commission guidance on public benefit.

The main objective of the Charity during the period under review was providing access to basic health in rural locations. Alongside this CAN has provided education and training to improve agricultural diversity which has a tangible benefit to both health and livelihoods. Both the UK and Nepal Operations Directors maintain close contact with the SWC. CAN is fortunate to have benefited from generous funding, professional advice, and experience from visiting volunteers, as well as from visits to project sites from self-funding members of the Trustee group and the Charity's founder, the late Doug Scott CBE.

The Charity is grateful for and acknowledges the generous contributions made by volunteers who raise funds in the UK and overseas to support the activities as detailed in the accounts and by volunteers who completely self-fund agreed visits to the projects in Nepal and report back to the Trustees.

ACHIEVEMENTS AND PERFORMANCE

During the year under review the donations received by the Charity and regular standing order payments have enabled the Charity to support the running of 11 rural health posts and the construction of 1 new health post. The charity has also supported 5 schools including the construction of 1 new school and funded agriculture training and numerous livelihood projects. Expenditure continues in the furtherance of the Charity's objectives and activities.

Trustees review the levels of reserves in the UK and in Nepal, the on-going repair and maintenance costs, staff costs, exchange rates and future financial requirements needed to ensure the Charity can fulfil commitments.

The Trustees are therefore satisfied that the Charity remains on a secure financial footing and that policies are maintained during the fluctuating and variable economic conditions. They are particularly grateful for the remarkable support received from donors worldwide who continue to help CAN to meet the current additional funding requirements.

FINANCIAL REVIEW

CAN's principal funding sources are the regular standing order donations and large grants from national and international charities and individual donors. Donations given for a nominated project or purpose are recorded as "restricted" as appropriate. The quarterly bank transfers to the Kathmandu bank account enable the continuity of the Charity's objectives in Nepal in accordance with UK Trustees' decisions, as recorded in the Minutes of the Meetings. UK Trustees regularly seek advice from the Kathmandu based Operations Director and the Management Committee that represents the communities within the project areas.

The SWC in Nepal scrutinises CAN's work for periods of five years. Their endorsement entitles CAN to apply to the Government of Nepal for grants towards existing and future project work. This agreement with the SWC has been renewed from June 2020 to June 2025.

RESERVES

The Board of Trustees has established a reserves policy which appropriately reflects the risks to which the Charity is exposed and its obligations. In compliance with such policy, it will review regularly both the sum it wishes to hold in unrestricted reserves and the basis for that figure. The reserves policy considers ongoing fixed costs, excludes variable costs, and does not consider expenditure which is linked to restricted projects and therefore covered by restricted funds. The Board has established a policy for unrestricted funds not committed or expended on core activities, which equates to approximately £310,000. At this level, the Trustees feel that they would be able to continue the current core activities of the Charity in the event of a significant drop in funding for six months. This period would allow the Trustees to consider how the funding would be replaced or the activities changed.

Community Action Nepal
Trustees' Report for the Year Ended 31 March 2023

The total funds at 31 March 2023 amounted to £1,028,112 (2022 : £890,650) of which £67,605 (2022 : £64,955) was restricted by the donors in their future use and £695,049 (2022 : £649,130) has been designated by the Trustees for specific purposes. This leaves a balance of free reserves of £264,010 (2022 : £174,681). The Trustees will continue with their efforts to maintain the level of unrestricted funds at a minimum of six months core activity expenditure.

The majority of reserves are held as cash.

Designated funds which total £695,049 are comprised of:

£547,450 designated to cover the costs of the charity's Social Welfare Council agreement (the charity's contract with the Nepal Government) until 2025 (2022 : £503,659);

£100,000 designated for a disaster/emergency fund (this can provide circa two months emergency cover in the event of an earthquake, flood or famine) (2022 : £100,000);

£47,599 designated for the pump priming of potential new projects (this is the average cost of a new construction project) (2022 : £45,471).

PLANS FOR FUTURE PERIODS

The aims and objectives for the future are the maintenance and continuity of health, education, agriculture, livelihood and community development programmes. Careful evaluation of the future project areas will be carried out and focus as stipulated by, and agreed with, the SWC.

CAN has agreed to build two more rural health facilities in North Gorkha at Nyak and Bhangsing. The rebuilding works on completed sites and future sites were, and will continue to be, regularly inspected by qualified Nepal staff who have received training in the planning and rebuilding methods recognised in the "Build Back Better" programme, with some CAN Nepal staff receiving additional training in the UK.

PUBLIC BENEFIT REPORTING

The Charity delivers health, education and community development benefits to dispersed, diverse and remote village communities in Nepal. The work continues to support cultural heritage, diversification and long-term viability.

The Charity's trustees and employees do not receive any undisclosed benefits.

The project work is carried out in the geographical locations agreed with the SWC in Nepal and for the general community regardless of age, gender, economic circumstance, religion or caste.

The Charity's trustees are aware of the above requirements and the Charity Commission's Public Benefit guidance and have previously, and will in the future, continue to follow these guidelines.

FUNDS HELD AS CUSTODIAN TRUSTEE

For part of the year the Charity held funds on behalf of other small charities not registered with the Charity Commission of England and Wales as follows:

Kashigaun

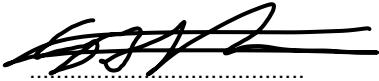
The above small charity raises funds in the UK but operates small projects in Nepal. From time to time, it deposits funds into the Community Action Nepal UK bank account and asks for agreed sums to be transferred to their accounts in Kathmandu. In addition, it asks for advice from both the UK and Kathmandu offices of Community Action Nepal concerning its activities. The sums held on its behalf are recorded as restricted for that small charity.

Community Action Nepal
Trustees' Report for the Year Ended 31 March 2023

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 22 September 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'G D Utting', written over a dotted line.

G D Utting
Trustee

Community Action Nepal

Trustees' Responsibilities in relation to the Financial Statements

The trustees (who are also directors of Community Action Nepal for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and the Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Examiner's Report to the Trustees of Community Action Nepal

I report on the accounts of the company for the year ended 31 March 2023, which are set out on pages 9 to 24.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of The Institute of Chartered Accountants in England and Wales (ICAEW).

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145 (5) (b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the 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 you as 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:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....
Joanne Thomlinson FCA
Dodd & Co Limited
Chartered Accountants

22 September 2023

FIFTEEN Rosehill
Montgomery Way
Rosehill Estate
CARLISLE
CA1 2RW

Community Action Nepal

Statement of Financial Activities (including Income and Expenditure Account) for the Year Ended 31 March 2023

| | | Unrestricted Funds | Restricted Funds | Total Funds 2023 | Total Funds 2022 |
|------------------------------------|------|-----------------------|---------------------|---------------------|---------------------|
| | Note | £ | £ | £ | £ |
| Income and endowments from: | | | | | |
| Donations and legacies | 2 | 295,634 | 79,720 | 375,354 | 418,952 |
| Other trading activities | 3 | 31,059 | - | 31,059 | 27,054 |
| Investments | 4 | 3,530 | - | 3,530 | 1,116 |
| Total income and endowments | | <u>330,223</u> | <u>79,720</u> | <u>409,943</u> | <u>447,122</u> |
| Expenditure on: | | | | | |
| Raising funds | | 10,319 | - | 10,319 | 12,466 |
| Charitable activities | | 185,092 | 77,070 | 262,162 | 287,814 |
| Total expenditure | | <u>195,411</u> | <u>77,070</u> | <u>272,481</u> | <u>300,280</u> |
| Net income before transfers | | 134,812 | 2,650 | 137,462 | 146,842 |
| Transfers | | | | | |
| Transfers between funds | | - | - | - | - |
| Net movements in funds | | 134,812 | 2,650 | 137,462 | 146,842 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 825,695 | 64,955 | 890,650 | 743,808 |
| Total funds carried forward | | <u>960,507</u> | <u>67,605</u> | <u>1,028,112</u> | <u>890,650</u> |

All of the Charity's activities derive from continuing operations during the above periods.

The notes on pages 12 to 24 form an integral part of these financial statements.

Community Action Nepal
Company registration number: 3477884
Balance Sheet as at 31 March 2023

| | | 2023 | 2022 |
|---|------|-------------------------|-----------------------|
| | Note | £ | £ |
| Fixed assets | | | |
| Tangible assets | 10 | 1,448 | 1,884 |
| Current assets | | | |
| Stocks and work in progress | | 3,484 | 5,734 |
| Debtors | 11 | 88,598 | 86,359 |
| Cash at bank and in hand | | 937,882 | 801,503 |
| | | <u>1,029,964</u> | <u>893,596</u> |
| Creditors: Amounts falling due within one year | 12 | <u>(3,300)</u> | <u>(4,830)</u> |
| Net current assets | | <u>1,026,664</u> | <u>888,766</u> |
| Net assets | | <u><u>1,028,112</u></u> | <u><u>890,650</u></u> |
| The funds of the charity: | | | |
| Restricted funds | | 67,605 | 64,955 |
| Unrestricted funds | | | |
| Unrestricted income funds | | <u>960,507</u> | <u>825,695</u> |
| Total charity funds | | <u><u>1,028,112</u></u> | <u><u>890,650</u></u> |

For the financial year ended 31 March 2023, the charity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 22 September 2023 and signed on its behalf by:



G D Utting
Trustee

The notes on pages 12 to 24 form an integral part of these financial statements.

Community Action Nepal
Cash Flow Statement for the Year Ended 31 March 2023

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Net cash provided by (used by) operating activities | | |
| Net income for the period | 137,462 | 146,842 |
| Depreciation charges | 436 | 321 |
| Decrease/(increase) in stocks | 2,250 | (2,684) |
| Increase in debtors | (2,239) | (26,619) |
| (Decrease)/increase in creditors | (1,530) | 1,125 |
| | <u>136,379</u> | <u>118,985</u> |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | - | (834) |
| | <u>-</u> | <u>(834)</u> |
| Increase in cash | <u><u>136,379</u></u> | <u><u>118,151</u></u> |

The notes on pages 12 to 24 form an integral part of these financial statements.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

These financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Fund accounting policy

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Designated funds are unrestricted funds set aside at the discretion of the trustees for specific purposes.

Further details of each fund are disclosed in note 16.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

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Income and endowments

Donations are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the Charity before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measured with a degree of reasonable accuracy and the title to the asset having been transferred to the Charity.

Income from Government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income from tax reclaims are included in the statement of financial activities at the same time as the gift to which they relate.

Income derived from the sale of goods and from events is recognised as earned, that is as the related goods or services are provided.

Investment income is recognised on a receivable basis.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of raising funds are the costs associated with attracting donations and legacies.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Amounts paid to Nepal are payments generally made to the charity's own registered Non Governmental Organisation and International Non Governmental Organisation in Kathmandu, Nepal, in the furtherance of the charitable objectives. These amounts are recognised in the Statement of Financial Activities on their date of payment.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

Support costs

Support costs are the general overheads of the company and are accounted for on an accruals basis.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fixed assets

Individual fixed assets costing £100 or more are initially recorded at cost.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

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Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| | |
|----------------------------------|--|
| Fixtures, fittings and equipment | 33% straight line basis and 15% reducing balance basis |
|----------------------------------|--|

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Trade Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Liabilities

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Pensions

The charity operates a defined contribution pension scheme. Contributions are charged in the statement of financial activities as they become payable in accordance with the rules of the scheme.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

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Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

2 Donations and legacies

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2023 £ | Total Funds 2022 £ |
|---------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Donations and legacies | | | | |
| General donations | 149,310 | 28,432 | 177,742 | 263,131 |
| Simon & Lou Brown Foundation | - | 12,500 | 12,500 | 12,500 |
| Gift Aid tax reclaimed | 21,824 | 4,488 | 26,312 | 26,297 |
| | <u>171,134</u> | <u>45,420</u> | <u>216,554</u> | <u>301,928</u> |
| Grants | | | | |
| Frank Davies Family Trust | 12,000 | - | 12,000 | 12,000 |
| Sandoz Family / De Meuron Foundation | 12,500 | - | 12,500 | 12,500 |
| International Porter Protection Group | - | - | - | 5,000 |
| Porters Progress UK | - | - | - | 524 |
| Nepalese Children's Medical Trust | - | 10,000 | 10,000 | 10,000 |
| Reach Out for Nepal | - | 5,000 | 5,000 | 8,700 |
| CAFOD | - | - | - | 20,000 |
| Coles-Medlock Foundation | - | - | - | 10,000 |
| The Watson Trust | 100,000 | - | 100,000 | 15,000 |
| Other grants | - | 19,300 | 19,300 | 23,300 |
| | <u>124,500</u> | <u>34,300</u> | <u>158,800</u> | <u>117,024</u> |
| | <u>295,634</u> | <u>79,720</u> | <u>375,354</u> | <u>418,952</u> |

Of the donations and legacies income in 2022, £278,750 related to unrestricted funds and £140,202 related to restricted funds.

3 Other trading activities

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2023 £ | Total Funds 2022 £ |
|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Sales of purchased goods | 10,317 | - | 10,317 | 17,626 |
| Events income | 20,742 | - | 20,742 | 9,428 |
| | <u>31,059</u> | <u>-</u> | <u>31,059</u> | <u>27,054</u> |

All of the fundraising activities income in 2022 related to unrestricted funds.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

4 Investments

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2023 £ | Total Funds 2022 £ |
|---------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Interest on cash deposits | 3,530 | - | 3,530 | 1,116 |

All of the investment income in 2022 related to unrestricted funds.

5 Expenditure

| | Fundraising £ | Charitable activities £ | Total 2023 £ | Total 2022 £ |
|--|------------------|-------------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Amounts paid to Nepal for use in projects | - | 152,530 | 152,530 | 215,771 |
| Helicopters, hotels and other travel expenses to visit projects in Nepal | - | 15,061 | 15,061 | - |
| Event costs | 7,564 | - | 7,564 | 5,148 |
| Purchases of goods for resale | 2,755 | - | 2,755 | 7,318 |
| | <u>10,319</u> | <u>167,591</u> | <u>177,910</u> | <u>228,237</u> |
| Support costs | | | | |
| Wages and salaries | - | 64,720 | 64,720 | 46,059 |
| Staff pensions | - | 1,267 | 1,267 | 839 |
| Fees for self employed labour | - | - | - | 750 |
| Staff training | - | - | - | 746 |
| Staff travel costs | - | 4,299 | 4,299 | - |
| Light, heat and power | - | 1,596 | 1,596 | 532 |
| Insurance | - | 991 | 991 | 403 |
| Telephone and fax | - | 946 | 946 | 754 |
| Website and IT costs | - | 2,941 | 2,941 | 6,278 |
| Printing, postage and stationery | - | 5,275 | 5,275 | 5,644 |
| Sundry expenses | - | 1,416 | 1,416 | 1,296 |
| Trustee meetings | - | 197 | 197 | 155 |
| Travel and subsistence to lectures and events | - | 1,052 | 1,052 | 759 |
| Advertising | - | 546 | 546 | 1,309 |
| Accountancy fees | - | 8,240 | 8,240 | 5,671 |
| Independent examiner's fee | - | 400 | 400 | 300 |
| Bank charges | - | 249 | 249 | 227 |
| Depreciation of fixtures, fittings and equipment | - | 436 | 436 | 321 |
| | <u>-</u> | <u>94,571</u> | <u>94,571</u> | <u>72,043</u> |
| | <u>10,319</u> | <u>262,162</u> | <u>272,481</u> | <u>300,280</u> |

Of the expenditure in 2022, £129,529 related to unrestricted funds and £170,751 related to restricted funds.

Community Action Nepal
Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

6 Trustees' remuneration and expenses

No remuneration was paid to any of the Trustees during the year in respect of duties performed in their roles as Trustees.

None of the trustees received any monies to cover travel expenses during the year.

7 Net income

Net income is stated after charging:

| | 2023 | 2022 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| Depreciation of tangible fixed assets | 436 | 321 |
| Accountancy fees | 8,240 | 5,671 |
| Independent examiner's fee | 400 | 300 |
| | <u> </u> | <u> </u> |

8 Employees' remuneration

The monthly average number of persons (including senior management) employed by the charity during the year was as follows:

| | 2023 | 2022 |
|-----------------------|-------------|-------------|
| | No. | No. |
| Charitable activities | <u>2</u> | <u>2</u> |

The aggregate payroll costs of these persons were as follows:

| | 2023 | 2022 |
|---------------------|---------------|---------------|
| | £ | £ |
| Wages and salaries | 64,720 | 46,059 |
| Other pension costs | 1,267 | 839 |
| | <u>65,987</u> | <u>46,898</u> |

No employee received emoluments of more than £60,000 during the year.

9 Taxation

The company is a registered charity and is therefore exempt from taxation on income and gains.

Community Action Nepal
Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

10 Tangible fixed assets

| | Fixtures, fittings and equipment £ |
|--------------------------------------|---|
| Cost | |
| As at 1 April 2022 and 31 March 2023 | 21,210 |
| Depreciation | |
| As at 1 April 2022 | 19,326 |
| Charge for the year | 436 |
| As at 31 March 2023 | 19,762 |
| Net book value | |
| As at 31 March 2023 | 1,448 |
| As at 31 March 2022 | 1,884 |

11 Debtors

| | 2023 £ | 2022 £ |
|--------------------------------------|-------------------|-------------------|
| Other debtors including gift aid tax | 88,205 | 86,037 |
| Prepayments and accrued income | 393 | 322 |
| | <u>88,598</u> | <u>86,359</u> |

12 Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------|-------------------|-------------------|
| Other creditors | 31 | 31 |
| Accruals and deferred income | 3,269 | 4,799 |
| | <u>3,300</u> | <u>4,830</u> |

13 Members' liability

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

14 Pension scheme

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charity to the scheme and amounted to £1,267 (2022 - £839).

Contributions totalling £31 (2022 - £31) were payable to the scheme at the end of the period and are included in creditors.

15 Related parties

Controlling entity

The charity is controlled by the trustees who are all directors of the company.

Related party transactions

During the year one of the charity's patrons, P B Scott, allowed the Charity to use her home as its office and store place. The Charity contributed £1,596 and £946 towards office heat and light costs and telephone costs respectively (2022 : £532 and £213). Commissions of £246 were also payable by the Charity to P B Scott for the sale of goods during the year (2022 : £1,799). At 31 March 2023 Community Action Nepal owed P B Scott £nil (2022 : £1,799).

P B Scott, is the director of Community Action Treks Limited. Throughout the year a balance existed between the Charity and Community Action Treks Limited due to Community Action Treks Limited receiving donations which should have been paid to the Charity and the Charity settling invoices on behalf of Community Action Treks Limited. At 31 March 2023 Community Action Treks Limited owed the Charity £4,215 (2022 : £4,215).

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

16 Analysis of funds

| | At 1 April 2022 | Incoming resources | Resources expended | Transfers | At 31 March 2023 |
|---|--------------------|-----------------------|-----------------------|-----------------|---------------------|
| | £ | £ | £ | £ | £ |
| Designated Funds | | | | | |
| Social Welfare Council agreement costs | 503,659 | - | - | 43,791 | 547,450 |
| Disaster / emergency fund | 100,000 | - | - | - | 100,000 |
| Potential new projects | 45,471 | - | - | 2,128 | 47,599 |
| | <u>649,130</u> | <u>-</u> | <u>-</u> | <u>45,919</u> | <u>695,049</u> |
| General Funds | | | | | |
| Unrestricted income fund | <u>176,565</u> | <u>330,223</u> | <u>(195,411)</u> | <u>(45,919)</u> | <u>265,458</u> |
| Restricted Funds | | | | | |
| Sherpa museum | 25,155 | - | - | - | 25,155 |
| North Gorkha health posts | - | 30,000 | (7,500) | - | 22,500 |
| Samagaun health post | 6,000 | 7,500 | (6,000) | - | 7,500 |
| Kashigaun school | - | 480 | (480) | - | - |
| CAFOD | 10,000 | - | (10,000) | - | - |
| Prok school | 15,500 | - | (15,500) | - | - |
| Chumling health post | 6,500 | 12,500 | (19,000) | - | - |
| Tsum Nubri health post | - | 19,190 | (8,000) | - | 11,190 |
| Ripchet clinic | 1,800 | - | (1,800) | - | - |
| Manakamana Deaf School | - | 3,750 | (2,990) | - | 760 |
| Livelihoods and agriculture | - | 500 | - | - | 500 |
| Arughat region support | - | 800 | (800) | - | - |
| Education | - | 5,000 | (5,000) | - | - |
| | <u>64,955</u> | <u>79,720</u> | <u>(77,070)</u> | <u>-</u> | <u>67,605</u> |
| | <u>890,650</u> | <u>409,943</u> | <u>(272,481)</u> | <u>-</u> | <u>1,028,112</u> |

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

Prior period

| | At 1 April 2021 | Incoming resources | Resources expended | Transfers | At 31 March 2022 |
|---|--------------------|-----------------------|-----------------------|------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Designated Funds | | | | | |
| Social Welfare Council agreement costs | - | - | - | 503,659 | 503,659 |
| Disaster / emergency fund | - | - | - | 100,000 | 100,000 |
| Potential new projects | - | - | - | 45,471 | 45,471 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>649,130</u> | <u>649,130</u> |
| General Funds | | - | | | |
| Unrestricted income fund | <u>649,554</u> | <u>306,920</u> | <u>(129,529)</u> | <u>(650,380)</u> | <u>176,565</u> |
| Restricted Funds | | | | | |
| Sherpa museum | 25,958 | 6,250 | (7,053) | - | 25,155 |
| North Gorkha health posts | - | 21,598 | (21,598) | - | - |
| Samagaun health post | - | 6,000 | - | - | 6,000 |
| Lho and Lihi health posts | - | 6,250 | (6,250) | - | - |
| Kashigaun school | 2,224 | 440 | (2,664) | - | - |
| Big Lottery Community Fund | 12,685 | - | (12,685) | - | - |
| CAFOD | 10,000 | 21,000 | (21,000) | - | 10,000 |
| Prok school | 23,750 | 21,200 | (29,450) | - | 15,500 |
| Chumling health post | - | 12,500 | (6,000) | - | 6,500 |
| Ripchet clinic | 11,784 | 4,800 | (14,784) | - | 1,800 |
| Porter relief fund | 6,603 | 5,524 | (12,127) | - | - |
| Covid-19 appeal | - | 24,640 | (24,640) | - | - |
| JTA agricultural worker | 1,250 | - | (2,500) | 1,250 | - |
| Healthcare in Chhokang Paro | - | 10,000 | (10,000) | - | - |
| | <u>94,254</u> | <u>140,202</u> | <u>(170,751)</u> | <u>1,250</u> | <u>64,955</u> |
| | <u>743,808</u> | <u>447,122</u> | <u>(300,280)</u> | <u>-</u> | <u>890,650</u> |

The prior period summary shown above has been amended from that shown in the Financial Statements for the year ended 31 March 2022 in order to show designated funds separately from general funds. There has been no change to the total value of funds.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

The designated funds were created for the following purposes:

| Designated fund | Purpose |
|--|--|
| Social Welfare Council agreement costs | To cover the costs of the charity's Social Welfare Council agreement (the charity's contract with the Nepal Government) until 2025 |
| Disaster / emergency fund | To provide circa two months of emergency cover in the event of an earthquake, flood or famine |
| Potential new projects | Funds to pump prime potential new projects (this is the average cost of a new construction project) |

The restricted funds were created for the following projects:

| Restricted fund | Project |
|-----------------------------|---|
| Sherpa museum | To build a Sherpa heritage home museum and photographic gallery |
| North Gorkha health posts | To support health posts and provide healthcare in North Gorkha |
| Samagaun health post | To build and fund the running costs of Samagaun health post |
| Lho and Lihi health posts | To assist with the running costs of Lho and Lihi health posts |
| Kashigaun school | Umbrella project administered by CAN to build and fund the running costs of a school at Kashigaun |
| Big Lottery Community Fund | Funding from the Big Lottery to fund post earthquake initiatives including health, model gardens, the building of demo homes and enterprise development |
| CAFOD | Funding from CAFOD to respond to the food security consequences of Covid-19 in North Gorkha |
| Prok school | To build a primary school in Prok |
| Chumling health post | To build and fund the running costs of Chumling health post |
| Tsum Nubri health post | To assist with the running costs of the health post at Tsum Nubri |
| Ripchet clinic | To build an outreach clinic at Ripchet and provide it with nurses |
| Porter relief fund | To support porters and their families during the period in which the tourist trade was closed due to Covid-19 |
| Covid-19 appeal | To assist with the prevention, containment and treatment of Covid-19 |
| JTA agriculture worker | To fund the salary of a JTA agriculture worker |
| Healthcare in Chhokang Paro | To support the delivery of essential healthcare in Chhokang Paro, North Gorkha |
| Manakamana Deaf School | To help fund a teacher's salary for one year |
| Livelihoods and agriculture | To assist with the funding of general livelihoods and agriculture programmes |
| Arughat region support | For general assistance within the Arughat region |
| Education | To assist with the funding of general education programmes |

17 Transfers

During the previous year transfers were made from the general fund to one restricted fund (see note 16). The monies transferred are the charity's contribution towards the restricted fund project and meets the shortfall in restricted funding.

Transfers are also made between general funds and designated funds in order to reflect changes in the value of designated funds that the trustees decide need to be held at each year end.

Community Action Nepal

Notes to the Financial Statements for the Year Ended 31 March 2023

..... continued

18 Net assets by fund

| | Unrestricted Funds | Restricted Funds | Total Funds 2023 | Total Funds 2022 |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Tangible assets | 1,448 | - | 1,448 | 1,884 |
| Current assets | 962,359 | 67,605 | 1,029,964 | 893,596 |
| Creditors: Amounts falling due within one year | (3,300) | - | (3,300) | (4,830) |
| Net assets | <u>960,507</u> | <u>67,605</u> | <u>1,028,112</u> | <u>890,650</u> |

Prior period

| | Unrestricted Funds | Restricted Funds | Total Funds 2022 | Total Funds 2021 |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £ | £ | £ | £ |
| Tangible assets | 1,884 | - | 1,884 | 1,371 |
| Current assets | 828,641 | 64,955 | 893,596 | 746,142 |
| Creditors: Amounts falling due within one year | (4,830) | - | (4,830) | (3,705) |
| Net assets | <u>825,695</u> | <u>64,955</u> | <u>890,650</u> | <u>743,808</u> |