

THE NEPALESE CHILDREN'S FOUNDATION LIMITED

(T/A FOUNDATION NEPAL)

(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

DIRECTORS AND OTHER INFORMATION

Directors	Frank Cronin (Chairperson) Nicola (Nicky) Deasy Brid Whelan
Secretary	Nicola (Nicky) Deasy
CEO	Nicola (Nicky) Deasy
Company number	431242
Charity Number	CHY 17737
Registered office	3 New Road Galway
Auditors	Mazars Tierney Chartered Accountants & Registered Auditors Mazars Place Salthill Galway
Business address	3 New Road Galway
Bankers	National Irish Bank Moneenageisha Road Galway Financial Services Centre Galway Ulster Bank Eyre Square Galway
Solicitors	MacSweeney & Co. Solicitors 1st Floor Merchants Gate Merchants Road Galway

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DIRECTORS' REPORT
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The directors present their report along with the consolidated financial statements of the Charity and its subsidiary for the year ended 31 December 2009. Reference and administrative details of the Charity, its Directors and Advisors are set out on the Company Information page.

Mission Statement

Foundation Nepal enables the most disadvantaged in remote rural and mountainous areas of Nepal to work their way out of the poverty trap and become self-sufficient - giving a hand up, not a hand out.

We apply a business approach to devising solutions to the issues facing the developing world. Our mission is to develop a holistic solution to end extreme poverty and hunger in remote rural communities, which can be rolled out and successfully implemented across the world.

Founded, managed and governed by former senior business people, we focus on efficiency, return on investment, long-term solutions and value for money. We set ourselves clear targets, and provide transparent financial and operational information to our supporters, so that our donors know where their money goes and what it achieves.

Branches

The Irish statutory entity operates through a branch in Ireland and a branch in Nepal. The Irish branch is responsible for fundraising whilst the Nepalese branch is responsible for carrying out the company's charitable activities.

Objectives and strategies

We work in Nepal, the poorest country in Asia, in the district of Humla, which is in a remote part of the north-western Nepali Himalayas, bordering Tibet. Humla is the highest and second poorest of Nepal's 75 districts, is home to c. 45,000 people, and has poverty levels similar to many sub-Saharan African countries.

Foundation Nepal builds the solid foundations that allow communities to become self-sufficient. We invest to end poverty, and create economically viable communities in a 5-7 year period, at which point we can successfully exit. This requires holistic investment across all sectors and types of capital - health care, education, micro finance, micro business and livelihoods, food output and irrigation, water and sanitation, alternative energy sources, environmental conservation, women and low caste empowerment, and empowering local civil society to create, own and maintain a sustainable, prosperous and equitable future for the whole community.



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It also means investing into local leaders and people in each village, rather than bringing in 'experts' from outside the village. By training up local people over a period of years, this means that when we exit, those people who have deep ties to the community will remain in place, rather than leaving with the project. This model is critical for the project to be sustainable after we exit. It also reduces salary costs, although it takes longer and is more difficult and complex to implement. We partner with grass roots civil society organisations and national and local government, rather than through NGO's. Local communities are involved in the planning and execution of the programme from the outset, and co-invest with us in programmes which they are responsible for.

We are committed to clearly stated, independently measurable and understandable goals such as increasing food production by 100%, increasing primary school attendance by 50%, and increasing household income by 50%, at a fixed cost per head, within a specified number of years of starting work with each community. Setting ourselves clear SMART (specific, measurable, attainable, relevant and time bound) targets allows us to be measured and judged by our donors, on our ability to deliver real change and real value for money.

Activities, Achievements and Performance

Our programme in Nepal, which was approved by the Nepali government in 2008, is a five-year programme called CHEWI (Community, Healthcare, Education, Women's Empowerment and Income Generation). This programme commenced in 2008 and is ongoing. The activities currently carried out under the CHEWI programme include food production/micro business/micro finance, support for primary healthcare, and support for primary and adult education.

To date, various aspects of the programme have been trialled successfully in the district of Humla, particularly in the areas of food production, micro business, micro finance, primary healthcare, primary education and adult education.

When funding becomes available, we plan to implement a fully integrated holistic programme into the villages where we work, including elements such as water & sanitation, which will target all members of the community. To date, a wider roll-out of the programme has not been possible due to funding constraints.

Food Production/Micro business

Foundation Nepal works with basic food production and micro-business projects such as vegetable growing and poultry rearing. We also support literacy training and micro-finance groups with a view to kick-starting more advanced micro-businesses. In time, with additional resources, we plan to work on more advanced macro economic development of the district.

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At present, we work with local community groups comprised largely of women in the villages of Thehe, Kharpunath and Bergaun to start micro-business projects primarily focused on vegetable farming and poultry. These projects help women increase their food production to supplement their family's nutrition, and they can sell the surplus, leaving them with a cash income to invest in education, healthcare, improved seed varieties and so on. Such projects are relatively straightforward to implement as women do not need their husbands' permission to take part because they are already responsible for farming, and they do not need to be literate either.

In order to start more advanced micro-business projects, women need access to micro-finance (savings and credit groups) - yet, for micro-finance to work, women require basic levels of literacy. In Humla, only 8.87% of women are literate and most of these are 10-12 year-old school leavers. As a result, we are further developing our literacy projects for women and vocational training for men this year, with six women's literacy groups set up in December 2009. We currently have seven micro-finance groups that are in the initial start up stages and this number is set to increase. We plan to help these groups to set up successful businesses in the areas of herbal plant processing and distribution, tourism and trekking, advanced agricultural production and other commercially viable opportunities.

Our results to date are set out below:

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Food Production, Micro-finance & Micro-business	2008	2009
Number of households participating in micro-finance group	140	245
Number of households participating in micro-business vegetable production schemes	140	245
Average annual income earned per female entrepreneur from micro-business vegetable production schemes	-	€47 - €60
Number of people participating in micro-business training and project start-up	110	670
Number of women taking part in income generation exposure trip	-	26
Number of executive members (from 12 micro-finance groups) participating in saving and credit management training (5 days)	-	26
Building a permaculture vegetable garden at a Girls' Feeder Hostel in Simikot	-	YES
Constructing a poultry shed at a Girls' Feeder Hostel in Simikot	-	YES
Developing improved crop demonstration plots in Thehe, Bergaun and Kharpunath as a trial for farmers and for training purposes	-	YES
Fostering closer cooperation between local people and government agencies working in the areas of agriculture and livestock rearing	YES	YES

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Healthcare

During 2009, Foundation Nepal supported four health posts and four outreach clinics, which provide primary healthcare, medicines, family planning and maternity services. In 2009, 29,440 patients were treated. We also run health and hygiene training, various health education campaigns, family planning and immunisation and de-worming programmes.

We signed up a partnership agreement with a Nepali NGO called Phase Nepal in late 2007, who operated two health posts in the villages of Maila and Melchham on our behalf. We also trialled Community Managed Drug Programmes ('CMDP') and direct support to two other healthposts in the villages of Thehe and Kharpunath during the year, in conjunction with the District Health Office ('DHO') in Humla, and the local village Health Management Committee ('HMC').

Following a review and comparison of both models, in terms of cost effectiveness, sustainability and quality of service, we concluded that the latter approach was delivering significantly better results, and we terminated the partnership agreement with Phase Nepal in November 2009. Transitional arrangements have been put in place to ensure that the local communities continue to receive primary healthcare services, and since year end, we have expanded into a further village in Dandaphaya, again using the DHO / HMC / CMDP model.

We run various health education campaigns in the community and in schools to increase positive attitudes to preventative healthcare and promote healthy behaviour. To enhance community self-help in primary healthcare and further reinforce awareness of public health issues, we have trained a group of Female Community Health Volunteers in Maila, Melcham and Thehe. In addition, we hold regular support meetings with mothers' groups to promote knowledge about women's and children's health, family planning and sanitation. We have also started initial HIV awareness training in Thehe.

Irish Aid contributed €20,000 funding towards our healthcare programme from November 2008 to November 2009 from their micro-projects fund.

Our results to date are set out below:

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Healthcare	2008	2009
Number of health posts	3	4
Number of outreach health posts	3	4
Number of community outreach clinics staffed by Female Community Health Volunteers	4	8
Total number of patients treated, including family planning assistance and maternity services	13,263	29,440
Number of people provided with family planning assistance	1,373	2,317
Number of people provided with maternity services	516	650
Number of children immunised	291	643
Number of people provided with health education training to increase positive attitudes to preventative healthcare - including a school de-worming and healthcare programme	2,571	5,581
Number of students who participated in the school deworming and healthcare programme	802	1,701
Strengthening local Health Management Committees to plan and monitor healthcare services provided in collaboration with Foundation Nepal	3 Villages	4 Villages
Supporting Thehe Health Management Committee to run a Community Drug Program, which will ensure a year-round supply of medicines to the health post	-	YES
Training and supporting Female Community Health Volunteers to enhance community self-help in primary healthcare	3 Villages	4 Villages (41 training sessions held)
Holding regular support meetings with mothers' groups to promote knowledge about women's and children's health, family planning, sanitation etc.	3 Villages	4 Villages (36 meetings held)

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Education

Our education programme encompasses the construction of primary schools, distribution of school stationery to ultra poor children and women's literacy. With funding, we plan to roll out teacher training, vocational education for men and women, and the development of a volunteer and education centre.

In Humla district, only 25% of children attend primary school, mainly due to malnutrition and the unaffordability of school stationery for their parents. We purchased school stationery packs, comprising copybooks, pens, pencils and erasers for 1,500 children in eight primary schools in the district in 2009, who otherwise would have struggled to attend school. Pupil enrollment at the schools has doubled since this initiative was begun in 2008.

In partnership with the local school management committee and the district education office, we provided funding for an extension to the very overcrowded primary school in Thehe village. Construction of new classrooms to accommodate 300 children was completed in late 2009. This project was kindly funded by KPMG Corporate Finance in Dublin.

Our results in 2009 are set out below:

Education	2008	2009
Number of primary school education packs purchased for ultra poor children	1,087	1,500
Building a school extension in Thehe for 300 children in conjunction with the local school management committee	-	YES
Preliminary preparations completed for women's literacy classes	-	YES
Animators trained to run women's literacy classes	-	3 Villages (6 animators for 6 classes)
Laying the groundwork for building a volunteer and education centre in Simikot	-	YES

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Financial Review

During the year, the net funds raised from the general public to fund the programmes mentioned was €69,731. All of this income, and an amount of €57,733 from reserves were used in the current year. The deficit for the financial year amounted to €63,387 (2008: surplus of €27,154).

Going Concern

The Charity prepares rolling three monthly cash flow forecasts, which facilitate the management and monitoring of our cash and funding position each month. Monthly revenue and cost budgets are in place and performance is monitored against budget at regular team meetings.

At 31 December 2009, the charity had cash on hand of €29,156. Fundraising in the first four months of 2010 was approximately €60,000, and significant fundraising activity is projected for the remainder of 2010. In addition, it is hoped that our application to Irish Aid's Civil Society Fund in June 2010 will be successful in securing funding, and it is also hoped that some larger philanthropic donors will be secured, with whom positive discussions have taken place and formal proposals are being prepared for their boards' consideration.

The directors have considered carefully the risks to the group's trading performance and cash flows as a result of the difficult economic environment. The directors have also had regard to the group's operating plan and budget for 2010 and have considered a number of risk factors.

After reviewing group and company cash balances and projected cash flows, the directors believe that the group and company have adequate resources to continue operations for the foreseeable future. For this reason, the accounts have been prepared on a going concern basis.

Reserves Policy

The charity and its subsidiary have combined reserves of €40,169. Unrestricted funds are general funds that are available for use at the Directors' discretion in furtherance of the objectives of the Charity. Restricted funds are those donated for use for a specific purpose, the use of which is restricted to that purpose and the restriction means that the funds can only be used for specific projects or activities. Such purposes are within the overall aims of the organisation. A deficit in unrestricted funds is permitted only where all of the following conditions exist: (i) the deficit is not material; (ii) the deficit has been used for essential spending; (iii) the deficit is temporary; (iv) the deficit will be rectified at the earliest convenience; and (v) the deficit is approved by the Board. All of the above conditions are met when unrestricted funds are in deficit.

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The deficit in unrestricted funds arose as fundraising in 2009 was adversely impacted by a number of factors (as discussed in more detail below). The CEO, who is responsible for the majority of fundraising activity was absent for a period on maternity leave. Irish Aid made the unexpected decision halfway through the year that they would remain closed to new applicants for funding. The process of rebranding the Charity prevented fundraising for six months until it was finalised. In addition, three new staff members were taken on, which increased our costs. Unrestricted fundraising in 2010 is a lot stronger than in 2009, so we expect that the deficit in unrestricted funds will be reversed during 2010.

Fundraising activities

In 2009, the team in Ireland was augmented with the recruitment of three new part-time members of staff - a Head of Marketing, a Volunteer Manager, and a Group Accountant in May 2009. Prior to this, the only person working in Ireland on behalf of the charity was the CEO, Nicky Deasy, who works pro bono on a voluntary basis. In June 2009, she went on maternity leave and was only able to work part time for a number of months. Most fundraising activity is done by the CEO.

In addition, in 2009 a full rebranding was undertaken, and the charity changed its name to Foundation Nepal to better reflect its activities and mission. New logos, marketing materials, website, stationery and significant strategic planning was undertaken for six months of the year, which was starting to convert into fundraising revenue in the last two months of 2009. However for the six months prior to this, almost no fundraising was undertaken. Given that the charity had significant cash reserves brought forward at the start of the year, a decision was taken by the board to invest time and resources into the rebranding in order to position the charity for future growth. Public response to our website and marketing materials, and to the look and value of the brand, has been extremely positive.

Funding in 2009 was also impacted by the continuing economic downturn, and the unexpected decision by Irish Aid (communicated in May 2009) to remain closed to new applicants seeking funding from the civil society fund for the duration of 2009, and to close micro projects for the duration of 2009. Grant funding in the amount of €20,000 was received from Irish Aid's Micro Projects Fund in November 2008. As a result, Foundation Nepal was ineligible to apply to Irish Aid for funding in 2009. However, Irish Aid has reopened the civil society fund to new applicants in 2010, and we are in the process of applying for funding from them. As a result of all of these and many other initiatives, fundraising in 2010 is expected to be far more robust as compared to 2009.

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Public communications and rebranding

The organisation's name change and rebranding process was successfully completed in 2009. A visually strong logo with the tag line 'Giving a hand up, not a hand out' was developed in conjunction with branding agency Originate, who worked on a voluntary basis. New marketing materials and stationery were developed to reflect the new brand, including a newsletter, brochure, banner, posters etc. An informative new website with online donation facilities and an online shop was launched in late 2009. High levels of web traffic have been achieved consistently since the launch and Foundation Nepal was short listed for an e-marketing commerce award at the Marketing Institute West Region Awards. Foundation Nepal developed its social media presence in late 2009 with the creation of a weekly blog and profiles on Facebook, Twitter, Linked In and Bebo, while the organisation's existing profiles were strengthened on mycharity.ie and Ammado. Inroads were made in gaining local media coverage towards the end of the year when two articles on the charity featured in the Galway Independent, and Foundation Nepal was selected as the Galway Advertiser Third World Christmas Appeal charity. Significant PR activity has taken place in 2010.

Dóchas Code of Conduct on Images and Messages

In July 2009, Foundation Nepal signed up to the Dóchas Code of Conduct on Images and Messages, which is a set of guiding principles to assist development NGO's in selecting images and messages for their communications that maintain full respect for human dignity. By the end of 2009, Foundation Nepal had implemented the recommendations of the code, for example:

- A Code champion was nominated and participated in Dóchas annual Code workshop;
- The Code became an integrated part of the organisation's public communications strategy;
- All staff and partners were made aware of the importance of the Code and were given a copy of the Code guidelines; and
- Detailed guidelines and forms for obtaining consent from photo/video/case story participant were drawn up. These were then translated into Nepali and put into use in Nepal.

To give us feedback on our communications, please email info@foundation-nepal.org.

External factors affecting achievement

Secure and sustainable funding is a challenge given the current economic climate. The Charity works in difficult circumstances where both social and political factors may give rise to security or access problems that frustrate our ability to put in place the infrastructure and long-term initiatives necessary to alleviate poverty.

The commitment of the Nepalese people and our staff, to surmount these problems and to make a difference continues to be both a strong motivator and a source of inspiration to encourage us on in our mission to make a difference and help to make poverty history.

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Volunteers

The Directors are very grateful to the 250 volunteers who helped during the year by carrying out fundraising on our behalf, and providing professional services and expert advice on a wide range of issues.

Foundation Nepal established a formal volunteer programme in mid-2009. A staff member was assigned the role of volunteer manager and she underwent four days of volunteer management training run by the Galway Volunteer Centre. A comprehensive volunteer policy was developed, along with volunteer recruitment materials targeted at people interested in volunteering in both Ireland and Nepal. Foundation Nepal took part in the NUIG Volunteer Fair in September 2009, which marked the beginning of a successful recruitment campaign. The organisation's relationship with the Galway Volunteer Centre went from strength to strength, which has proven beneficial in the recruitment of volunteers and the setting of policy and procedures.

Code of Good Practice - Volunteers, Health & Safety and Child Protection

The organization has signed up the Comhlamh Code of Good Practice for Sending Organisations in May 2010, which ensures that we comply with best practice in relation to our volunteers, child / vulnerable adult protection policies, and health and safety management.

Development education

A pilot development education programme was implemented with the transition year students at Coláiste Iognáid ('The Jes'), Galway in late 2009. This focused on general development issues and awareness about Nepal and Foundation Nepal's work programme, with a particular emphasis on student participation. As a result of the development education programme, the students initiated a micro-business fundraising project that saw them create, market and manage the sale of charity Christmas cards. This proved to be very successful in raising funds and awareness for Foundation Nepal, and building the students' confidence and understanding of development issues. The students later went on to win the Young Volunteer of the Year Award in January 2010 at the Mayor's Awards, Galway.

Plans for future periods

We plan to expand the CHEWI programme to facilitate a greater number of beneficiaries, and to further develop our holistic and sustainable model, while measuring results and return on investment, so that in time, a blueprint approach can be developed which can be rolled out and scaled up in a cost effective way to end extreme poverty.

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Structure, Governance and Management - Our legal objects

Foundation Nepal is an international, non-governmental, non-political, non-religious organisation established in December 2006. It is registered as a company limited by guarantee with the Companies Office. It is constituted under a Memorandum of Association dated 6 December 2006 (as amended on 1 March 2008). It is registered as a Charity with the Revenue Commissioners. The Memorandum of Association defines the charity's object as "to relieve poverty among the inhabitants of Nepal through the provision of educational materials and medical facilities, the provision of shelters and orphanages, and the provision of income generating opportunities".

Our Company registration number is 431242 and our Charity registration number is CHY 17737.

Directors and organisational structure

The Articles of Association allow for up to seven directors to be appointed. One-third of the Directors are required to retire from office at the annual general meeting, however retiring Directors are immediately eligible for re-election. All Directors have signed up to the Irish Development NGO's Code of Practice for Corporate Governance published by the Corporate Governance Association of Ireland and developed in partnership with Dochas. All our existing directors have relevant experience of being a director and aside from expenses were not remunerated for their directorship. Our directors are unpaid and details of directors' expenses and any related party transactions are disclosed in note 24 to the financial statements.

On 5 October 2009, Enda Nevin resigned from the Board and was replaced by Frank Cronin.

Directors

Our Directors are responsible for setting the strategy and are responsible in law for running Foundation Nepal. Details of the directors who served during the year are set out on the Company Information page.

Where new directors are appointed they are given a formal induction to the work of the Charity and provided with the information they need to fulfil their roles, which includes information about the role of directors and charity law. New directors are nominated by members of the board of directors, interviewed by the board of directors and appointed where they have the necessary skills to contribute to the charity's management and development.

The Chief Executive (who is also a Director) takes responsibility for monitoring operational areas. Supporting the work of the Chief Executive, there is an Operations Manager in the Nepalese branch with delegated spending authority to cover each of the ongoing projects. The Chief Executive reports action points to our Board meetings which are held at least quarterly.

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Directors' interests

At the beginning and end of the year Nicky Deasy held 30,000 ordinary shares of NPR 100 each in The Nepalese Children's Healthcare Foundation PVT Limited, a company incorporated in Nepal. These shares are held in trust, on behalf of Foundation Nepal. No other director had any shares or debentures in any group company at either the beginning or end of the year.

Chief Executive

Our Chief Executive, Nicky Deasy, is responsible for the day to day operation of the Charity and manages the staff of the Charity on behalf of the Directors. She works full time without remuneration. She heads up our staff team who advise on and deliver the strategy and programmes of Foundation Nepal. She is an experienced Chartered Accountant whose business background underlies all our activities - translating into a focus on efficiency, value for money, and a commitment to the highest standards of professionalism and quality in everything we do.

Risk Management

All significant activities undertaken are subject to a risk review as part of the initial activity assessment and implementation. Major risks are identified and ranked in terms of their potential impact and likelihood.

Major risks, for this purpose, are those that may have a significant effect on (i) Operational performance, including risks to our personnel and volunteers; (ii) Financial sustainability, including stability and security of income; (iii) Achievement of our aims and objectives; or (iv) Meeting the expectations of our beneficiaries or supporters.

The Directors review these risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. The following framework is central to ensuring adequate risk assurance: Regular monitoring of major risks and development of action plans by the Board of Directors; Embedding risk identification and assessment within operating procedures; A clear structure of delegated authority and control; Income and profit targets for our trading and fundraising activities; and Maintaining reserves in line with set policies.

We have signed up to all relevant codes of good conduct / best practice in relation to volunteering, images and messages and corporate governance. We are reviewing the ICTR Guiding Principles on Fundraising and intend to implement these provisions during 2010.

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Our Partners

The Nepalese Children's Foundation PVT Limited, a Company registered in Nepal, is a subsidiary of Foundation Nepal by virtue of the fact that its entire issued share capital is held in trust, on behalf of Foundation Nepal by Nicky Deasy, the Chief Executive. In 2008, The Nepalese Children's Foundation PVT Limited purchased a plot of land in Humla for the construction of an education and volunteer centre. It is hoped that construction work will begin in 2010.

During 2007 we entered into a partnership agreement with a Nepali NGO called Phase Nepal in relation to the operation of two of our healthposts. As has already been discussed in the Healthcare section of this review, a decision was taken by the Directors to terminate this agreement in November 2009. Transitional arrangements have been put in place to ensure continued service delivery to our beneficiaries.

Books of Account

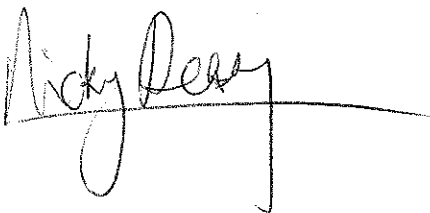
The measures taken by the Directors to ensure compliance with the requirements of Section 202, Companies Act, 1990, regarding proper books of account are: the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function. The books of account of the charity are maintained at the Registered Office.

Auditors

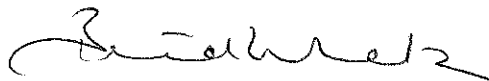
Mazars Tierney were appointed auditors by the directors to fill the casual vacancy and they have expressed their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the Board:

DIRECTOR



DIRECTOR



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**STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE
MEMBER'S FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish statute comprising the Companies Acts, 1963 to 2009. They are also responsible for ensuring that the company otherwise complies with the provisions of those Acts relating to the financial statements in so far as they are applicable to the company.

They are also responsible for safeguarding the assets of the group and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

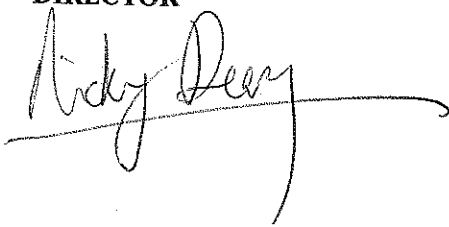
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

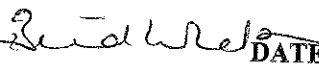
- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board:

DIRECTOR



DIRECTOR

 **DATE** 27/6/10

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE NEPALESE CHILDREN'S FOUNDATION LIMITED**

We have audited the consolidated financial statements of the Nepalese Children's Foundation Limited (T/A Foundation Nepal) for the year ended 31 December 2009 which comprise the Consolidated Statement of Financial Activities, Consolidated Income Statement, Consolidated Statement of Total Recognised Gains and Losses, Company Income Statement, Company Statement of Total Recognised Gains and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow and the related notes. These consolidated financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the company; and proper returns received from branches not visited in the audit and whether, the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account and returns.

We report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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.

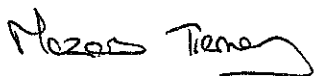
Opinion

In our opinion, the group financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the group's affairs as at 31 December 2009 and of its deficit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account and returns. Proper returns adequate for an audit have been received from branches not visited.

In our opinion the information given in the directors' report is consistent with the financial statements.



Mazars Tierney
Chartered Accountants & Registered Auditors
Mazars Place
Salthill
Galway

8th June 2010

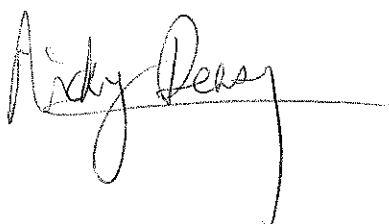
THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2009

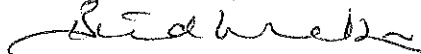
	Notes	Restricted Funds €	Unrestricted Funds €	Total 2009 €	Total 2008 €
Incoming Resources					
Incoming resources from generated funds					
- voluntary income		18,307	51,424	69,731	118,600
- income from activities for generating funds		-	-	-	31,306
Investment income					
- deposit interest		-	720	720	73
Other incoming resources					
- realised foreign exchange gain		-	750	750	-
Total incoming resources		<u>18,307</u>	<u>52,894</u>	<u>71,201</u>	<u>149,979</u>
Resources Expended					
Costs of generating voluntary income	5	-	(42,723)	(42,723)	(36,903)
Charitable activities	6	(6,016)	(60,844)	(66,860)	(65,424)
Governance costs	7	-	(25,005)	(25,005)	(12,253)
Other resources expended					
- realised foreign exchange loss		-	-	-	(8,245)
Total resources expended		<u>(6,016)</u>	<u>(128,572)</u>	<u>(134,588)</u>	<u>(122,825)</u>
Net (outgoing)/incoming resources from operations		12,291	(75,678)	(63,387)	27,154
Unrealised exchange gain on consolidation of foreign subsidiary		-	5,654	5,654	-
Net movement in funds		12,291	(70,024)	(57,733)	27,154
Total funds brought forward		37,475	60,427	97,902	70,748
Total funds/(deficit) carried forward		<u>49,766</u>	<u>(9,597)</u>	<u>40,169</u>	<u>97,902</u>

On behalf of the board:

DIRECTOR



DIRECTOR



THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	€	€
Income		70,481	149,906
Expenditure		<u>(134,588)</u>	<u>(122,825)</u>
Operating (deficit)/surplus - continuing activities	9	<u>(64,107)</u>	<u>27,081</u>
Interest receivable and similar income	10	<u>720</u>	<u>73</u>
(Deficit)/surplus for the year	17	<u><u>(63,387)</u></u>	<u><u>27,154</u></u>

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2009

(Deficit)/surplus for the year	(63,387)	27,154
Unrealised exchange gain on consolidation of foreign subsidiary	5,654	-
Total recognised gains and losses for the year	<u><u>(57,733)</u></u>	<u><u>27,154</u></u>

On behalf of the board :

DIRECTOR

Andy Dany 19

DIRECTOR

Bidhawal

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

COMPANY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	€	€
Income		70,481	149,906
Expenditure		<u>(134,037)</u>	<u>(117,343)</u>
Operating (deficit)/surplus - continuing activities	9	(63,556)	32,563
Interest receivable and similiar income	10	<u>720</u>	<u>73</u>
(Deficit)/ surplus for the year	18	<u><u>(62,836)</u></u>	<u><u>32,636</u></u>

COMPANY STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDING 31 DECEMBER 2009

(Deficit)/ surplus for the year	(62,836)	32,636
Unrealised exchange gain on consolidation of foreign branch	1,484	-
Total recognised gains and losses for the year	<u><u>(61,352)</u></u>	<u><u>32,636</u></u>

On behalf of the board :

DIRECTOR

Andy Peary 20

DIRECTOR

Richard

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	€	2009 €	2008 €
Fixed assets				
Tangible assets	12		19,757	15,123
Current assets				
Debtors	15	3,608		7,526
Cash at bank and in hand		29,156		80,359
		<u>32,764</u>		<u>87,885</u>
Creditors: amounts falling due within one year	16	(12,352)		(5,106)
Net current assets			<u>20,412</u>	<u>82,779</u>
Total assets less current liabilities			<u>40,169</u>	<u>97,902</u>
Reserves				
Restricted Funds	17		49,766	37,475
Unrestricted Funds	17		(15,251)	60,427
Foreign exchange reserve	17		5,654	-
Members' funds	19		<u>40,169</u>	<u>97,902</u>

On behalf of the board :

DIRECTOR

*Andy Dean*²¹

DIRECTOR

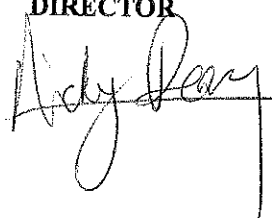
Richard

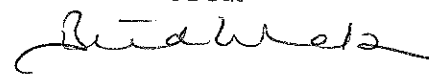
THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	€	2009 €	2008 €
Fixed assets				
Tangible assets	13		4,646	3,558
Financial assets	14		31,500	31,500
			<u>36,146</u>	<u>35,058</u>
Current assets				
Debtors	15	3,571		7,526
Cash at bank and in hand			28,571	79,592
			<u>32,142</u>	<u>87,118</u>
Creditors: amounts falling due within one year	16	(21,291)		(13,827)
Net current assets			<u>10,851</u>	<u>73,291</u>
Total assets less current liabilities			<u>46,997</u>	<u>108,349</u>
Reserves				
Restricted Funds	18		49,766	37,475
Unrestricted Funds	18		(4,253)	70,874
Foreign exchange reserve	18		1,484	-
Members' funds	20		<u>46,997</u>	<u>108,349</u>

On behalf of the board :

DIRECTOR

 22

DIRECTOR


THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 €	2008 €
Net cash (outflow)/inflow from operating activities	21	(50,484)	24,535
Returns on investments and servicing of finance	22	720	73
Capital expenditure and financial investment	22	(5,990)	(14,943)
(Decrease)/Increase in cash in the year	23	<u>(55,754)</u>	<u>9,665</u>

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. Company Limited by Guarantee

As a company limited by guarantee, the company is effectively controlled by its members. In the event of the winding up of the company each member's liability is limited to €1.

2. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements.

2.1. Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The directors have elected to prepare the financial statements in accordance with the requirements of Accounting and Reporting by Charities – Statement of Recommended Practice (“SORP 2008”), in so far as is practical, given the size of the Charity's operations.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of The Nepalese Children's Foundation Limited and its sole subsidiary, The Nepalese Children's Healthcare Foundation PVT Limited. The results and balance sheet of the charity's sole subsidiary have been consolidated on a line by line basis.

2.3. Fund Accounting

Unrestricted funds are general funds that are available for use at the Directors' discretion in furtherance of the objectives of the Charity.

Restricted funds are those donated for use for a specific purpose, the use of which is restricted to that purpose and the restriction means that the funds can only be used for specific projects or activities. Such purposes are within the overall aims of the organisation.

A deficit in unrestricted funds is permitted only where all of the following conditions exist: (i) the deficit is not material; (ii) the deficit has been used for essential spending; (iii) the deficit is temporary; (iv) the deficit will be rectified at the earliest convenience; and (v) the deficit is approved by the Board. All of the above conditions are met when unrestricted funds are in deficit.

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

2.4. Incoming Resources

Voluntary income is derived from donations. Voluntary income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Charitable tax status was granted to the Charity in April 2008; as a result it will become eligible to recover tax from voluntary income from April 2010.

Income derived from events is recognised as earned (that is, as the related goods or services are provided).

Investment income is recognised on a receivable basis.

2.5. Resources Expended

Expenditure is recognised when a liability is incurred.

Costs of generating voluntary income are those costs incurred in attracting voluntary income, and those incurred in conducting events to raise funds.

Direct charitable expenditure includes transfers of funds overseas and the cost of goods, services and salaries relating directly to overseas programmes which are paid from Ireland.

Governance costs include those incurred in the governance by the Directors' of the Charity's assets and are primarily associated with constitutional and statutory requirements of operating the Charity.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the resources used by each activity e.g. allocated cost by work done.

2.6. Foreign currencies

Functional and presentation currency

Items included in the financial statements are presented in Euro, the currency of the primary economic environment in which the company operates.

Transactions and balances

Transactions in foreign currencies are recorded in Euro at the rate ruling at the date of the transaction or at a contracted rate.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the balance sheet date or the contracted rate. All differences are dealt with in the income and expenditure account.

Foreign subsidiary

The financial statements of the foreign subsidiary are translated into euro using the temporal method. Profits and losses arising on the re-translation of the foreign subsidiary are taken to reserves and recognised in the Statement of Total Recognised Gains and Losses.

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

2.7. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset systematically over its expected useful life, as follows:

Parent company: equipment, fixtures and computers	33% Straight Line
Subsidiary company: equipment	25% Straight Line

3. Going concern

The Charity prepares rolling three monthly cash flow forecasts, which facilitates the management and monitoring of cash and funding position each month. Monthly revenue and cost budgets are in place and performance is monitored against budget at regular team meetings.

At 31 December 2009, the charity had cash on hand of €29,156. Fundraising in the first four months of 2010 was approximately €60,000, and significant fundraising activity is projected for the rest of 2010. In addition, it is hoped that the application to Irish Aid's Civil Society Fund in June 2010 will be successful in securing funding, and it is also hoped that some larger philanthropic donors will be secured, with whom positive discussions have taken place and formal proposals are being prepared for their boards' consideration.

The directors have considered carefully the risks to the group's trading performance and cash flows as a result of the difficult economic environment. The directors have also had regard to the group's operating plan and budget for 2010 and have considered a number of risk factors.

After reviewing group and company cash balances and projected cash flows, the directors believe that the group and company have adequate resources to continue operations for the foreseeable future. For this reason, the accounts have been prepared on a going concern basis.

4. Taxation

The company is registered with the Revenue Commissioners as a charity within the meaning of Section 76 and 78 of the Taxes Consolidated Act, 1997. This registration exempts the company from any liability to Corporation Tax on surpluses arising from ordinary activities.

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

5. Costs of generating voluntary income

	2009 €	2008 €
Fundraising costs	13,484	29,983
Support costs allocated	29,239	6,920
	<u>42,723</u>	<u>36,903</u>

6. Details of Charitable Activities

	CHEWI Programme €	Support Costs €	2009 Total €	2008 Total €
Food Production/Micro business	11,217	3,267	14,484	9,462
Healthcare	34,460	3,268	37,728	47,354
Education	11,380	3,268	14,648	8,608
	<u>57,057</u>	<u>9,803</u>	<u>66,860</u>	<u>65,424</u>

7. Governance Costs

The governance costs of the charity consisted of the following direct and indirect costs:

	2009 €	2008 €
Training and Development	1,064	773
Auditors' remuneration	6,695	3,645
Directors expenses	2,921	607
Sundry expenses	2,000	1,340
Support costs allocated	12,325	5,888
	<u>25,005</u>	<u>12,253</u>

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

8. Support Costs

The support costs of the charity consisted of two cost elements: office costs and human resources. These costs have been apportioned across the work of the Charity on the basis disclosed in note 2 and allocated to each of the Charity's activities as set out in the table below.

	Office Costs €	Human Resources €	2009 Total €	2008 Total €
Charitable activities - CHEWI Programme	3,970	5,833	9,803	3,925
Voluntary income	7,790	21,449	29,239	6,920
Governance	6,492	5,833	12,325	5,888
	<u>18,252</u>	<u>33,115</u>	<u>51,367</u>	<u>16,733</u>

9. Operating (deficit)/surplus

	2009		2008	
	Group €	Company €	Group €	Company €
<i>Operating (deficit)/surplus is stated after charging/(crediting):</i>				
Net foreign exchange gain/(loss)	750	750	(4,481)	(8,245)
Depreciation	2,459	2,098	2,675	1,934
Audit fee	6,695	6,695	3,645	3,645
	<u>6,695</u>	<u>6,695</u>	<u>3,645</u>	<u>3,645</u>

10. Interest receivable and similiar income

	2009		2008	
	Group €	Company €	Group €	Company €
Deposit interest	720	720	73	73
	<u>720</u>	<u>720</u>	<u>73</u>	<u>73</u>

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

11. Employees

The average number of persons employed by the charity, during the year, was:

Number of employees	2009	2008
	Number	Number
Management and administration:		
Nepal	9	3
Ireland	3	-
	<u>12</u>	<u>3</u>

The employment costs were as follows:

Employment costs	2009	2008
	€	€
Wages and salaries	53,162	17,720
Social welfare costs	2,887	-
	<u>56,049</u>	<u>17,720</u>

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

12. Tangible fixed assets Group	Land - Nepal €	Equipment - Nepal €	Fixtures & Fittings €	Computer Equipment €	Total €
Cost					
At 1 January 2009	9,825	6,422	771	1,707	18,725
Additions	3,704	1,764	365	157	5,990
Foreign exchange difference	1,103	-	-	-	1,103
At 31 December 2009	<u>14,632</u>	<u>8,186</u>	<u>1,136</u>	<u>1,864</u>	<u>25,818</u>
Depreciation					
At 1 January 2009	-	2,591	257	754	3,602
Charge for the year	-	1,634	257	568	2,459
Foreign exchange difference	-	-	-	-	-
At 31 December 2009	<u>-</u>	<u>4,225</u>	<u>514</u>	<u>1,322</u>	<u>6,061</u>
Net book values					
At 31 December 2009	<u>14,632</u>	<u>3,961</u>	<u>622</u>	<u>542</u>	<u>19,757</u>
At 31 December 2008	<u>9,825</u>	<u>3,831</u>	<u>514</u>	<u>953</u>	<u>15,123</u>

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

13. Tangible fixed assets	Equipment	Fixtures &	Computer	
Company	- Nepal	Fittings	Equipment	Total
	€	€	€	€
Cost				
At 1 January 2009	3,199	771	1,707	5,677
Additions	1,764	365	1,057	3,186
At 31 December 2009	<u>4,963</u>	<u>1,136</u>	<u>2,764</u>	<u>8,863</u>
Depreciation				
At 1 January 2009	1,108	257	754	2,119
Charge for the year	1,273	257	568	2,098
At 31 December 2009	<u>2,381</u>	<u>514</u>	<u>1,322</u>	<u>4,217</u>
Net book values				
At 31 December 2009	<u>2,582</u>	<u>622</u>	<u>1,442</u>	<u>4,646</u>
At 31 December 2008	<u>2,091</u>	<u>514</u>	<u>953</u>	<u>3,558</u>

14. Financial assets	Investment
Company	in
	subsidiary
	€
Cost/net book value	
At 1 January 2009 and 31 December 2009	<u>31,500</u>

The Nepalese Children's Health Care Foundation PVT Limited, a company registered in Nepal, having its registered office at Bhimsengola, Kathmandu, Nepal is a wholly owned subsidiary of the Nepalese Children's Foundation Limited. This is by virtue of the fact that its entire issued share capital is held in trust for The Nepalese Children's Foundation Limited by Nicky Deasy, Director, who has executed a Trust Deed in this regard. The Nepalese Children's Health Care Foundation PVT Limited supports the work of the Nepalese Children's Foundation Limited by providing land to the Nepalese Children's Foundation Limited to carry on its charitable activities. The results of the Nepalese Children's Health Care Foundation PVT Limited are included in the consolidated results.

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

15. Debtors		2009		2008	
	Group	Company	Group	Company	
	€	€	€	€	
Prepayments and accrued income	3,608	3,571	7,526	7,526	
	<u>3,608</u>	<u>3,571</u>	<u>7,526</u>	<u>7,526</u>	
16. Creditors: amounts falling due within one year		2009		2008	
	Group	Company	Group	Company	
	€	€	€	€	
Creditors and accruals	11,384	11,105	5,106	4,813	
Amounts due to subsidiary	-	9,218	-	9,014	
PAYE/PRSI	968	968	-	-	
	<u>12,352</u>	<u>21,291</u>	<u>5,106</u>	<u>13,827</u>	
17. Reserves - Group	Restricted	Unrestricted	Foreign		
	Funds	Funds	Exchange		
	Reserve	Reserve	Reserve	Total	
	€	€	€	€	
At 1 January 2009	37,475	60,427	-	97,902	
Foreign currency differences on net investments	-	-	5,654	5,654	
Surplus/(deficit) for the year	12,291	(75,678)	-	(63,387)	
At 31 December 2009	<u>49,766</u>	<u>(15,251)</u>	<u>5,654</u>	<u>40,169</u>	
18. Reserves - Company	Restricted	Unrestricted	Foreign		
	Funds	Funds	Exchange		
	Reserve	Reserve	Reserve	Total	
	€	€	€	€	
At 1 January 2009	37,475	70,874	-	108,349	
Foreign currency differences on net investments	-	-	1,484	1,484	
Surplus/(deficit) for the year	12,291	(75,127)	-	(62,836)	
At 31 December 2009	<u>49,766</u>	<u>(4,253)</u>	<u>1,484</u>	<u>46,997</u>	

THE NEPALESE CHILDREN'S FOUNDATION LIMITED
(T/A FOUNDATION NEPAL)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

19. Reconciliation of movements in members' funds - Group

	2009	2008
	€	€
(Deficit)/ surplus for the year	(63,387)	27,154
Foreign exchange gain	5,654	-
Net (decrease)/increase to members' funds	<u>(57,733)</u>	<u>27,154</u>
Opening members' funds	97,902	70,748
Closing members' funds	<u><u>40,169</u></u>	<u><u>97,902</u></u>

20. Reconciliation of movements in members' funds - Company

	2009	2008
	€	€
(Deficit)/ surplus for the year	(62,836)	32,636
Foreign exchange gain	1,484	-
Net (decrease)/increase to members' funds	<u>(61,352)</u>	<u>32,636</u>
Opening members' funds	108,349	75,713
Closing members' funds	<u><u>46,997</u></u>	<u><u>108,349</u></u>

21. Reconciliation of operating (deficit)/surplus to net cash (outflow)/inflow from operating activities

	2009	2008
	€	€
Operating (deficit)/ surplus	(64,107)	27,081
Depreciation	2,459	2,675
Decrease/(increase) in debtors	3,918	(6,812)
Increase in creditors	7,246	1,591
Net cash (outflow)/ inflow from operating activities	<u><u>(50,484)</u></u>	<u><u>24,535</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

22. Gross cash flows

	2009	2008
	€	€
Returns on investments and servicing of finance		
Interest receivable	720	73
	<u> </u>	<u> </u>
Capital expenditure		
Payments to acquire tangible assets	(5,990)	(14,943)
	<u> </u>	<u> </u>

23. Analysis of changes in net funds

	2009	2008
	€	€
At 1 January 2009	80,359	70,694
Net (decrease)/increase in cash and cash equivalents	(55,754)	9,665
Foreign exchange differences	4,551	-
	<u> </u>	<u> </u>
At 31 December 2009	<u>29,156</u>	<u>80,359</u>

Net funds at 31 December 2009 constitute restricted funds, as defined in Note 2.

24. Related party transactions

The company rents office space at 3 New Road, Galway from Nicky Deasy, director. The charge in the accounts for the year under review is €8,400. (2008: €7,700)

Directors are not remunerated. They are paid expenses for attending meetings and duties directly related to their duties as Directors. In 2009, Nicky Deasy was paid total expenses of €3,989 (2008: €6,071) related to the reimbursement of travel and subsistence costs, mainly for travel to and from Dublin for fundraising activities, and for trips to Nepal.

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25. Directors of the Company

At the beginning and end of the year Nicky Deasy held 30,000 ordinary shares of NPR 100 each in The Nepalese Children's Healthcare Foundation PVT Limited, a company incorporated in Nepal. These shares are held in trust, on behalf of Foundation Nepal.

No other director had any shares or debentures in any group company at either the beginning or end of the year.

26. APB Ethical Standard - Provisions Available for Small Entities

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

27. Approval of financial statements

The financial statements were approved by the Board on

A handwritten signature in black ink, appearing to read 'Nicky Deasy', is written over the text 'on' and extends to the right.

APPENDIX

THE NEPALESE CHILDREN'S FOUNDATION LIMITED

GROUP EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 €	2008 €
Human resource costs	56,049	17,720
Printing and marketing	9,569	9,108
Training and development	1,064	773
Office rental	8,400	7,700
Office overheads	7,179	6,139
Travel and subsistence	5,841	6,071
Audit fee	6,695	3,645
Bank charges	215	218
Cost of generating funds	408	19,056
Health development expenses	26,816	38,925
Education	3,736	179
Income generation	3,570	1,033
Depreciation	2,459	2,675
Sundry	2,587	1,338
Foreign exchange loss	-	8,245
	<u>134,588</u>	<u>122,825</u>