



**UMN Support Trust**

**Report and accounts**

**For the Year Ended 17 September 2020**

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## **Legal and Administrative Information**

**Members of the Company all of whom  
are appointed as Directors and Trustees**

**Alan Penn  
Christopher Mark Galpin  
Richard Hugh Sykes  
Joel Andrew Hafvenstein  
David Andrew Rodgers**

**Secretary**

**Alan Penn**

**Registered Office**

**97 Eastern Avenue  
Chippenham  
Wiltshire  
SN15 3SF**

**Coordinating Trustee and main contact**

**Alan Penn**

**Bankers**

**Lloyds Bank  
PO Box 1000  
BX1 1LT**

**Date of Incorporation  
Company Number**

**18 September 2012  
8219609**

**Date entered onto Register of Charities  
Registration number**

**30 April 2013  
1151842**

**Website**

**[www.UMNSupporttrust.org](http://www.UMNSupporttrust.org)**

**Independent Examiner**

**Mr. S Hardy  
10 Harford Close  
Chippenham  
Wiltshire  
SN15 3PY**

## **Independent Examiner's report to the Trustees of UMN Support Trust**

I report on the financial statements of the UMN Support Trust for the year ended 17 September 2020 as set out on pages 11 to 14.

### **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.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

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

### **Basis of the 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 financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from the Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently, no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statements 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 their Statement of Recommended Practice: Accounting and Reporting by Charities;have 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.

**S. Hardy**  
**10 Harford Close**  
**Chippenham Wiltshire**  
**SN15 3PY**

## **Report of the Directors and Trustees for year ending 17 September 2020**

The Directors who are also the Trustees of the charity have pleasure in submitting their report for the year. The Directors all of whom served as Trustees are listed on page 3 and this together with the other statutory information forms part of this report.

### **Structure, Governance and Management**

**UMN Support Trust ('UMNST')** was incorporated on 18 September 2012 and is governed by the Articles and Memorandum of Association that were put in place at the time of incorporation and there have been no changes since incorporation.

A minimum of two and up to five Trustees can be appointed by the members (currently Alan Penn, Christopher Mark Galpin, Joel Andrew Hafvenstein, Richard Hugh Sykes and David Andrew Rodgers). **United Mission to Nepal ("UMN")** can nominate UMNST Trustees provided that the nominated Trustees do not form a majority and the total number of Trustees does not exceed ten or be less than three. Joel Andrew Hafvenstein and David Andrew Rodgers are the only current Trustees nominated by UMN. New Trustees would be expected to have some experience in the operation of charities, development work to alleviate the root causes of poverty and preferably some understanding of Nepal and the needs of the poorer and poorest communities.

J. A Hafvenstein is seconded by Church of Scotland, a UK charity, to be the current Executive Director (E.D.) of UMN based in Kathmandu. D. A. Rodgers lives in the UK and is a board member of UMN, C.M. Galpin was the previous E.D. of UMN and R. H. Sykes was a UMN Board member until May 2019.

A. Penn, the UMNST Administrator, was the Funding Management Coordinator for UMN in Kathmandu for nearly six years. He returned to UK in October 2012.

### **Objects, Activities and Public Benefit**

UMNST is an independent Christian charity focusing on addressing poverty primarily in Nepal by in particular, but not solely, promoting the charitable purposes of UMN, an International Non-Government Organisation that has worked only in Nepal for 65 years to alleviate poverty.

Support will be given to specific community-based poverty alleviation programmes being undertaken by UMN's Nepali partner organisations, by publicising, promoting and financially supporting those programmes. UMN's contribution of advising and field monitoring of the projects and simultaneously capacity building the partner organisations will also be included in the budget of the programmes that UMNST is supporting. Support may also be given to the education or development training of locally selected children and young people where it can be shown that finance is not otherwise available for the activity to take place.

All programmes must be agreed by UMN and UMNST before being supported.

In addition, UMNST will publicise and promote the work of UMN's two rural mission hospitals at Tansen and Okhaldhunga.

## **Major Events Affecting Timing of Grants to Nepal**

### **COVID 19 Pandemic – Effect on UMN Development Programmes.**

The pandemic quickly affected the development programmes in all the rural districts where UMN's development work takes place. This resulted in the need for the development programmes to be stabilized, smaller elements completed, and the remainder of each programme put on hold. The UMN staff then returned to their homes or to the Headquarters in Kathmandu where reduced numbers were able to safely work for a few more weeks. No new projects were started. It was decided by both UMN and UMNST that it was best if the funds that were designated for UMN's development work were retained by UMNST until the project work could be restarted. UMN would continue to receive donations for UMN work.

### **COVID 19 Pandemic - Effect on Tansen and Okhaldhunga Hospitals**

Both hospitals serve a wide rural area and are also involved in medical support in the community. Tansen being the bigger of the two hospitals has a large nurse training programme and trains some medical and surgical staff.

The hospitals receive 20% of their income from world-wide supporting organisations and from individuals, many of whom have done voluntary work at the hospitals for short or long periods. The remaining 80% is income that is received from patients who need to pay for their treatment or medical supplies. In Nepal there is no National Health Service. Many people cannot afford the full cost of normal medical bills or operations, especially those requiring recovery time in hospital beds. Both hospitals have a Medical Assistance Fund (MAF) to financially help those having difficulty meeting the cost of medical expenses. The MAF is large and whilst some of the income can be generated internally, the world-wide supporters provide a large percentage of MAF.

The major effects of COVID

- Work especially for day laborers and others in the community, was more difficult to find so there was less money to pay medical bills.
- A lot of Nepali men work abroad and the income they sent home ceased. Any savings they had were depleted by the need to pay their air fare home.
- People stayed in their homes and avoided the hospital. This became worse when the hospitals started to treat COVID patients.
- The 80% of the hospital's income from patients, was very significantly reduced.
- The hospitals needed extra and different equipment to deal safely with COVID patients.
- Early projections of reduced income and the need to equip and reorganize for an input of COVID patients gave a projected shortfall of \$1.4m US Dollars in the first year.

### **Large Funding Appeal for UMN's Hospitals**

A worldwide 'Save our Hospitals' Appeal was launched in March 2020 and was due to remain open as long it was needed.

UMNST is the recommended route for the majority of Individuals from the UK because of its UK bank account, Gift Aid possibilities, and possible Inheritance Tax savings. Also some overseas supporters use UMNST's PayPal account in order to make donations designated for UMN or the hospitals.

As a result, UMNST received £181,800 for the Hospital Appeal.

### **UMN Support Trust's agreement to be the Founder of UMNMDT in Nepal**

UMN has been working in Nepal since 1954 and amongst other projects, founded the hospitals at Tansen and Okhaldhunga. Every five years, agreement was reached with the Government regarding the next five year's work programme and the funding levels required from overseas.

In 2020, during discussion with the hospitals regarding the next five-year agreement, the Government announced that they were changing the structure of organisations working in the community. In future there would be local Nepali Non-Government Organisations (NGO) these would work in only one location, or International Non-Government Organisations (INGO) which would receive funds from outside of Nepal and would fund NGO's to undertake agreed projects and monitor the results.

It was recognized that there were a limited number of organisations that did not fit either model and UMN and the hospitals were neither NGOs or INGOS. The government created a new organisation called a Guthi. This is an implementing Nepali public trust organisation, controlled by a board of Nepali and non-Nepali members, working in agreed areas It must be funded from outside of Nepal and founded by an overseas organisation. The founding organisation must transfer \$1m USD within the first three months.

It was not known if this would also apply to UMN.

The Government of Nepal's Ministry of Health and Population instructed UMN to arrange for the establishment of a public trust in Nepal as a condition of renewing the agreement to manage and operate UMN's two hospitals.

UMNST has, at the request of UMN agreed to act as legal Founder of the UMN Medical and Development Trust (UMNMDT). This was undertaken after the current year end. It included the UMNST grant of \$1m by the 5<sup>th</sup> January 2021, the details of which will be reported on in the 2020-2021 Annual Report).

### **Decision to postpone grants to UMN and the hospitals.**

UMN's discussions with the Government were known part way through UMNST's 2019-20 financial year and it was decided by the trustees, in consultation with UMN, that in view of UMNST's likely involvement in founding and funding UMNMDT, that it was appropriate to retain any hospital and UMN funds until the question of the need for UMNMDT had been resolved with the Nepali Government.

### **Grants made prior to the decision to postpone grants until the 2021-2022 financial year.**

- **Tansen Hospital (£14,169) and Okhaldhunga (£3,250)**

These were for General expenses or the Medical Assistance Fund, in line with the donors' wishes.

- **SEAATT - £19,969 (Second Payment of two)**

This was a one year £49,862 Sustainable Livelihoods Project based in Doti District. The Island of Guernsey Development Fund had granted £39,937 to UMNST for this project, the local community gave £4714, and UMNST provided the balance of £6,211 from its general funds.

The project enhances the quality and quantity of turmeric production and processing thereby improving the income of 1200 households. 736 farmers were trained to improve production technique, harvesting, post-harvesting and processing at the local level. A new irrigation canal was constructed, two grinding mill machines were purchased, and machine maintenance was taught. Mobile spraying tanks were provided for pest control and 364 large tarpaulins were provided for sun-drying of the turmeric. The producers were linked into improved marketing chains and distribution outlets.

### **Sources of Income**

Income is received from individuals, small organisations, church groups and UK trusts

- ✓ that are known to the UMNST Trustees or who know or learn of the work of UMN and its two hospitals.
- ✓ or who know or learn of and understand the significant physical, financial and resource needs of a large portion of the population of Nepal.
- ✓ or who wish to encourage and support the practical experience that small Nepali organisations are gaining by working with UMN's experienced staff on projects to address some of the priority poverty areas within their community.
- ✓ UMNST has also benefitted from bequests from former supporters or expatriates who have previously worked for UMN or its hospitals.

UMNST's PayPal account offers the ability to receive eleven different currencies and publicity of this has facilitated some overseas financial support.

UMNST is holding £840,000 of UMN's reserves in a loan account which is repayable to UMN on 28 days' notice. Income from the investment of these funds forms part of UMNST's income.

### **Outgoings**

UMNST will keep its own costs to a minimum.

- ✓ All of the Trustees provide their services on a voluntary basis. One of the Trustees is based in Kathmandu and another visits Nepal at least twice a year for other purposes. They are able to monitor some of the work in Nepal at negligible personal cost.  
No administration costs were charged to UMNST in this current year.  
The Trustees have no desire to build significant reserves but may smooth out a large inflow of funds or carry over funds received late in the financial year.
- ✓ The Trustees are not able to consider unsolicited requests for funding as all of the current Trustees are already familiar with a great number of charitable needs and organisations that are addressing poverty in Nepal.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives, planning activities, setting the grant making policy and monitoring the funds usage.

### **Projects for 2021/22**

- UMNST will continue to publicise and support any natural disaster in Nepal which UMN or its Nepali partner organisations can respond to.
- UMN will identify community projects that require funding assistance for UMNST to consider for promotion.
- UMN's Mission hospitals at Tansen and Okhaldhunga will continue to receive support. Some supporters will undoubtedly favour specific areas of the work of UMN and its hospitals. UMNST will ensure it makes grants to and monitors appropriate projects to ensure that funds granted were used effectively in line with the supporters' wishes.
- UMN will be the founder of UMNMDT, if required, and will provide the initial funding to a level that meets the Nepali Government requirements.

The Trustees are unlikely, at this time, to widen their area of support in Nepal.



### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with the applicable law and regulations. Company law and the Charity Commission require the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with the charity's 'Statement of Recommended Practice (revised 2005)' and in accordance with the requirements of annual Corporate reporting and taking into account the fact that the company is a 'small' company. The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that period and its charitable status. In preparing these financial statements, the Directors are required to

Select suitable accounting policies and then apply them consistently.

Make judgements and accounting estimates that are reasonable and prudent.

Prepare the financial statements on an on-going basis unless it is inappropriate to presume that the company will continue to operate.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements meet the requirements of the Companies Acts and the Charity Commission. They are also responsible for safeguarding the assets of the company, ensuring that the funds are used properly and transparently for the benefit of those suffering from personal, community or institutional poverty in accordance with the objectives of the charity, and for the prevention and detection of fraud and other irregularities.

### **Directors' Interests**

No director has had any beneficial interest in any contract or arrangement of a material nature with the company during the period under review.

### **Report Approved by the Directors (who are also Trustees) on 28<sup>th</sup> April 2021.**

The company has taken advantage of the small companies' exemption in preparing the Directors' report.



... 30 April 2021

Alan Penn (Director and Company Secretary)

**Statement of Financial Activities (including Income and Expenditure Account)**  
**For the year (12 months) ending 17th September 2020**

**Operating Account**

Incoming resources	Note	Unrestricted	Restricted	Total	Previous
		Funds	Funds	Funds	Total
		2019/20	2019/20	2019/20	2018/19
COVID – Save our Hospitals Appeal			163,727	163,727	
Sales processed on behalf of UMN	1		738	738	801
Donations and grants		4,000	74,245	78,245	93,978
Investment Income	2		12,048	12,048	13,159
Gift Aid – Hospitals Appeal			18,130	18,130	
Gift Aid – Other donations		1,000	7,566	8,566	9,093
<b>Total incoming resources</b>		<b>5,000</b>	<b>276,454</b>	<b>281,454</b>	<b>117,031</b>
<b>Resources expended – sales/grants</b>					
Sales - remitted to UMN			0	0	752
Sales – due to UMN			0	738	49
UMN / Partner community projects	3		19,969	19,969	74,880
UMN Flood Relief and restoration	4				4,100
Tansen Hospital	5		14,160	14,160	24,000
Okhaldhunga Hospital	5		3,250	3,250	10,750
<b>Total resources expended</b>		<b>0</b>	<b>37,378</b>	<b>38,117</b>	<b>114,531</b>
<b>Nett movement</b>		<b>5,000</b>	<b>238,337</b>	<b>243,337</b>	<b>2,500</b>
<b>Operating Funds brought forward</b>		<b>255</b>	<b>2,946</b>	<b>3,201</b>	<b>701</b>
<b>Operating Funds carried forward</b>		<b>5,255</b>	<b>241,283</b>	<b>246,538</b>	<b>3,201</b>

**Investment account**

Unrealised gains / (losses) on investments				35,953	46,796
Value of Investments				1,038,186	1,002,233
Value of Loan to be Repaid				840,000	840,000
<b>Nett investment value carried forward</b>			<b>198,186</b>	<b>198,186</b>	<b>162,233</b>

**Total Funds**

<b>Total Funds carried forward</b>		<b>5,255</b>	<b>439,469</b>	<b>444,724</b>	<b>165,434</b>

**Balance Sheet - For the year ending 17<sup>th</sup> September 2020**

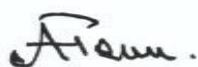
	2019/20	Notes	2018/19
<b>Fixed Assets</b>	<b>0</b>		<b>0</b>
Intangible Assets	0		0
Tangible Assets	0		0
Investments	0		0
<b>Current Assets</b>			
Stocks	0		0
Debtors	373	6	157
Value of Investments	1,038,186	7	1,002,233
Cash at bank and in hand	246,952		3,093
<b>Current Liabilities</b>			
Creditors – loans falling due within one year	840,000	8	840,000
Other, UMN sales	787	8	49
<b>Total assets less current liabilities</b>	<b>444,724</b>		<b>165,434</b>
Creditors– amounts falling due after more than one year			
<b>Nett Assets</b>	<b>444,724</b>		<b>165,434</b>
<b>Funds Balance Carried Forward</b>	<b>444,724</b>		<b>165,434</b>
<b>Designation of Balance</b>			
Unrestricted funds – undesignated	5,255		255
Restricted funds			
Restricted funds – Save our Hospitals Appeal	181,857		
Restricted funds, UMN community work	42,915		2,927
Restricted funds, Mission Hospitals	16,511		19
Restricted funds – Nett unrealised value of investments	198,186		162,233

For the year ending 17/9/2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006 relating to small companies.
- 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.

Accounts were approved by the Directors who are also the Trustees on 28<sup>th</sup> April 2021 and signed on their behalf by:



30<sup>th</sup> April 2021

Alan Penn (Director and Company Secretary)

**Notes forming part of the Financial Statements for the year ended 17<sup>th</sup> September 2020**

**Accounting Policies**

The principal accounting policies are summarised below.

**Basis of accounting**

The accrual accounts and financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 and in accordance with the special provisions applicable to companies subject to the small companies' regime.

**Fund accounting**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of a funding appeal for specific projects.

**Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is entitled to, and virtually certain to receive, the income and the amount can be quantified with reasonable accuracy.

The following policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Donated services and facilities and the value of services provided by volunteers have not been included in these accounts.

Investment income is included when received.

Incoming resources from charitable trading activity are accounted for when earned.

**Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

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.

### **Loans Received**

UMNST has received loans from related organisations. The funds from the loans have been invested either in established charitable investment funds or through an established financial firm which manages a portfolio of investments on behalf of UMNST. The loans have no fixed maturity date and are interest free. They are subject to repayment upon 28 days' notice, at the lower of the realisable value of the related investments and the principal amount of the loan. Therefore no loss will be incurred by UMNST.

Any interest, or dividends received or realised gains will be used by UMNST for charitable grants in line with UMNST's aims and in line with any acceptable restriction by the lender.

### **Note 1. – Sales.**

UMNST allowed UMN to use UMNST's PayPal facility on the UMN web site to sell calendars, Christmas cards and a commemorative book. UMNST passed 100% of the proceeds to UMN and therefore incurred no profit or loss.

### **Note 2 – Investment Income**

As described on Page 14 of this report under loans received

### **Note 3 – Grants made to UMN and partners.**

For the community projects as described in Page 6 – 8 of this report.

### **Note 4- 5 – Grants to Tansen and Okhaldhunga Mission Hospital**

Grants for the general running cost, medical assistance costs for poor patients and equipment as described on Page 7 of this report.

### **Note 6 – Debtors**

HM Revenue and Customs for Income Tax refunds made under the UK Gift Aid scheme.

### **Note 7 – Investments held as Current Assets**

The underlying investments are valued at market value at 17 September 2020

- COIF Charities Investment Fund Accumulation Units (£166,216)
- Schroder Charity Multi-Asset Fund (£135,215)
- Smith & Williamson Investment Services – managed portfolio (£456,676)
- Link Solutions – Trojan Fund 'S' Accumulation Units (£280,079)
- 

### **Note 8 – Creditors – amount falling due in less than one year**

Loan from UMN subject to 28 days' notice of repayment and valued at the lower of the market value of the related investments or original loan amount of £840,000.

Amount due to be paid to UMN for sales made upto September 2020.

### **Note re Taxation**

As a charitable company UMNST is exempt from tax for the income of the charity under sections 466 to 493 of the Corporation Tax Act 2010