

ADARA DEVELOPMENT (UK)

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2019**

**SOMERBYS LIMITED
CHARTERED ACCOUNTANTS
30 NELSON STREET
LEICESTER LE1 7BA**

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REGISTERED CHARITY NO: 1098152

Trustees	Ms A Exel (Chair) Mr A della Casa Ms K Vacher Mr R Houghton
Executive Officer	Ms A Exel (acting CEO from 1 st December 2017)
Address	Level 1 21A Elliott St Balmain NSW 2041 Australia
Auditor	Somerbys Limited Chartered Accountants Statutory Auditor 30 Nelson Street Leicester LE1 7BA
Bankers	HSBC Bank plc 60 Queen Victoria Street London EC4N 4TR Commonwealth Bank of Australia 201 Sussex Street Sydney NSW 2000 Australia
Connected Charities	Adara Development (Bermuda) Adara Development (Australia) Adara Development (USA) Adara Development (Uganda)

**TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2019**

The Trustees present their report with the accounts of Adara Development (UK) for the year ended 31 December 2019.

The annual report and accounts are presented in the form of a Statement of Financial Activities, in order to comply with the *Statement of Recommended Practice for Charities: Accounting and Reporting by Charities* as issued by the Charity Commission in 2015 (FRS 102) and comply with the requirements of the Charities Act 2011.

Structure, governance and management

The Trust was established under a Deed of Trust dated 20 May 2002, as amended by a Supplementary Deed dated 3 June 2003, a second Supplementary Deed dated 21 June 2010, a third Supplementary Deed dated 18 February 2011, and a fourth Supplementary Deed dated 10 November 2015.

The Charity is administered by the Trustees as listed on page 1. Where there is a requirement for new Trustees, the power to appoint new Trustees is vested in Audette Evelyn Exel. The remaining Trustees acknowledge receipt of the appointment of the new Trustee in writing.

Objectives and activities

The Trustees shall hold the Trust Fund and its income upon trust to apply it:

- for the relief of poverty anywhere in the world;
- to advance education anywhere in the world; and
- for the relief of sickness by the provision of healthcare anywhere in the world.

In furtherance of the above objects the Trustees may, in particular, alone or in association with others, (but not so as to limit the generality of the objects listed above):

- initiate healthcare projects in the developing world with the aim of improving the health of children or adults in underprivileged communities;
- procure essential drugs and medical equipment for use in underprivileged communities;
- establish outreach medical services for remote areas of the world;
- educate and train healthcare workers to provide healthcare services;
- promote education and initiate education programmes in the developing world through school improvement and vocational education support
- establish, support or transfer funds to any charitable trust, charitable company or other association or institution which is formed for any of the objects above.

Adara Development (UK)'s purpose is to: "bridge the worlds of business and the world of people in extreme poverty, and to support vulnerable communities with health, education and other essential services."

In applying the Trust Fund in accordance with their charitable objectives the Trustees shall aim to achieve the mission statement by:

- deepening health, education and clinical research programmes in Nakaseke, Uganda in maternal, newborn and child health;
- deepening health and education programmes in Humla, Ghyangfedi and Kathmandu Nepal;
- deepening research to ensure that Adara always does evidence-based work;
- sharing our knowledge locally, nationally and globally to reach as many people as possible;
- ensuring the Adara brand and our innovative business/non-profit model is communicated worldwide;
- building a sustainable funding base;
- building organisational capacity to ensure our goals can be met;
- ensuring the Adara business is sustainable and a core long-term funder of Adara Development;

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

-
- ensuring that Adara's projects work to improve the lives of underprivileged people in a way that is locally appropriate; and
 - ensuring that Adara's work is non-political and is not used to the advantage or disadvantage of any political party.

We declare that the Trustees have had regard to the guidance issued by the Charity Commission on public benefit.

Achievements and performance

Adara Development (UK) is one of a number of registered Foundations and Trusts under the Adara Development banner. Adara Development receives donations through partnership agreements, support from businesses or individual donors. Globally in 2019, Adara achieved the following for families and their children through our remote community development and maternal, newborn and child health programmes:

Remote Community Development (RCD)

The Adara Group's remote community development work supports people living in some of the world's most isolated communities and focuses on improving access to quality education and healthcare.

Adara has worked hand in hand with remote communities since 1998. Primarily, this work has taken place in Humla as well as the capital city of Kathmandu. In 2015, following the devastating Nepal earthquake, our work also expanded to the district of Ghyangfedi, a small remote community in the Nuwakot district, northeast of Kathmandu. We are dedicated to integrated community-led development projects to address key gaps in health and education. We endeavour to strengthen capacity using best-practice approaches and we focus on long-term sustainable support, in partnership with local communities.

1. Improving health of Humlis through quality healthcare:

Humla has serious gaps in health service access. The region has one under-equipped and under-staffed district hospital for a population of more than 50,000 people. Adara is tackling these issues holistically, by addressing both prevention and treatment.

Adara works to improve health services so that we can treat people as effectively as possible when they become ill. We do this by:

- **Improving health posts** by supplying medicines, refurbishing the posts to make them clean and functional, and supporting the salaries of health assistants to improve long-term regular access to medical services in Humla.
- **Funding and supporting a Tibetan medicine practitioner** who travels from village to village for up to 9 months of the year, treating people and providing free Tibetan medicine to 25 villages.

Adara also wants to reduce the likelihood of disease occurring, through prevention programmes. We approach disease prevention in three main ways:

- **Nutrition improvement:** advising farmers on greenhouse construction and repair and providing some materials; providing vegetable seeds and assisting with tree plantation and orchard development; and supplying solar driers to be used to dry food for the long cold winters.
- **Hygiene and sanitation:** education, training and assistance in building, installing and managing pit latrines, smokeless metal stoves and drinking water systems.
- **Health education:** reproductive health, disease prevention and hygiene and sanitation.

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 DECEMBER 2019

Some highlights from 2019 include:

- 201 people participated in hygiene, sanitation and waste-management training and 172 people participated in follow-up training later in the year.
- 195 people received training on the use of solar dryers and greenhouses. They learnt when, where and how to grow various vegetables
- Kermi, Muchu and Chauganfaya health posts are operating regularly with health workers and sufficient medicines. 4,800 patients were treated in these Adara-supported health posts.
- 741 people were treated by the Tibetan Medicine Practitioner.
- Maternal, newborn and child health training was given to 447 women of 9 target villages. Training was also delivered to 249 men
- 29 greenhouses were repaired to improve nutrition and food security.

2. A holistic approach to education

One of the key goals of our remote community development programmes is to provide children and youth in disadvantaged and isolated Nepali communities with access to quality education. We approach this in several ways:

- **Maintaining and developing model schools:** Adara has partnered with local organisations and communities to maintain and develop two model schools in Nepal: the Yalbang School in Humla and the Shree Ghyangfedi School in Ghyangfedi. We have partnered with the Yalbang School since 1998. In 2001, it had just two students. In 2017, the Nepali Government named the school, which now has 318 students, as the fifth best school in the country. Adara constructed the Shree Ghyangfedi School after the Nepal earthquake in 2015. It supports 321 students to receive a quality education. It has 13 classrooms, an Early Child Development Centre and a computer classroom.
- **Improving the quality of education:** Schools in remote areas of Nepal are usually little more than a room with four walls – many even lack furniture or toilet facilities. To enable children to receive a quality education without walking to the central Yalbang School or Shree Ghyangfedi School, which are often many hours walk from home, Adara works to improve the quality of education in fourteen additional schools across both Humla and Ghyangfedi. We do this by providing teacher training, additional trained teachers, meals and school supplies. We also construct new school blocks, classrooms, toilet facilities and drinking water systems.
- **Increasing student engagement:** To ensure schools are attracting, retaining and engaging their students, Adara provides scholarships to hundreds of students in the form of school uniforms, shoes and a bag containing essential school supplies. Adara also runs before-and-after-school classes, extra-curricular activities and training for Child Clubs to empower them to know their rights and take ownership of their school.
- **Increasing skilled and employable youth:** Adara wants to improve employment opportunities for Nepali youth beyond school. Adara provides scholarships to school graduates to pursue vocational training and technical education.
- **Promoting awareness:** We want to see an end to child trafficking. In all our supported schools in Nepal we have numerous awareness raising activities about the importance of education and the damaging effects of child trafficking.

TRUSTEES' REPORT (CONTINUED)

YEAR ENDED 31 DECEMBER 2019

Some highlights from 2019 include:

- 100% pass result in the Secondary Education Exam (SEE) at Yalbang School in Humla.
- 76 youth received vocational scholarships, allowing them to pursue further studies in nursing, science and teaching.
- Scholarship support such as school supplies, uniforms, bags and shoes were distributed to 1,185 students in Humla and Ghyangfedi.
- Teacher training was given to 28 teachers in Humla and Ghyangfedi
- 15 teachers school helpers are working regularly to fill teacher gaps in target schools.
- Training on children's rights was conducted successfully for 8 Child Clubs of target schools in Humla with 163 participants.
- School Management Committee (SMC) training was conducted in 8 target schools in Humla with 121 participants.

3. Kids at risk

In 2004 we found 136 children from Humla living in horrendous conditions in Kathmandu after being trafficked during the insurgency in the region. Adara rescued the children and since then has provided health, education and emotional support. We have reconnected all of them with their families and places of origin and continue to support them through vocational education. Most of these children have now graduated from our care, equipped with the higher education or vocational and technical skills they need to make it on their own.

The 13 youth still in the programme are now in our independent living programme and undertaking vocational training courses or completing Plus Two. Plus Two is the name for the optional last two years of schooling in Nepal and can further qualify a student to apply for a university degree.

4. Partnerships for change

Adara also works with a handful of grassroots Nepali NGOs in Kathmandu and in Humla to improve health and education outcomes for vulnerable community groups. These include:

- **Hands in Outreach (HIO)** helping more than 160 children - mostly girls - living in poverty to go to school. Adara supports the girls' families with health and dental check-ups, periodic food distribution and emergency support.
- **Himalayan Medical Foundation (HMF)** provides free basic healthcare services to severely disadvantaged people in and around Kathmandu through three health clinics. The clinics provide health check-ups, laboratory services, prescriptions and dental check-ups. In 2019 HMF supported over 9,700 free medical and treatment consultations in Kathmandu.
- **The Women's Foundation (WF)** provides legal support to vulnerable women and children who are victims of domestic violence, trafficking and sexual abuse. A team of experienced legal staff is led by an Adara-supported lawyer to seek justice and protection for hundreds of women and girls each year. In 2019, the WF team took on 461 cases.
- **The Himalayan Innovative Society (THIS)** supports marginalised Humli children from single-parent families to receive an education in Humla and works to reduce the incidence of child trafficking from the district through anti-trafficking radio programmes.
- **The Himalayan Children Society (HCS)** runs the Yalbang School – a model government school in Humla with more than 300 students currently enrolled. 220 students live in the two on-site hostels. Adara supports the running costs of the hostels, provides scholarships to students in the form of uniforms and text books, and funds the salaries of 6 teachers.

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

Maternal, Newborn and Child Health (MNCH)

The overarching aim of the Adara Group's maternal, newborn and child health (MNCH) work is to reduce preventable maternal, newborn and child deaths and improve the health and wellbeing of communities in low resource settings.

1. Centre of excellence in maternal and newborn health

Since 1998, Adara's work has focused on strengthening MNCH services in Central Uganda by supporting holistic programmes that ensure women and children have access to critical services. With our partner, Kiwoko Hospital, we have demonstrated the impact of an integrated model of care that encompasses training and clinical support, and also ensures the hospital is equipped with adequate facilities, staff, equipment and supplies – all the things it needs to provide high quality care. Kiwoko Hospital is a 200+ bed hospital in the Nakaseke district of Central Uganda, serving 800,000 people.

Together, Kiwoko Hospital and Adara:

- provide antenatal and postnatal care, both in the hospital and through community outreach clinics
- help women deliver their babies safely
- provide expert support to newborn babies needing specialised care in the Kiwoko Hospital neonatal intensive care unit (NICU)
- provide community outreach services and health promotion
- train village health workers and clinicians from the local district health system.

The Kiwoko Hospital NICU is considered a centre of excellence in neonatal health in Uganda by the Ugandan Ministry of Health.

To ensure vulnerable infants receive the support they need once they are discharged from the Kiwoko Hospital NICU, Adara launched the "Hospital to Home" (H2H) programme in 2019, which aims to develop and pilot a holistic, low-cost, family-centred discharge and follow up package. The H2H programme has two components to maximise babies' chances of health life: strengthening hospital discharge processes in the NICU and a follow-up programme for babies after discharge from the NICU. For the second part of the programme, we work with a network of 100 highly trained village health team members to follow-up and provide ongoing care to families at home for the first six months following discharge. By following up these babies, we can identify any issues and intervene early, giving these infants the opportunity to reach their full potential.

Some highlights from 2019 include:

- 4,010 admissions to the maternity ward. This included women who were admitted to give birth or for other complications associated with pregnancy.
- Maternal survival in the unit was 99.9%
- 2,797 babies were delivered in the maternity ward. Births have increased by 47% since 2010, with an annual average growth rate of 7%.
- 8,501 immunisations were delivered to children through the community base healthcare and antenatal programmes
- 1,311 admissions to the NICU
- 610 babies were discharged from the NICU into the Hospital to Home programme

2. Building capacity in newborn health services

At the end of 2017 Adara began piloting a newborn training programme at Nakaseke Hospital – a government hospital with limited resources, located 17km from Kiwoko Hospital. Adara is assisting Nakaseke to develop a small special care baby unit (SCBU) designed for babies who are not critically ill but need more care than healthy newborns. Adara has provided advice on the infrastructure, equipment, supplies and staffing necessary for a successful unit. Through this programme, Nakaseke nurses receive classroom teaching as well as hands-on training alongside expert NICU nurses at Kiwoko Hospital. Adara also provides ongoing mentoring at their home facility. In 2019, the SCBU cared for 368 babies.

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

3. Safe bubble CPAP project

Respiratory distress syndrome (RDS) is one of the most common problems for premature babies. Without treatment it's almost always fatal.

The Safe Bubble CPAP Project will address the lack of access to safe and affordable treatment for RDS in low-resource settings. Adara has worked in partnership with other global health leaders to develop an inexpensive bubble continuous positive airway pressure (bCPAP) kit that does not require a power source and allows delivery of a safer amount of oxygen for newborns.

In 2019, we began the process of applying for ethics approvals from PATH. We anticipate beginning a research study on the ease of use and acceptability of the device at Kiwoko Hospital in 2020. The outcome will provide the evidence needed to produce and commercialise the kit for global scale to save hundreds of thousands of babies lives each year.

4. Early intervention for high-risk newborns

In 2017, the Adara Group's collaboration partner the MRC/UVRI & London School of Hygiene and Tropical Medicine Uganda Research Unit was awarded a grant to develop and test a community-based early-intervention programme for infants at risk of disability and for their carers. It is known as the ABAaNA Early Intervention Program. This early intervention programme aims to provide a holistic and cost-effective solution to care for affected children and improve their health, wellbeing, growth and functioning.

This study concluded at the end of 2019. Over the coming months, the research team will complete final assessment of the babies and begin data analysis to evaluate the impact of the programme. If proven successful, Adara and our partners will assess how we can use this model and share learnings to benefit children with developmental disability in low-resource settings across the globe.

5. Critical healthcare for families living in central Uganda

Adara works with Kiwoko Hospital to reach some of the most vulnerable members in the Nakaseke District of Uganda, where many people live below the poverty line and many do not have access to critical services. This includes people living with HIV, diabetes, disabilities, epilepsy, mental illness and tuberculosis.

Adara will continue to support Kiwoko Hospital's HIV, Diabetes, and Community Based Healthcare programmes to ensure vulnerable people have access to the services they need to survive and thrive.

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

Reserves

The Charity has been able to secure more unrestricted funds this year as committed long term donors have donated general funding as opposed to restricted funding. Any specific future needs and contingencies in excess of available unrestricted reserves would be met with the support of other related entities and the settlor.

The Trustees consider this policy appropriate considering the size and nature of the Charity's activities.

At the end of the year under review the unrestricted reserves fund is in surplus by USD 19,957 (2018: USD 90,617).

Risk management

The Trustees continue to assess the major risks to which the Trust is exposed and are satisfied that systems are in place to mitigate exposure to these risks.

COVID-19

Notwithstanding the unfolding situation relating to COVID-19 (coronavirus) in Australia and around the world, each entity within the Adara Group, is committed to ensuring our important work is not impacted, our income from donors does not diminish and the Adara businesses can continue to meet their obligation of donating sufficient funds to cover the core support and emergency funding costs of Adara Development. The Adara Group has three guiding principles in relation to the management of COVID-19:

1. The safety of Adara employees, our partners and communities
2. Serving our business clients and running our programme work at the highest standards
3. Doing our part to slow community spread of the virus

The Adara Group's specifically appointed Incident Committee is managing all risks via our formalised risk management process and the Adara staff have protocols in place in line with those recommended by relevant public health bodies.

As we face this challenge of global proportions, working with communities in poverty in the developing world is more important than ever. They are particularly vulnerable to the coronavirus and we are committed to working with them to ensure they are prepared and supported. We will redouble our efforts to ensure our teams and the communities we partner with are safe and prepared.

In the interval between the end of the financial year and the date of this report, there has been no other transaction or event of a material or unusual nature likely to significantly affect the operations of the Group or the state of affairs of the Group in future years occurred.

Financial review and results for the year

The total income for the year under review was USD 435,887 compared to USD 400,043 for the previous year. Overall the net decrease in funds for the year was USD 99,120 (2018: increase of USD 6,665).

Investment policy

The Trustees' policy is to maximise income and maintain capital values within a low risk environment. The Trustees' investment powers are governed by the Trust Deed, which provides that the Trustees shall invest the funds in such investments as the Committee shall from time to time direct.

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that year. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees



A. Exel
CHAIR

Date: 28 April 2020

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ADARA DEVELOPMENT (UK)
YEAR ENDED 31 DECEMBER 2019****Opinion**

We have audited the financial statements of Adara Development (UK) (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ADARA DEVELOPMENT (UK) (CONTINUED)
YEAR ENDED 31 DECEMBER 2019**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



SOMERBYS LIMITED,
Chartered Accountants and Statutory Auditor

Date 29 April 2020
30 Nelson Street
Leicester
LE1 7BA

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	Unrestricted <u>Funds</u> USD	Restricted <u>Funds</u> USD	Total <u>2019</u> USD	Total <u>2018</u> USD
Income and endowments from:					
Donations & legacies:					
Donations, grants and legacies		376,959	58,928	435,887	400,043
Total		<u>376,959</u>	<u>58,928</u>	<u>435,887</u>	<u>400,043</u>
Expenditure on:					
Charitable activities	3	447,296	87,388	534,684	392,245
Total		<u>447,296</u>	<u>87,388</u>	<u>534,684</u>	<u>392,245</u>
Net income/(expenditure) before other recognised gains/losses		(70,337)	(28,460)	(98,797)	7,798
Other recognised gains/(losses)					
Exchange difference		(323)	-	(323)	(1,133)
Net movement in funds		(70,660)	(28,460)	(99,120)	6,665
Reconciliation of funds					
Total funds brought forward at 1 January 2019		90,617	28,460	119,077	112,412
Balances carried forward at 31 December 2019		<u>19,957</u>	<u>-</u>	<u>19,957</u>	<u>119,077</u>

BALANCE SHEET
AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> USD	<u>2018</u> USD
Current assets			
Cash at bank and in hand		25,296	115,620
Trade receivable		33	9,099
Total current assets		<u>25,329</u>	<u>124,719</u>
Creditors: amounts falling due within one year			
Accruals		5,372	5,642
Total current liabilities		<u>5,372</u>	<u>5,642</u>
Net assets		<u><u>19,957</u></u>	<u><u>119,077</u></u>
The funds of the Charity			
Restricted funds	4	-	28,460
Unrestricted funds		19,957	90,617
Total Charity funds	5	<u><u>19,957</u></u>	<u><u>119,077</u></u>

These accounts were approved on behalf of the Trustees on 28 April 2020

Signed on their behalf by: -



 A.Exel
CHAIR

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2019**

1. Reporting Entity

Adara Development (UK) was constituted by the Trustees on 20 May 2002, as amended by a Supplementary Deed dated 3 June 2003, a second Supplementary Deed dated 21 June 2010, a third Supplementary Deed dated 18 February 2011, and a fourth Supplementary Deed dated 10 November 2014.

2. Accounting policies

The financial statements have been prepared on a going concern basis under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and with the Charities Act 2011.

The Charity constitutes a public benefit entity as defined by FRS102.

The principal accounting policies adopted in the preparation of the financial statements are set out below:

- 2.1 The financial statements and associated notes for the year ended 31 December 2019 have been presented in United States Dollars (USD). The functional currency of Adara Development (UK) is USD and therefore the use of USD for presentation purposes is appropriate. Monetary amounts in these financial statements are rounded to the nearest \$.
- 2.2 All incoming resources (except investment income) are accounted for on a receivable basis, except in so far as they are incapable of financial measurement. Income tax recoverable in relation to donations received under gift aid or deeds of covenant is recognised at the time of the donation. Where incoming resources have related expenditure (as with fundraising or contract income) the incoming resources and related expenditure are reported gross in the Statement of Financial Activities (SOFA).
- 2.3 Donations are only included in the SOFA when the Charity has unconditional entitlement to the resources.
- 2.4 Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognised the related costs for which the grant is intended to compensate.
- 2.5 Investment income is accounted for as received.
- 2.6 Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.
- 2.7 Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to pay out resources.
- 2.8 Governance costs include costs of the preparation and examination of statutory accounts, the costs of Trustee meetings and cost of any legal advice to Trustees on governance or constitutional matters.
- 2.9 Debtors and creditors receivable / payable within one year with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

2.10 The Fund is a registered Charity and thus is exempt from taxation on its income and capital gains.

2.11 Unrestricted funds are those that are available for use, at the discretion of the Trustees, in furtherance of the general objectives of the Charity.

Restricted funds are those that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes.

2.12 The financial statements have been prepared on a going concern basis as the Charity believes that no material uncertainties exist. The Charity has considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure are sufficient with the level of reserves for the Charity to continue as a going concern.

2.13 Cash and cash equivalents include deposits held at call with banks.

3. Charitable activities

	<u>2019</u> USD	<u>2018</u> USD
Grants paid	311,520	321,764
Bank charges	372	462
Project related costs	218,591	65,044
Governance costs - Audit	4,201	4,975
Total Charitable activities	534,684	392,245

Grants paid include the following significant items:

<u>Name of Institution</u>	<u>Purpose</u>	<u>USD</u>
Kiwoko Hospital, Luwero, Uganda	Community health care in the Nakaseke District, Uganda	135,622
Adara Development (Nepal)	To rescue, rehabilitate and repatriate kids at risk	11,580
Adara Development (Nepal)	Improve access to quality education and health services in remote communities	60,771
Adara Development (Nepal)	To provide education support to a remote community devastated by the Nepal earthquake in 2015	43,174
Adara Development (Nepal)	Direct project and support staff and office operating costs in Kathmandu	28,051
Adara Development (Australia)'s foreign operation in Nepal	To provide hostel accommodation and education support in remote communities	14,042
Adara Development (Australia)'s foreign operation in Nepal	Programme management and office operating costs	14,056
Adara Development (Australia)'s foreign operation in Nepal	Other small projects	4,224
		311,520

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

4. Restricted funds

	1 January 2019	Incoming Resources	Outgoing Resources	31 December 2019
Remote Community Development	28,460		(28,460)	-
Maternal Newborn Child Health	-	58,928	(58,928)	-
	<u>28,460</u>	<u>58,928</u>	<u>(87,388)</u>	<u>-</u>

5. Analysis of net assets between funds

	Unrestricted Funds USD	Restricted Funds USD	Total Funds USD
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Fund balances at 31 December 2019 are represented by:

Current assets	25,329	-	25,329
Current liabilities	(5,372)	-	(5,372)
	<u>19,957</u>	<u>-</u>	<u>19,957</u>

6. Trustees remuneration and expenses

No remuneration or expenses have been paid to Trustees during the year.

7. Related party transactions

Adara Development (UK) is part of the international development organisation known as Adara Development along with Adara Development (Australia), Adara Development (Bermuda), Adara Development (USA) and Adara Development (Uganda). The work in Nepal is conducted through a local NGO, Adara Development (Nepal).

During the year Adara Development (UK) transferred \$58,928 to Adara Development (Australia) and received \$72,089, resulting in a net transfer from Adara Development (Australia) of \$13,161. Adara Development (UK) also transferred \$145,000 to Adara Development (USA) and \$14,664 to Adara Development (Uganda) to fund project expenses.

Adara Development (UK) is managed and administered by Adara Development (Australia) – a registered not-for-profit entity in Australia. The company in its capacity as manager and administrator determines the projects in respect of which Adara Development (UK) is involved.

8. Subsequent events

COVID- 19

Notwithstanding the unfolding situation relating to COVID-19 (coronavirus) in Australia and around the world, each entity within the Adara Group, is committed to ensuring our important work is not impacted, our income from donors does not diminish and the Adara businesses can continue to meet their obligation of donating sufficient funds to cover the core support and emergency funding costs of Adara Development. The Adara Group has three guiding principles in relation to the management of COVID-19:

1. The safety of Adara employees, our partners and communities
2. Serving our business clients and running our programme work at the highest standards
3. Doing our part to slow community spread of the virus

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2019

8. Subsequent events (continued)

The Adara Group's specifically appointed Incident Committee is managing all risks via our formalised risk management process and the Adara staff have protocols in place in line with those recommended by relevant public health bodies.

As we face this challenge of global proportions, working with communities in poverty in the developing world is more important than ever. They are particularly vulnerable to the coronavirus and we are committed to working with them to ensure they are prepared and supported. We will redouble our efforts to ensure our teams and the communities we partner with are safe and prepared.

In the interval between the end of the financial year and the date of this report, there has been no other transaction or event of a material or unusual nature likely to significantly affect the operations of the Group or the state of affairs of the Group in future years occurred.

9. Commitments

During the year, Adara Development entered into, or was obligated by, certain agreements with Non-Government Organisations ("NGOs") in Nepal and Uganda. Although partial funding for these commitments will be provided by Adara Development (UK), no individual entity within Adara Development is responsible for the committed payments and, therefore, the liabilities have not been recognised in these financial statements.

The amounts committed to by Adara Development are as follows:

	Funding committed for January - December 2020 USD	Agreement period from	Agreement period ending
Adara Development Nepal	651,080	25-Nov-2014	Completion of project
The Himalayan Innovative Society	34,591	01-Jan-2018	31-Dec-2020
The Himalayan Medical Foundation	43,757	01-Jan-2019	31-Dec-2020
Hands in Outreach	12,000	01-Jan-2019	31-Dec-2020
Himalayan Children Society	127,171	01-Jan-2019	31-Dec-2020
Women's Foundation	6,197	01-Jan-2019	31-Dec-2020
Kiwoko Hospital	735,240	01-Jan-2019	31-Dec-2020

Adara Development reserves the right to refuse funding should any organisation fail to meet all terms and conditions as specified in the related agreements.

Funding commitments for subsequent periods are reviewed and updated on an annual basis.

Pledges have been provided by various donors, or cash is currently available, to provide sufficient funding for the commitments, outlined above, extending to the end of the agreement periods.