

ADARA DEVELOPMENT (UK)

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2017**

**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 1st December 2017)
Ms D Lester (appointed 3rd June 2017, resigned
30th November 2017)
Ms S M Biggs (resigned 2nd June 2017)

Address

1st Floor
661 Darling Street
Rozelle
Sydney
NSW 2039
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 2017

The Trustees present their report with the accounts of Adara Development (UK) for the year ended 31 December 2017.

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 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 child health;
- deepening health and education programmes in Humla 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 2017

- 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 2017, Adara achieved the following for families and their children through our Remote Community Development and Maternal Newborn Child Health programmes:

Remote Community Development (RCD)

Adara's Remote Community Development work makes a significant contribution to ending the preventable deaths of women, children and disadvantaged people in isolated communities through quality healthcare and improved access to quality education for disadvantaged children and youth.

Much of this work takes place in the remote mountains of the Humla District and 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:

- **Hosting annual mobile medical camps**, which bring Nepali doctors, nurses and specialists into Humla for two months at a time to treat as many people as possible.
- **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 nine 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 2017

Some highlights from 2017 include:

- 2,827 people received care from a team of Nepali doctors in the annual mobile medical camp.
- 184 people participated in hygiene, sanitation and waste-management training.
- 241 farmers were given 17,863 gm of vegetable seeds to improve food security in the region.
- 4,855 apple and walnut saplings were distributed to farmers to help develop orchards.
- Kermi, Muchu, Chauganfaya, Yalbang and Chala health posts are operating regularly with health workers and sufficient medicines.
- 1,218 people were treated by the Tibetan Medicine Practitioner.
- 180 farmers were supported with apple and walnut saplings and among them 20 farmers were supported for orchard development project with apple and walnut saplings, tools, pipes, fencing and technical support.
- Health awareness training on reproductive health was given to 344 women of 5 target villages.
- 39 greenhouses were built and repaired to improve nutrition and food security.
- 24 portable solar driers were distributed to farmers of 5 target villages.
- 13 toilets were built to improve hygiene and sanitation.

2. A holistic approach to education

Adara approaches all our work holistically, and our approach to education in Humla is no different. We work to:

- **Improve facilities:** Schools in Humla are usually little more than a room with four walls – many even lack furniture or carpets for children to sit on. We are creating child-friendly classrooms in our target schools in Humla as an incentive for students to attend school. We are also making sure our target schools have the teaching and learning materials they need to best serve their students.
- **Provide opportunities:** Adara provides scholarships to students in the form of school uniforms, shoes and a bag containing essential school supplies so children can attend school without stigma.
- **Reach the best and the brightest:** Although gifted students are sometimes able to access scholarships for the tuition costs of higher education from the government, they often cannot afford the living costs needed to take advantage of this opportunity. Adara provides scholarships to help cover these costs for academically excellent Humlis so they can pursue higher education.
- **Improve teaching:** Due to Humla's remoteness, it is difficult for the government to attract and retain teachers. Adara funds the salaries of six extra teachers and two support staff for six schools, focusing on gaps in science, maths, and English and Tibetan languages.
- **Provide extra help for children who need it:** As there are limited teachers in the schools and most parents are illiterate, many children need extra help with their schoolwork. Adara runs 10 before-and-after-school classes every day which are open to all primary and preschool children who want to improve.

By improving education in the district, Adara is eliminating the need for children to be sent away from their families in order to receive a quality education and reducing the risk of child-trafficking.

Some highlights from 2017 include:

- Child friendly classroom support was provided to 8 target schools with learning materials and improvement works, benefitting 1,023 children.
- Educational materials, sports, science and musical materials were provided to 7 schools benefitting 45 students.
- Scholarship support such as school supplies, uniforms, bags and shoes were distributed to 670 kids.
- 10 before and after classes for kids are running effectively with 203 kids attending.
- 412 parents from nine schools received training in being more proactive in their children's education.
- Teacher training was given to 13 teachers and before and after class facilitators of eight target schools.
- 6 teachers and 2 school helpers are working regularly to fill teacher gaps in target schools.
- Kids' awareness training was conducted successfully for 8 child clubs of target schools with 161 participants.
- School Management Committee (SMC) training was conducted in 8 target schools with 85 participants.

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2017

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.

4. Transforming Ghyangfedi through education

Following the Nepal earthquake in 2015, Adara's remote community development work expanded to the district of Ghyangfedi, a small remote community in Nuwakot district, northeast of Kathmandu. In the wake of the earthquake, Adara delivered emergency food, medical care and shelter to the community. Since 2016, Adara's work in Ghyangfedi has moved to long-term post-disaster interventions through the provision of education. Using the expertise gained delivering remote education programmes in Humla, Adara has built a new school for 300 students. The Shree Ghyangfedi School opened in June 2017 and is now providing high quality education for these children. Adara will continue to work hand in hand with the Nepal government to help resource the school with materials, provide children with their midday meal, and to fund three additional teachers so that the school can run most effectively.

5. 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 140 children (mostly girls) living in poverty to go to school. Adara supports HIO's staff and management costs, and helps the girls' families with healthcare costs.
- **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 2017, 10,501 people in Kathmandu received free medical treatment through the work of HMF.
- **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. Since 2012, more than 2,200 women have received justice through this work.
- **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 305 students currently enrolled. 231 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 three teachers.

Maternal Newborn Child Health (MNCH)

Adara's work in Maternal Newborn Child Health makes a significant contribution to ending the preventable deaths of women, children, adolescents, and in particular, newborns. This work is primarily focused at Kiwoko Hospital located in a rural area north of the capital city of Kampala in the middle of the country. Some of the key projects are outlined below.

1. Centre of excellence in maternal and newborn health

Since 1998, Adara's work has primarily focused on strengthening MNCH services in Central Uganda by

TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2017

supporting holistic programmes that ensure women and children have access to services across the continuum of care. With our partner Kiwoko Hospital, we have demonstrated the high impact of an integrated model of care that encompasses not just training and clinical support, but also ensures the hospital is equipped with adequate facilities, is adequately staffed and has adequate equipment and supplies – all the things it needs to provide high quality care. Kiwoko Hospital is a 250-bed hospital in Nakaseke district of Central Uganda serving 800,000 people. Together, Kiwoko Hospital and Adara have provided antenatal care, helped women deliver their babies safely, helped newborn babies needing specialised care in the neonatal intensive care unit (NICU), provided community outreach services and health promotion, and trained village health workers and clinicians from the local district health system. The impact has been astounding.

Some highlights from 2017 include:

- 1,123 babies received care in the Kiwoko Hospital neonatal intensive care unit (NICU).
- 102 sets of twins and two sets of triplets were cared for in the NICU.
- 3,745 women were admitted to the maternity ward to give birth or for other complications associated with pregnancy.
- 2,856 babies delivered in the maternity ward.
- Annual admissions have increased by 76% since 2009 and the ward has an average annual growth rate of 8%.

2. Newborn health scale-up

Adara is working with local champions of newborn health to continue contributing to the end of preventable newborn deaths in Uganda. The objective of our scale up programme is to build national capacity in holistic newborn health by establishing training programmes for health providers working in newborn care, and establishing systems to resource health facilities with the equipment, supplies, medicines, and staffing required to save newborn lives. In 2017 Adara's international medical volunteer team began conducting newborn training at Nakaseke General Hospital, laying the foundations for a newborn unit.

3. Safe bubble CPAP project

Babies born before their lungs finish developing often struggle to breathe, panting in a helpless effort to take in enough oxygen. This is called respiratory distress syndrome (RDS), and without treatment it's almost always fatal.

Adara is working in partnership with other global health leaders on projects to improve newborn survival. One of these projects is the Safe Newborn Bubble CPAP Project which will address the lack of access in low-resource settings to safe and affordable treatment for respiratory distress syndrome—the most common cause of disease and death for babies born before 34 weeks gestation.

4. Early intervention for high-risk newborns

We are also working on an Early Intervention Program for newborns at risk of disability. This project will determine whether a community-based early-intervention programme for carers of young children affected by newborn brain injury can improve early brain development and quality of life.

5. Critical healthcare for families living in central Uganda

Adara works with Kiwoko Hospital to reach some of the most vulnerable members in central Uganda, where 44% of 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 2017

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 USD 81,644 (2016:USD 2,114 deficit).

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.

Financial review and results for the year

The total income for the year under review was USD 485,600 compared to USD 471,365 for the previous year. Overall the net increase in funds for the year was USD 70,330 (2016: increase of USD 60,389).

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 2017**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 and statements of recommended practice have been followed, subject to any 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 accounting records which 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 1 May 2018

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ADARA DEVELOPMENT (UK)
YEAR ENDED 31 DECEMBER 2017**

Opinion

We have audited the financial statements of Adara Development (UK) (the 'charity') for the year ended 31 December 2017 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 2017, 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 2017

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 8, 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.

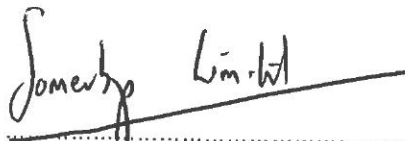
Auditor's responsibilities for the audit of the financial statements

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.

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 1 May 2018
30 Nelson Street
Leicester
LE1 7BA

Somerbys Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2017

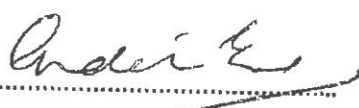
	<u>Note</u>	<u>Unrestricted Funds</u> USD	<u>Restricted Funds</u> USD	<u>Total 2017</u> USD	<u>Total 2016</u> USD
Income and endowments from:					
Donations & legacies:					
Donations, grants and legacies		112,635	372,965	485,600	471,365
Total		112,635	372,965	485,600	471,365
Expenditure on:					
Charitable activities	3	24,584	390,372	414,956	527,433
Total		24,584	390,372	414,956	527,433
Net income / (expenditure) before other recognised gains and losses		88,051	(17,407)	70,644	(56,068)
Other recognised gains/(losses)					
Exchange difference		(4,293)	3,979	(314)	(4,321)
Net movement in funds		83,758	(13,428)	70,330	(60,389)
Reconciliation of funds					
Total funds brought forward at 1 January 2017		(2,114)	44,196	42,082	102,471
Balances carried forward at 31 December 2017		81,644	30,768	112,412	42,082

BALANCE SHEET
AT 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> USD	<u>2016</u> USD
Current assets			
Cash at bank and in hand		118,328	48,082
Total current assets		<u>118,328</u>	<u>48,082</u>
Creditors: amounts falling due within one year			
Accruals	4	5,916	6,000
Net assets		<u>112,412</u>	<u>42,082</u>
The funds of the Charity			
Restricted funds	6	30,768	44,196
Unrestricted funds		81,644	(2,114)
Total Charity funds	5	<u>112,412</u>	<u>42,082</u>

These accounts were approved on behalf of the Trustees on 1 May 2018

Signed on their behalf by: -



 A. Exel
CHAIR

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

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. Adara Development (UK) was formerly known as The ISIS Foundation (UK). The change of name was formalised on 28 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 2017 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.
- 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 2017

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 is sufficient with the level of reserves for the Charity to continue as a going concern.

3. Charitable activities

	<u>2017</u>	<u>2016</u>
	USD	USD
Grants paid	377,466	370,455
Bank charges	518	1,154
Project related costs	31,056	150,889
Governance costs - Audit	5,916	4,935
	<u>414,956</u>	<u>527,433</u>
	=====	=====

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	334,971
Adara Development (Nepal)	To rescue, rehabilitate and repatriate kids at risk	19,475
Adara Development (Nepal)	Improve access to quality education and health services in remote communities	18,125
Adara Development (Nepal)	Other small projects	4,895
		<u>377,466</u>
		=====

4. Creditors: amounts falling due within one year

	<u>2017</u>	<u>2016</u>
	USD	USD
Accruals	5,916	6,000
	<u>5,916</u>	<u>6,000</u>
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2017

5. Analysis of net assets between funds

	Unrestricted <u>Funds</u> USD	Restricted <u>Funds</u> USD	Total <u>Funds</u> USD
Fund balances at 31 December 2017 are represented by: -			
Current assets	87,560	30,768	118,328
Current liabilities	(5,916)	-	(5,916)
	<u>81,644</u>	<u>30,768</u>	<u>112,412</u>

6. Restricted funds

	1 January <u>2017</u> USD	Incoming <u>Resources</u> USD	Outgoing <u>Resources</u> USD	Exchange <u>Differences</u> USD	31 December <u>2017</u> USD
Remote Community Development	15,855	47,094	(38,321)	(196)	24,432
Maternal Newborn Child Health	28,341	325,871	(352,051)	4,175	6,336
	<u>44,196</u>	<u>372,965</u>	<u>(390,372)</u>	<u>3,979</u>	<u>30,768</u>

7. Trustees remuneration and expenses

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

8. 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 (Australia) transferred \$34,049 to Adara Development (UK) to fund core support costs and project expenses. Adara Development (UK) transferred funds to Adara Development (USA) of \$8,025.

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.

9. Subsequent events

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

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED) YEAR ENDED 31 DECEMBER
2017

10. 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 2018	Agreement period from	Agreement period ending
	\$		
Adara Development Nepal – Humla	371,950	1 January 2014	Completion of project
Adara Development Nepal - Adara Kids	140,690	1 January 2014	Completion of project
Hands In Outreach	10,891	1 January 2017	31 December 2018
Himalayan Children Society	133,960	1 January 2017	31 December 2018
Himalayan Medical Foundation	44,447	1 January 2017	31 December 2018
The Women's Foundation	9,166	1 January 2016	31 December 2018
Kiwoko Hospital	557,990	1 July 2016	31 December 2018

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.