
BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

CONTENTS

	Page
Trustees' report	1 - 6
Auditors' report	6 - 8
Statement of financial activities	9
Balance sheet	10
Notes forming part of the financial statements	11 - 22

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT For the year ended 31 December 2001

The trustees submit their annual report and the financial statements of British Union Conference of Seventh-day Adventists (the charity) for the year ended 31 December 2001. The trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000.

LEGAL & ADMINISTRATIVE INFORMATION

The British Union Conference of Seventh-day Adventists ("the Charity") is registered in England as a charity (No. 1044071) with its offices situated at Stanborough Park, Watford, Hertfordshire, WD25 9JZ. The Charity is an unincorporated association, whose governing instrument is its Constitution, and which is administered by a Board of Trustees ("the executive committee").

ORGANIZATIONAL STRUCTURE

The Charity is the principal administrative body of the Seventh-day Adventist Church ("the church") for the United Kingdom and Republic of Ireland. It generally works in harmony with the policies of the church's international office, the General Conference of Seventh-day Adventists, Trans-European Division, situated at St Albans, Herts. Within its territory, the Charity carries out its objects both directly and through related organisations. Principally, the latter consist of three 'Missions' in Ireland, Scotland and Wales respectively (all branches of, and financially dependant upon the Charity), and two 'Conferences' in North and South England respectively (both registered charities in their own right and financially self-supporting). Within these latter organisations the objects are pursued mainly through a network of local churches which are heavily dependent upon a large pool of voluntary lay support. Additionally, specialised aspects of the Charity's purposes are performed on its behalf by a number of institutions including:

§ Good Health Association (Scotland) Limited
(Nursing Home, Residential Care, Health Education and Treatment, & Retirement Housing)

§ Seventh-day Adventist Association Limited
(Titular Owner of the Charity's Land and Buildings)

§ Seventh-day Adventist Trust Company
(Executor for Charity Members)

§ The Stanborough Press Limited
(Printers & Publishers)

§ Stanborough School
(Primary, Secondary and Boarding School)

§ Adventist Development and Relief Agency - UK
(Humanitarian Aid)

The executive committee members - its trustees for the purpose of the Charities Act 1993 - are elected/re-elected every five years at the occasion of the Charity's general assembly (Session), by delegates chosen from the various Seventh-day Adventist organisations and church congregations in the Charity's territory. The administrative officers (president, executive secretary, treasurer) are also elected at the Session and are ex-officio members of the executive committee. They are charged with working with, and accounting to the executive committee for the day-to-day operation of the Charity. Between Sessions the trustees, through the vehicle of the executive committee, generally determine all matters of substance relating to the life and work of the Charity.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

The Trustees

Trustees serving during the year were:

Pastor C R Perry (chairperson)
Pastor E C Lowe (executive secretary)
Mr M R Dove (treasurer to 31 August 2001)
Mr V Pilmoor (treasurer from 1 September 2001))

Mr L Aguilar (to 29 July 2001)
Mr D Balderstone (to 29 July 2001)
Mrs A Balderstone (from 29 July 2001)
Mrs C Barratt-Peacock (from 29 July - 31 Dec 2001)
Mr M Bayliss (from 29 July 2001)
Mr O Baxter (from 29 July 2001)
Pastor G M Bell
Pastor D G Boldeau
Mr K Burt (to 29 July 2001)
Pastor D Cox (from 29 July 2001)
Mr K A Davidson
Pastor L R Edwards (from 29 July 2001)

Pastor R J Edwards (to 29 July 2001)
Pastor E R Francis
Mrs C Golding (from 29 July 2001)
Mr P Hammond
Pastor V Ham-Ying (to 29 July 2001)
Pastor A D Hodges (to 29 July 2001)
Mr N Kennedy (to 29 July 2001)
Mr A King (from 29 July 2001)
Mrs J Knight (to 29 July 2001)
Dr A Luxton (to 29 July 2001)
Dr D N Marshall
Pastor D Masih

Pastor D W McFarlane
Mr S McQueen (to 29 July 2001)
Pastor C G Murphy (from 29 July 2001)
Mrs T Njoku (from 29 July 2001)
Pastor J T Phillip (to 29 July 2001)
Pastor B P Phillips
Mrs K Phillips (to 29 July 2001)
Mr E L Reid (from 29 July 2001)
Mr S Rivers
Mrs M Rock (to 29 July 2001)

Pastor A R Rodd (to 29 July 2001)
Pastor E Sackey (from 29 July 2001)
Mrs I Sharpe (from 1 January 2002)
Pastor I Sleeman (from 29 July 2001)
Pastor I Sweeney (from 29 July 2001)
Pastor M J Stickland (to 29 July 2001)
Mr N Todd (from 29 July 2001)
Mrs T Vacciana (to 29 July 2001)
Dr M Whidden (to 29 July 2001)
Mrs E Wilson (from 29 July 2001)

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

The Charity's constitution provides for employed trustees, requiring that their remuneration rates and expense budgets be determined annually by a 'Remuneration Audit Committee' made up of non-trustees, and acting independently of the trustees. The executive committee may reduce (but not increase) the remuneration and expense levels so determined. No trustee received emoluments in excess of £30,000.00 for the year.

Auditors	Bankers
Colledge Redfern	HSBC plc
2 Nascot Street	73 High Street
Watford Herts	Watford Herts
WD17 4RB	WD1 2DS

Solicitors
Penman Johnson
5 George Street
Watford Herts
WD18 0SQ

Pension Scheme Advisors

Solicitors:	Actuarial & Administrative:
Sacker & Partners	William M Mercer
29 Ludgate Hill	5 Bedford Park
London	Croydon
EC4M 7JQ	Surrey CR9 2ZT

REVIEW OF THE YEAR

The Charity enjoyed a net growth in church membership through its related organisations of 500 during 2001. This was 5.1% down on the increase in 2000 and took the total UK and Republic of Ireland church membership to 21,137. All units except Scotland enjoyed modest gains with the greatest increases taking place in the London area.

During the year the Charity held its quinquennial general assembly on the campus of York University 25-29 July where the positions of the incumbent administrative officers, departmental directors and current trustees were open to re-election or de-selection by the session delegates.

The outgoing administration and trustees submitted a strategic plan for the next quinquennium that was endorsed with minor amendments at the general assembly in York. One of the major elements in this strategic plan was an evangelistic project under the title LIFEdevelopment.info. This is a strategic vision to involve the Seventh-day Adventist church in reaching out to post-modern, post-Christian people by building lasting friendships with secular people; helping them in the process of leading people to acknowledge Jesus Christ as Lord and supporting them with a multimedia package

In furtherance of its purpose, and in addition to its routine operations, special activities for the year included:

§ Acted as agent for World-Wide Advent Missions Ltd in organising a public appeal which realised a gross figure of £505,490. Projects approved to benefit from the collection were as follows:

Child Survival Project Haiti
Soup Kitchen Project Armenia
Refugee Orphan Project Azerbaijan
Refugee Vocational Training Azerbaijan
Special Needs Camp North Wales
Secondary School Dormitories South Sudan
School Project Pakistan
Emergency Disaster and Relief Fund

For 87 years the Seventh-day Adventist Church in the United Kingdom and the Republic of Ireland has organised this annual house-to-house collection in aid of overseas projects on behalf of World-Wide Advent Missions. This

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

was the final year the collection was taking place under the auspices of World-Wide Advent Missions. The Charity had sought permission and gained approval from the Home Office for the transfer of the exemption order to ADRA-UK (Adventist Development and Relief Agency) since the majority of projects were already being implemented by this humanitarian agency of the church.

§ Unfortunately due to the uncertainty created by the restrictions imposed by the outbreak of 'foot and mouth' disease in Wales the annual Special Needs Camp for children and young people at the Glan Yr Afon campsite Aberdaron, North Wales scheduled for July had to be cancelled.

§ Series of Bible Study Conferences in a number of Seventh-day Adventist churches on the theme 'United by the Word of God'.

§ As indicated in last year's report the Charity experimented with a six-month pilot project on Premier Radio's digital channel. Unfortunately, the level of response during 2001 was deemed insufficient to continue funding further broadcasts beyond the trial period.

§ Series of training seminars for local church officers in the areas of Communication, Children's Ministries, Health Ministries, Youth and Pathfinders, Women's Ministries and Sabbath School.

§ Continued production of the Video News Release primarily for the Seventh-day Adventist church membership.

FINANCIAL REPORT

Finance Report

The British Union Conference derives its principle operating income from a share (15-16%) of tithe donated by members of the church to associated local conferences, as agreed in our operating policy. The policy restricts use to the 'support of ministry' which is our primary service to church members and the community. Capital development and secular services for example are excluded.

This source grew 13% during the year 2001 and crossed the £10 million threshold for the first time, reflecting a growth in faith in the Adventist community.

The Gift Aid programme introduced in 2000 had a major impact on church finance during 2001. The early part of the program focused on enrolment, with the financial results materialising in 2001. Whilst the returns on Gift Aid are used by our subsidiary Conferences, Missions and Churches, the benefits had a halo effect on primary donations which brought benefit to the British Union Conference.

The British Union Conference has operated a self-funded retirement arrangement for a considerable period of time based on 11% of tithe income. This is placed in a restricted fund and is due to be transferred to the trustees of the registered pension plan once funding requirements have been formulated. This accounted for the majority of resources added to reserves on the Balance sheet.

The Scottish Mission sold their church in Edinburgh city centre with a view to purchasing a property in a residential area. This contributed to a realised value of £575,489.

Application of Resources.

Church ministry by nature is people intensive with most of the retained funds being used to employ people in ministry or in the support of ministry. Whilst each person has a specific role defined either by ministerial speciality or geographic location, the nature of each person's ministry is diverse. Administrators, for example are engaged in ministry on a weekly basis. We have attempted to define by approximation the time allocated to ministry in the general community, ministry within the Adventist community and the administration and support thereof. The role of the British Union is substantially supervisory with regard subsidiary Conferences, Missions, Schools, Publishing House and its Health Care centre. To this extent the proportion of management and administrative cost is higher that would be otherwise expected.

Financial Position

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

Working Capital increased by almost £1.34 million which can be accounted for almost entirely by an increase in the Pension reserve of £775,000 and realised gain on the sale of the Edinburgh Church £575,000. The use of reserves set aside for the quinquennial meetings which was an exceptional cost, is somewhat offset by the retention of reserves for our outreach program entitled 'The Life Development Program'. Changes in personnel introduced at the quadrennial meetings contributed to transitional salary costs.

Pension Fund Requirements

The British Union Conference bears overall responsibility for the group pension plan. Minimum fund requirements have now been actuarially calculated to be £21 million representing an overall deficit of £14million. It is difficult

to apportion costs between entities of a group plan, however, on a current contributions basis it is estimated that 22.5% or £3.15 million is due by entities controlled directly by the British Union Conference. Responsibility for this liability is currently held by the employer, but will be transferred to Pension trustees as and when the requirements of the Pensions act can be satisfied. The current plan is to transfer shared reserves from all participants held (£2.4m), and to make additional contributions of about £900,000 per year and use the value of fixed assets as a guarantee against the balance to meet both the three-year and ten-year requirements. This remains the single greatest financial challenge to the British Union Conference at this point in time. Press reports on industrial performance suggest that we are in good company in this regard, which provides little comfort. Nevertheless the risk averse, debt-free approach of our management historically does mean that we have sufficient assets when valued at current market rates to redeem any liability that we might face in this regard.

General Reserve

General Reserve requirements were calculated in last year's accounts to be £1.5m based on a risk evaluation. A current risk evaluation of £1.725 million includes the following:

Operational working capital requirements are estimated to be 25% of unrestricted fund expense £715,000. This is required on the basis of delayed cash flow (the British Union Conference being removed from the primary source of income at the local church level) and fluctuation risk. The Missions (Ireland, Scotland and Wales) are particularly volatile in this respect.

We are exposed to the risk of operational deficits due to bad debt at Stanborough School £210,000. Enrolment at the school is close to capacity.

Stanborough Press operates in areas with blocked currencies, exchange restrictions and currency depreciation. During 2001 a grant of £150,000 was made to deal with this contingency. Whilst the situation is much improved by virtue of greater controls and credit restrictions, the Stanborough Press has been offered an operating loan of £150,000 based on reserves held to operate without public indebtedness.

The Good Health Association (Scotland) Ltd continues to record deficits due to the government's 'Care in the Community' initiative on the one hand and the emergence of its Health Education program on the other. Current deficits are approximately £120,000 per annum which either need to be made up, or cover supplied in the event of program failure. Whilst the fixed asset profile of the institution would cover the ultimate costs of the latter contingency - a reserve of £250,000 would be required to deal with the intermediate costs.

ADRA-UK is an activity/project based agency and operates as funds are available. It has a reserve equal to one year of its operational costs. This is deemed to be sufficient.

Our accounts follow the historic cost convention thus understating the contingent liabilities in maintaining and upgrading these properties. The insurance value of property covered in these accounts amounts to £9.741m. For the purposes of major renovation, health and safety and disability regulation compliance a reserve equivalent to 4% or £400,000 seems appropriate.

General funds in hand - £1,675,695 and £532,534 less the £1,725,000 outline gives a margin of £475,000 which is 15% of the deficit of the pension shortfall listed above

Financial Summary

The increase in core income to the church remains strong and gives every reason for hope and the prospect of operating within our means and solving the known problems that we face. The challenges that we face with regard to the Pensions, Health Care, Education, and Capital Development are all influenced by the regulatory environment and the thresholds and time frames set by them

Trustees' responsibilities

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 surplus or deficit of the charity for that period. In preparing those financial statements the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Trust will continue in operation).

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper 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 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

This report was approved by the trustees on 12 September 2002 and signed on its behalf, by:

E C Lowe

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

INDEPENDENT AUDITORS' REPORT TO BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

We have audited the financial statements of British Union Conference of Seventh-day Adventists for the year ended 31 December 2001 which comprise the Statement of Financial Activities and Balance Sheet, with the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

As described in the Statement of Trustees' Responsibilities the Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to form an independent opinion, based on our audit, on those statements and to report our opinion to you. We have been appointed auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", published in October 2000. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO BRITISH UNION CONFERENCE OF SEVENTH-DAY
ADVENTISTS

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we considered the disclosure of the actuarial deficit of £14,392,000 in the group pension scheme. The participating employers have not agreed on the proportion of liability to be contributed by each of them, and we are therefore unable to ascertain whether the amount of £3,238,000 disclosed as the charity's share of the deficit is appropriate.

OPINION

Except for the uncertainty as to the amount of the pension fund deficit attributable to the charity, in our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2001 and of the incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Colledge Redfern

Chartered Certified Accountants
Registered Auditors

2 Nascot Street
Watford
Herts, WD17 4RB

23 September 2002

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2001

	Note	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	Total Funds 2000
INCOMING RESOURCES					
Significant donations and grants	2	1,065,208	2,417,853	3,483,061	3,517,093
Other donations, legacies and similar incoming resources	2	237,956	57,448	295,404	244,714
Activities in furtherance of the charity's objects	3	-	686,203	686,203	144,181
Investment income	4	-	207,124	207,124	185,276
TOTAL INCOMING RESOURCES		1,303,164	3,368,628	4,671,792	4,091,264
RESOURCES EXPENDED					
<i>CHARITABLE EXPENDITURE:</i>					
Grants payable - individual	5	-	114,221	114,221	75,820
Grants payable - institutional	6	431,997	776,259	1,208,256	1,027,211
Costs of activities in furtherance of the charity's objects	8	57,616	1,113,101	1,170,717	1,060,523
Support costs	9	-	628,513	628,513	433,963
Management and administration	10	-	228,496	228,496	227,551
TOTAL RESOURCES EXPENDED	11	489,613	2,860,590	3,350,203	2,825,068
NET INCOMING RESOURCES BEFORE TRANSFERS		813,551	508,038	1,321,589	1,266,196
Transfers between Funds	18	112,460	(112,460)	-	-
NET INCOMING RESOURCES		926,011	395,578	1,321,589	1,266,196
NET MOVEMENT IN FUNDS FOR THE YEAR		926,011	395,578	1,321,589	1,266,196
TOTAL FUNDS AT 1 JANUARY 2001		2,282,549	5,055,467	7,338,016	6,071,820
TOTAL FUNDS AT 31 DECEMBER 2001		£ 3,208,560	£ 5,451,045	£ 8,659,605	£ 7,338,016

The Statement of Financial Activities includes all gains and losses recognised in the year.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**BALANCE SHEET
As at 31 December 2001**

	Note	2001	2000
FIXED ASSETS			
Tangible fixed assets	14	2,237,561	2,260,737
CURRENT ASSETS			
Stocks	15	48,170	34,172
Debtors	16	971,987	1,091,882
Cash at bank and in hand		5,883,729	4,418,158
		<u>6,903,886</u>	<u>5,544,212</u>
CREDITORS: amounts falling due within one year	17	<u>(481,842)</u>	<u>(461,998)</u>
NET CURRENT ASSETS		<u>6,422,044</u>	<u>5,082,214</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,659,605</u>	<u>7,342,951</u>
CREDITORS: amounts falling due after more than one year		-	(4,935)
NET ASSETS	19	<u>8,659,605</u>	<u>7,338,016</u>
CHARITY FUNDS			
Restricted Funds	18	3,208,560	2,282,549
Unrestricted - Designated Funds	18	3,775,350	3,475,399
Unrestricted - General Funds	18	1,675,695	1,580,068
TOTAL FUNDS		<u>8,659,605</u>	<u>7,338,016</u>

The financial statements were approved by the trustees on 12 September 2002 and signed on their behalf, by:.

V Pilmoor

The notes on pages 11 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.4 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	1.3%	straight line
Fixtures & Fittings	-	5-10%	straight line

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the SOFA so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Pensions

The charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 6 April 1998.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

2. DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	Total Funds 2000
Tithe donations from members of local congregations affiliated with the Charity's branches	-	573,268	573,268	518,150
Tithe-sharing grants from affiliated charities	-	1,520,046	1,520,046	1,340,336
Grants from General Conference of Seventh-day Adventists	-	324,539	324,539	309,392
Donations for world-wide evangelism from members of local congregations affiliated with the Charity's branches	62,624	-	62,624	58,223
Grants from affiliated charities towards pension scheme deficit	1,002,584	-	1,002,584	1,290,992
Significant donations and grants	<u>1,065,208</u>	<u>2,417,853</u>	<u>3,483,061</u>	<u>3,517,093</u>
Other donations	222,856	(37,991)	184,865	158,807
Legacies	15,100	75,406	90,506	50,605
Other grants	-	20,033	20,033	35,302
Subtotal	<u>237,956</u>	<u>57,448</u>	<u>295,404</u>	<u>244,714</u>
Donations, legacies and similar incoming resources	<u>£ 1,303,164</u>	<u>£ 2,475,301</u>	<u>£ 3,778,465</u>	<u>£ 3,761,807</u>

3. INCOME FROM ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	Total Funds 2000
Gain on sale of church buildings	-	575,489	575,489	-
Property rents in the united kingdom	-	81,500	81,500	73,973
Miscellaneous income	-	29,214	29,214	70,208
Total	<u>£ -</u>	<u>£ 686,203</u>	<u>£ 686,203</u>	<u>£ 144,181</u>

4. INVESTMENT INCOME

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	Total Funds 2000
Bank interest in the United Kingdom	<u>£ -</u>	<u>£ 207,124</u>	<u>£ 207,124</u>	<u>£ 185,276</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

5. GRANTS PAYABLE - INDIVIDUAL

	Number	Total 2001	Number	Total 2000
Grants payable to individuals	73	£ 114,221	67	£ 75,820

6. GRANTS PAYABLE - INSTITUTIONAL

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	Total Funds 2000
Grants to associated charities	£ 431,997	£ 776,259	£ 1,208,256	£ 1,027,211

7. DETAILS OF GRANTS PAYABLE - INSTITUTIONAL

	2001	2000
The amount payable in the year comprises:		
GRANTS TO ASSOCIATED CHARITIES		
Local congregations	51,903	48,200
General Conference of Seventh-day Adventists - tithe-sharing grants	129,399	115,719
General Conference of Seventh-day Adventists for world mission outreach	54,611	52,153
Subsidiary entities for operating expenses	437,000	309,000
Pension fund contribution towards past deficit	347,457	279,528
Regional conferences for operating expenses	177,643	177,795
Other grants	10,243	44,816

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

8. CHARITABLE EXPENDITURE BY FUNCTIONS

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2001	Depreciation 2001	Other Costs 2001	Total 2001	<i>Total 2000</i>
Evangelism	208,934	23,761	164,845	397,540	400,343
Nurture	254,050	20,377	235,710	510,137	418,738
Stewardship	168,266	9,231	85,543	263,040	241,442
Subtotal charitable functions	631,250	53,369	486,098	1,170,717	<i>1,060,523</i>
Support costs	195,329	19,492	413,692	628,513	<i>433,963</i>
Management and administration	134,326	10,081	84,089	228,496	<i>227,551</i>
Total	£ 960,905	£ 82,942	£ 983,879	£ 2,027,726	<i>£ 1,722,037</i>

9. SUPPORT COSTS

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	<i>Total Funds 2000</i>
Staff costs	-	195,329	195,329	147,361
Depreciation	-	19,492	19,492	16,799
Other expenditure	-	413,692	413,692	269,803
Total	£ -	£ 628,513	£ 628,513	<i>£ 433,963</i>

10. MANAGEMENT AND ADMINISTRATION

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	<i>Total Funds 2000</i>
Staff costs	-	134,326	134,326	102,755
Depreciation	-	10,081	10,081	4,497
Other expenditure	-	84,089	84,089	120,299
Total	£ -	£ 228,496	£ 228,496	<i>£ 227,551</i>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

11. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff Costs 2001	Depreciation 2001	Other Costs 2001	Total 2001	Total 2000
CHARITABLE EXPENDITURE:					
Grants payable - individual	-	-	114,221	114,221	75,820
Grants payable - institutional	-	-	1,208,256	1,208,256	1,027,211
Evangelism	208,934	23,761	164,845	397,540	400,343
Nurture	254,050	20,377	235,710	510,137	418,738
Stewardship	168,266	9,231	85,543	263,040	241,442
Support costs	195,329	19,492	413,692	628,513	433,963
Management and administration	134,326	10,081	84,089	228,496	227,551
Subtotal charitable expenditure	<u>960,905</u>	<u>82,942</u>	<u>2,306,356</u>	<u>3,350,203</u>	<u>2,825,068</u>
Total resources expended	<u>£ 960,905</u>	<u>£ 82,942</u>	<u>£ 2,306,356</u>	<u>£ 3,350,203</u>	<u>£ 2,825,068</u>

12. NET INCOMING RESOURCES

This is stated after charging:

	2001	2000
Depreciation of tangible fixed assets:		
- owned by the charity	82,941	76,479
Auditors' remuneration	3,231	3,399
Internal audit costs	7,787	13,336
Legal fees	5,309	5,234
	<u> </u>	<u> </u>

Trustees received remuneration amounting to £238,303 in the current year (2000 - £210,504).

Trustees received reimbursement of expenses amounting to £4511 in the current year (2000 - £5449).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

13. STAFF COSTS AND NUMBERS

Staff costs, including trustees, were as follows:

	2001	<i>2000</i>
Wages and salaries	751,206	<i>640,491</i>
Social security costs	96,577	<i>84,037</i>
Other pension costs	113,123	<i>51,266</i>
	960,906	<i>775,794</i>
	960,906	<i>775,794</i>

The average monthly number of employees during the year was as follows:

	2001	<i>2000</i>
	No.	<i>No.</i>
Charitable activities	30	<i>27</i>
Supporting activities	19	<i>19</i>
Management and administration	8	<i>8</i>
	57	<i>54</i>
	57	<i>54</i>

No employee received remuneration amounting to more than £50,000 in either year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

14. TANGIBLE FIXED ASSETS

	Land and buildings	Furniture, fittings and equipment	Total
Cost			
At 1 January 2001	2,890,423	394,434	3,284,857
Additions	33,796	29,279	63,075
Disposals	(4,020)	(58,711)	(62,731)
At 31 December 2001	<u>2,920,199</u>	<u>365,002</u>	<u>3,285,201</u>
Depreciation			
At 1 January 2001	748,593	275,527	1,024,120
Charge for the year	46,904	36,037	82,941
On disposals	(3,929)	(55,492)	(59,421)
At 31 December 2001	<u>791,568</u>	<u>256,072</u>	<u>1,047,640</u>
Net book value			
At 31 December 2001	<u>2,128,631</u>	<u>108,930</u>	<u>2,237,561</u>
<i>At 31 December 2000</i>	<u>2,141,830</u>	<u>118,907</u>	<u>2,260,737</u>

The market value of land and buildings at 31st December 2001 (based on insured values) was £9,729,280.

In addition to the recognised land and buildings, the charity has an interest in land occupied by the related charity, Newbold College Ltd, a college of theological training and tertiary education. The college occupies the land and buildings free of any payment to the charity, and the historic cost is recognised and depreciated in the accounting records of the college. The market value of this land and buildings at 31st December 2001 was £9,735,000.

15. STOCKS

	2001	2000
Raw materials	<u>48,170</u>	<u>34,172</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

16. DEBTORS

	2001	2000
Due after more than one year		
Amounts owed by group undertakings	150,000	302,791
Other debtors	2,543	2,327
Due within one year		
Amounts owed by group undertakings	39,069	42,287
Amounts owed by associated charities	579,295	592,855
Other debtors	45,949	59,743
Prepayments and accrued income	155,131	91,879
	<u>971,987</u>	<u>1,091,882</u>

17. CREDITORS:

Amounts falling due within one year

	2001	2000
Net obligations under finance leases and hire purchase contracts	6,881	6,866
Amounts owed to group undertakings	81,743	28,147
Amounts owed to associated charities	71,814	189,452
Amounts owed to local congregations	222,074	171,165
Social security and other taxes	26,956	2,536
Other creditors	19,242	42,926
Accruals and deferred income	53,132	20,906
	<u>481,842</u>	<u>461,998</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

18. STATEMENT OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Carried Forward
DESIGNATED FUNDS					
Invested in property fund	2,277,101	-	110,475	64,056	2,230,682
Tithe fund	671,524	2,423,742	2,515,539	(50,147)	529,580
Conferences	139,807	55	-	(96,938)	42,924
Church buildings	92,899	603,544	4,546	-	691,897
Revolving investments	250,000	-	-	-	250,000
Other designated funds	87,858	446	54,549	(3,488)	30,267
Subtotal	<u>£ 3,519,189</u>	<u>£ 3,027,787</u>	<u>£ 2,685,109</u>	<u>£ (86,517)</u>	<u>£ 3,775,350</u>
GENERAL FUNDS					
General funds	<u>£ 1,536,278</u>	<u>£ 340,841</u>	<u>£ 175,481</u>	<u>£ (25,943)</u>	<u>£ 1,675,695</u>
Total unrestricted funds	<u>£ 5,055,467</u>	<u>£ 3,368,628</u>	<u>£ 2,860,590</u>	<u>£ (112,460)</u>	<u>£ 5,451,045</u>
RESTRICTED FUNDS					
Outreach in Britain	294,395	243,834	56,416	(18,005)	463,808
Outreach abroad	-	89,539	89,539	-	-
Retirement fund	1,687,829	952,442	342,458	165,465	2,463,278
Church buildings	80,574	7,772	1,200	-	87,146
Retirement home in Wales	219,751	9,577	-	(35,000)	194,328
Subtotal	<u>£ 2,282,549</u>	<u>£ 1,303,164</u>	<u>£ 489,613</u>	<u>£ 112,460</u>	<u>£ 3,208,560</u>
Total of Funds	<u><u>£ 7,338,016</u></u>	<u><u>£ 4,671,792</u></u>	<u><u>£ 3,350,203</u></u>	<u><u>£ -</u></u>	<u><u>£ 8,659,605</u></u>

Tithe funds are derived from members of the church returning one tenth of their income for the work of the Lord. The general policy of the Seventh-day Adventist Church is to use these funds solely for the propagation of the Gospel and the spiritual nurture of members of the church and others. Although these funds are not available by this policy for other uses, such as investment in buildings or in general education, they are the main source of funds, and the purposes for which they are used are the main purposes of the Charity. They are therefore accounted as designated, rather than restricted, funds.

Property funds are funds already invested in buildings and other fixed assets used for the Charity's purposes. They are therefore not available for general use, and are accounted as designated funds.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

SUMMARY OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Carried Forward
Designated Funds	3,519,189	3,027,787	2,685,109	(86,517)	3,775,350
General Funds	1,536,278	340,841	175,481	(25,943)	1,675,695
Subtotal	<u>5,055,467</u>	<u>3,368,628</u>	<u>2,860,590</u>	<u>(112,460)</u>	<u>5,451,045</u>
Restricted Funds	<u>2,282,549</u>	<u>1,303,164</u>	<u>489,613</u>	<u>112,460</u>	<u>3,208,560</u>
Total of Funds	<u>£ 7,338,016</u>	<u>£ 4,671,792</u>	<u>£ 3,350,203</u>	<u>£ -</u>	<u>£ 8,659,605</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2001	Unrestricted Funds 2001	Total Funds 2001	Total Funds 2000
Tangible fixed assets	-	2,237,562	2,237,562	2,260,738
Debtors due after more than 1 year	-	152,543	152,543	305,118
Current assets	3,208,560	3,542,782	6,751,342	5,239,093
Creditors due within one year	-	(481,842)	(481,842)	(461,998)
Creditors due in more than one year	-	-	-	(4,935)
Total	<u>£ 3,208,560</u>	<u>£ 5,451,045</u>	<u>£ 8,659,605</u>	<u>£ 7,338,016</u>

20. PENSION COMMITMENTS

The charity operates a defined benefit pension scheme.

The amounts in the financial statements for the year ending 31 December 2001, relating to pensions, are based on a full actuarial valuation dated 6 April 1998.

The contribution made for the year ended 31 December 2001 was 113,123 (being 10.5% of basic salaries). The suggested contribution rate for the participating employers in the scheme in future years is a special contribution of £2,700,000, plus 12.5% of basic salaries from April 2002. Thereafter, the suggested contribution rate is £900,000 per annum plus 12.5% of basic salaries.

The main financial assumptions used in the actuarial valuation were as follows:

	2001
	%
Inflation	4.0
Rate of increase in salaries	6.0
Rate of increase for pensions	3.5

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001**

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 2001 %	Value at 2001
Gilts	9.0	7,068,000
Total market value of assets		7,068,000
Present value of scheme liabilities		(21,460,000)
Deficit in the scheme		(14,392,000)
Related deferred tax liability		-
Net pension deficit		(14,392,000)

This deficit relates to the charity, its subsidiaries and associated independent charities. It is estimated that the deficit relating to the charity and its subsidiaries is £3.238.000.

21. PRINCIPAL SUBSIDIARIES NOT CONSOLIDATED IN THESE FINANCIAL STATEMENTS

Name	Description
Seventh-day Adventist Association Ltd	Trustee company holding title to properties of the Charity and its associated charities
The Stanborough Press Ltd	Production and distribution of Christian literature
Good Health Association (Scotland) Ltd	Health education and care for the elderly
Stanborough School	Christian education
Adventist Development and Relief Agency (UK)	Humanitarian aid

22. RELATED CHARITIES

The charity is affiliated to the General Conference of Seventh-day Adventists, whose local branch office is at 119 St Peters Street, St Albans, AL1 3EY (secretary: H Wollan).

Local area Conferences affiliated to the charity are the South England Conference of Seventh-day Adventists, 25 St John's Road, Watford, WD1 1PY (secretary: H Walters), and the North England Conference of Seventh-day Adventists, 22 Zulla Road, Nottingham, NG3 5DB (secretary: P Lockham).

The charity has income sharing agreements with each of these associated charities.