
BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2003

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

CONTENTS

	Page
Legal and administrative information	1 - 2
Trustees' report	3 - 7
Auditors' report	8
Statement of financial activities	9
Balance sheet	10
Cash flow statement	11
Notes forming part of the financial statements	13 - 27

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

LEGAL AND ADMINISTRATIVE INFORMATION For the period ended 31 December 2003

Trustees

Pastor C R Perry, Chairperson

Pastor E C Lowe, Executive secretary

Mr V Pilmoor, Treasurer

Mrs A Balderstone

Mr M Bayliss

Mr O Baxter

Pastor G M Bell

Pastor D G Boldeau

Pastor D Cox

Mr K A Davidson

Pastor L R Edwards

Pastor E R Francis

Mrs C Golding

Mr P Hammond

Mr A King

Dr D N Marshall

Pastor D Masih

Pastor D W McFarlane

Pastor C G Murphy

Mrs T Njoku

Mr A Officer

Dr D Penner

Pastor B P Phillips

Mr E L Reid, died 1 October 2003

Mr S Rivers

Pastor E Sackey

Mrs I Sharpe

Pastor I Sleeman

Pastor I Sweeney

Mr N Todd

Mrs E Wilson

Charity Registered Number

1044071

Principal Office

Stanborough Park, Garston, Watford, Herts, WD25 9JZ

Auditors

Colledge Redfern, 2 Nascot Street, Watford, Herts, WD17 4RB

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

LEGAL AND ADMINISTRATIVE INFORMATION For the period ended 31 December 2003

Advisers (continued)

Bankers

HSBC Bank plc, 73 High Street, Watford, Herts, WD1 2DS

Solicitors

Penman Johnson, 5 George Street, Watford, Herts, WD18 0SQ

Pension Scheme Advisors: Solicitors

Sacker & Partners, 29 Ludgate Hill, London, EC4M 7JQ

Pension Scheme Advisors: Actuarial & Administratives

Mercer Human Resource Consulting Ltd, 5 Bedford Park, Croydon, Surrey, CR9 2ZT

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT For the year ended 31 December 2003

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 2003. 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.

The trustees also confirm that, where these do not conflict with statutory requirements, the financial statements are prepared in harmony with the accounting principles and practice of the General Conference of Seventh-day Adventists, as provided for in the Charity's constitution.

The attached financial statements are those of the charity alone. The consolidated financial statements of the charity and its subsidiary enterprises are published as a separate document.

Method of appointment or election of Trustees

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the written constitution.

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, and 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.

Trustees serving during the year are shown on the Legal and Administrative page.

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.

Constitution policies and objectives

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").

The principal object of the charity is to provide support to local congregations and local conferences of congregations of Seventh-day Adventists within the British Isles.

There have been no changes in the objectives since the last annual report.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (continued) For the year ended 31 December 2003

Organisational structure and decision making

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.

Related party relationships

The following subsidiary organisations have been charged with certain aspects of the charity's operations:

- § Adventist Development and Relief Agency (U.K.) (Humanitarian Relief and Development Aid)
- § 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 (Publishers)
- § Stanborough School (Primary, Secondary and Boarding School)

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (continued) For the year ended 31 December 2003

Review of activities and future developments

During 2003 the church experienced a net growth in church membership of 1,265 taking its total membership figure at 31 December 2003 to 23,129. This represented a 5.79% growth rate for the year and was the highest net annual growth rate ever recorded.

Some of this increase was due to increased numbers joining the church through baptism or profession of faith, but an additional factor was the increasing number of Seventh-day Adventists coming to live in the UK and the Republic of Ireland from overseas who following their move transferred their membership from their home church to their new congregation. While the church had enjoyed a net transfer growth since 1998 in 2003 the number of those transferring into the UK and Ireland outstripped those transferring out by 473.

This has presented the church with the challenging opportunity of helping local churches to extend a warm and meaningful fellowship to these new members coming from many diverse cultural backgrounds.

In harmony with its strategic plan the British Union Conference continued to promote, develop and implement the LIFEdevelopment.info initiative and resource materials. This strategy is designed to help the church to communicate the Christian gospel effectively in the largely post-modern and post-Christian society in which it finds itself. A further five editions of the LIFE.info magazine which was launched in autumn 2002 came out during 2003 as a resource to help church members connect with their secular neighbours, friends and work colleagues. Discussions were undertaken with church leaders at the church's world headquarters to seek to secure the use of the Hotbird satellite for the transmission of the 'Evidence' series of programmes that were scheduled to be broadcast by satellite in March 2004. These negotiations were successfully concluded by December 2003 whereby church members (with the appropriate equipment) were able to commence receiving the church's two 24/7 satellite broadcast programmes in their own homes from 1 January 2004.

The Ministerial Department hosted a Spiritual Retreat for all church based employees in the United Kingdom and the Republic of Ireland at the beginning of the year. Presentations included a varied series of workshops and plenary sessions related to the implementation of the above strategic plan.

The development and application of the Biblical teaching of every-member-ministry in the local church was the focus of the Personal Ministries Department. Training and equipping was made available in the following areas: the development of holistic small groups as the basis for local church witness and service; the use of Natural Church Development materials as an effective way of improving and maintaining the spiritual health of local congregations; church planting models.

The Charity co-operated with ADRA-UK in the latter's annual house-to-house appeal in aid of humanitarian disaster relief and development projects which raised £522,328.

Through its operation of the Adventist Discovery Centre the charity made available to church members and the general public a variety of free home correspondence courses covering a range of biblical, health and lifestyle topics.

During the year the Education Director continued to provide strategic development, support and monitoring to the heads and governing bodies of the primary and secondary schools operated by the charity and its related organisations in the UK and Republic of Ireland. This included assistance in the preparation for Ofsted Inspections, secondary curriculum development and INSET training.

In the area of Health Ministries nineteen church venues were used to present a variety of health lectures through 2003. Three Stress Reduction programmes and three Health Risk Reduction programmes were conducted for the general public in different locations in response to local requests by the Health Ministries Director. The latter participated in a number of seminars for the NCPA, the Royal Society of Medicine, the Westminster Diet Forum, the ICPA in Northern Ireland and the UKA at the House of Commons.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (continued) For the year ended 31 December 2003

Review of activities and future developments (continued)

The Women's Ministries department provided ongoing support to regional sponsors through its council meetings and envisioning day. A new Leadership Training Certificate course was launched at its annual joint training weekend. Video, DVD and hard copy of the weekend's materials were made available and have been taken up and used by the local churches. Two issues of the Adventist Woman magazine were produced during the year as a resource to the local church and preparations were undertaken to start a mentoring programme in 2004. Twenty five individuals completed Certificate One of the Sabbath School Training course for those involved with Children Ministries.

Youth Ministries department through national youth advisory meetings facilitated co-ordination of the church's youth resources and programme. It continued to promote and administer the AVS (Adventist Volunteer Services) facility within the churches and institutions in the UK and Ireland. AVS is a structure of the world church that enables volunteers to work for one or two years in a variety of posts whether at home or overseas.

The Communication Department resourced local churches via the maintenance of the Church's websites, the weekly electronic newsletter, the Video News Release and training workshops in a number of venues. It was also instrumental in the establishment of a European platform for the Seventh-day Adventist Church's satellite television channel, and the maintenance of the office IT structure.

The trustees have reviewed the major risks to which its activities were exposed and are satisfied that the control mechanisms in place are adequate.

Finance report

The British Union Conference continued to be supported by its constituent charities, the South and North England Conferences, the churches in Ireland, Scotland and Wales. We are also in a mutual supportive relationship with the General Conference of Seventh-day Adventists through the Trans-European Division.

Tithe - the major source of our income grew by 7.2% overall during 2003, although the share represented in the combined accounts is 9% due to favourable contributions in Wales and Scotland. The total tithe accruing to the Charity and its associated local conferences was in the region of £12 million. This reflects increased stewardship by our members, and the increase in membership attendance. The church continues to benefit from new members arriving from various parts of Africa and Europe reflecting national migration trends.

Gift Aid continues to be a valued and successful resource for our Conference, Mission and local Church operations.

Further progress was made in dealing with the challenges of our pension fund. Whilst the funds accessible to the Trustees shows a deficit, the asset profile and particularly unencumbered property portfolio of the British Union and its associated charities is more than sufficient to guarantee the ultimate requirements of our pension commitments.

The operation of our church is people intensive. Most of our employees are Ministers of Religion who further the work of the church through proclamation, education, nurture and community building activities. They also operate as co-ordinators for the voluntary activities of our members within the church and the community at large. The British Union in particular serves as a leadership, people resource and support platform. Management and Administration is thus in the nature of what we do, although the costs of technical administration is kept to a minimum.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

Reserves policy

The trustees evaluated the charity's risk exposure. We consider that a combined general reserve of £2million is appropriate. We have particular commercial challenges with our operations in the Nursing and Health sector and anticipate large maintenance requirements at our School in Watford. We consider that a general reserve of £1.725 million would still be appropriate.

Operations of subsidiary organisations

Stanborough School represents a major property investment on our home estate. The secondary school building is 10 years old and is suffering from its first natural replacement of fittings cycle which is likely to require significant resources. The primary school was built with a life expectancy of 30 years, and now operates by grace. Replacement of the roof, window, doors and drains are imminent contingencies.

The Stanborough Press has instituted operational efficiencies and is competing strongly in the African market where the church is expanding significantly. It continues to produce new books that are being well received. The major risks are the vagaries of currency exchanges and the low margins that can be expected in the markets it serves.

The Good Health Association (Scotland) has made a decision to discontinue Nursing Care in Scotland. Expansion of the Health Improvement program will take time and investment.

The House to House collection in the name of ADRA-UK was particularly successful. Funds were transferred to the projects named within 3 months and reports on the success of these development programs are now available.

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 1 July 2004 and signed on its behalf, by:

Eric C Lowe, Executive Secretary

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF 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 2003 which comprise the Statement of Financial Activities, Balance Sheet and Cash Flow Statement, 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2003 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

Date: 8 July 2004

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2003

	Note	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	Total Funds 2002
INCOMING RESOURCES					
Significant donations and grants	2	1,445,332	2,596,346	4,041,678	3,703,098
Other Donations, legacies and similar incoming resources	2	82,472	339,321	421,793	685,464
Activities in furtherance of the charity's objects	3	25,138	132,583	157,721	153,515
Investment income	4	4,809	117,323	122,132	177,390
TOTAL INCOMING RESOURCES		1,557,751	3,185,573	4,743,324	4,719,467
RESOURCES EXPENDED					
<i>CHARITABLE EXPENDITURE:</i>					
Grants payable - individual	5	-	49,787	49,787	64,992
Grants payable - institutional	6	1,251,799	713,231	1,965,030	4,506,067
Costs of activities in furtherance of the charity's objects	7	398,036	1,144,565	1,542,601	1,329,431
Support costs for grants and activities	8	-	338,573	338,573	274,543
Resources expended on managing and administering the charity	9	-	629,127	629,127	596,443
TOTAL RESOURCES EXPENDED		1,649,835	2,875,283	4,525,118	6,771,476
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		(92,084)	310,290	218,206	(2,052,009)
Transfers between Funds	19	251,829	(251,829)	-	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		159,745	58,461	218,206	(2,052,009)
Gains and losses on revaluations of investment assets	13	-	-	-	81,803
NET MOVEMENT IN FUNDS FOR THE YEAR		159,745	58,461	218,206	(1,970,206)
TOTAL FUNDS AT 1 JANUARY 2003		785,194	5,904,205	6,689,399	8,659,605
TOTAL FUNDS AT 31 DECEMBER 2003		944,939	5,962,666	6,907,605	6,689,399

All activities relate to continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

BALANCE SHEET As at 31 December 2003

	Note	2003	2002
FIXED ASSETS			
Tangible fixed assets	12	2,160,243	2,221,808
Investments	13	1,066	1,066
Investment properties	14	140,000	140,000
		2,301,309	2,362,874
CURRENT ASSETS			
Stocks	15	32,255	35,793
Debtors	16	1,035,741	905,055
Cash at bank and in hand		4,171,268	4,198,041
		5,239,264	5,138,889
CREDITORS: amounts falling due within one year	17	(592,968)	(812,364)
NET CURRENT ASSETS		4,646,296	4,326,525
TOTAL ASSETS LESS CURRENT LIABILITIES		6,947,605	6,689,399
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	18	(40,000)	-
NET ASSETS	20	£ 6,907,605	£ 6,689,399
CHARITY FUNDS			
Restricted Funds	19	944,939	785,194
Unrestricted - Designated Funds	19	3,672,820	3,803,098
Unrestricted - General Funds	19	2,289,846	2,101,107
TOTAL FUNDS		£ 6,907,605	£ 6,689,399

The financial statements were approved by the trustees on 1 July 2004 and signed on their behalf, by:

V Pilmoor

The notes on pages 13 to 27 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

CASH FLOW STATEMENT For the year ended 31 December 2003

	Note	2003	2002
Net cash flow from operating activities	21	(168,631)	(1,608,635)
Returns on investments and servicing of finance	22	122,132	177,390
Capital expenditure and financial investment	22	21,282	(249,118)
		(25,217)	(1,680,363)
CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			
Management of liquid resources	22	(4,404)	1,710,631
Financing	22	(1,556)	(5,325)
		£ (31,177)	£ 24,943
(DECREASE)/INCREASE IN CASH IN THE YEAR		£ (31,177)	£ 24,943

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT For the year ended 31 December 2003

(Decrease)/Increase in cash for the year	(31,177)	24,943
Cash outflow/(inflow) from decrease/(increase) in liquid resources	4,404	(1,710,631)
Cash decrease/(increase) from decrease in debt and lease financing	1,556	5,325
		(25,217)
MOVEMENT IN NET FUNDS/DEBT IN THE PERIOD		(1,680,363)
Net funds at 1 January 2003	4,196,485	5,876,848
		£ 4,171,268
NET FUNDS AT 31 DECEMBER 2003	£ 4,171,268	£ 4,196,485

The notes on pages 13 to 27 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE For the year ended 31 December 2003

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	<i>Total Funds 2002</i>
Net movement in funds for the year	159,745	58,461	218,206	<i>(1,970,206)</i>
Resources used for net acquisitions of tangible fixed assets	-	-	(61,565)	-
<i>Net movement in funds available for future activities</i>	159,745	58,461	156,641	<i>(1,970,206)</i>

The notes on pages 13 to 27 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

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.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

1.5 Investments

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Share in subsidiaries are valued at cost less provision for permanent impairment.

1.6 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% to 4%	straight line
Fixtures & Fittings	-	5% to 20%	straight line

1.7 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.

1.8 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.

1.9 Pensions

The charity operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 5 April 2001.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

2. DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	<i>Total Funds 2002</i>
Tithe donations from members of local congregations affiliated with the Charity's branches	-	816,380	816,380	715,161
Tithe-sharing grants from affiliated charities	-	1,774,044	1,774,044	1,661,148
Grants from General Conference of Seventh-day Adventists	323,670	5,922	329,592	324,521
Donations for world-wide evangelism from members of local congregations affiliated with the Charity's branches	-	-	-	51,347
Grants from affiliated charities towards pension scheme deficit	1,121,662	-	1,121,662	950,921
Subtotal detailed disclosure	1,445,332	2,596,346	4,041,678	3,703,098
Other donations	49,366	50,871	100,237	289,976
Legacies	12,733	4,000	16,733	103,241
Other grants	20,373	186,505	206,878	192,199
Government grants	-	97,945	97,945	100,048
Subtotal	82,472	339,321	421,793	685,464
Donations, legacies and similar incoming resources	1,527,804	2,935,667	4,463,471	4,388,562

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

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	<i>Total Funds 2002</i>
Conventions income	25,138	10,058	35,196	44,310
Sale of literature	-	9,918	9,918	5,045
Property rents in the United Kingdom	-	98,719	98,719	91,058
Miscellaneous income	-	13,888	13,888	13,102
Total	25,138	132,583	157,721	153,515

4. INVESTMENT INCOME

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	<i>Total Funds 2002</i>
Bank interest in the United Kingdom	4,809	117,323	122,132	177,390

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

5. GRANTS PAYABLE - INDIVIDUAL

	Number	Total 2003	Number	Total 2002
Grants payable to individuals	<u> </u>	<u>49,787</u>	<u>43</u>	<u>64,992</u>

6. GRANTS PAYABLE - INSTITUTIONAL

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	Total Funds 2002
Local congregations affiliated to the Charity's branches	-	70,141	70,141	81,765
Contributions to the Charity's group pension scheme for past deficits	1,251,799	-	1,251,799	3,718,147
Subsidiary entities for operating expenses	-	291,000	291,000	267,000
Regional conferences for operating expenses	-	162,000	162,000	159,000
General Conference of Seventh-day Adventists - tithe-sharing grants	-	159,861	159,861	146,732
General Conference of Seventh-day Adventists - world mission evangelism	-	-	-	51,348
Grants to related educational institutions	-	-	-	68,832
Other grants	-	30,229	30,229	13,243
Total	<u>1,251,799</u>	<u>713,231</u>	<u>1,965,030</u>	<u>4,506,067</u>

7. CHARITABLE EXPENDITURE BY FUNCTIONS

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2003	Depreciation 2003	Other Costs 2003	Total 2003	Total 2002
Church ministries	297,446	-	213,798	511,244	342,632
Church communications	264,396	-	431,695	696,091	456,996
Education and school support	132,198	-	35,637	167,835	373,387
Welfare and community service	132,198	-	35,233	167,431	156,416
Subtotal charitable functions	<u>826,238</u>	<u>-</u>	<u>716,363</u>	<u>1,542,601</u>	<u>1,329,431</u>
Support costs for grants and activities	-	68,991	269,582	338,573	274,543
Resources expended on managing and administering the charity	495,743	-	133,384	629,127	596,443
Total	<u>1,321,981</u>	<u>68,991</u>	<u>1,119,329</u>	<u>2,510,301</u>	<u>2,200,417</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

8. SUPPORT COSTS FOR GRANTS AND ACTIVITIES

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	<i>Total Funds 2002</i>
Depreciation	-	68,991	68,991	83,818
Office costs	-	190,312	190,312	168,636
Estate maintenance	-	39,270	39,270	22,089
Provision for legal claims	-	40,000	40,000	-
Total	-	338,573	338,573	274,543

9. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	<i>Total Funds 2002</i>
Staff costs	-	495,743	495,743	416,641
Other personnel expenses	-	107,362	107,362	130,288
Professional fees	-	18,827	18,827	19,503
Trustees' expenses	-	5,084	5,084	5,874
Loss on currency exchange	-	2,111	2,111	-
Subtotal	-	629,127	629,127	572,306
Other resources expended on managing and administering the charity	-	-	-	24,137
Total	-	629,127	629,127	596,443

10. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2003	2002
Depreciation of tangible fixed assets:		
- owned by the charity	69,028	83,817
Auditors' remuneration	2,000	3,331
Internal audit costs	8,785	11,095
	80,813	98,243

During the year, nine Trustees received remuneration totalling £350,378 (2002 - £283,381).

During the year, no Trustees received any benefits in kind (2002 - NIL).

Trustees received reimbursement of expenses amounting to £5,084 in the current year (2002 - £5,074).

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

11. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2003	2002
Wages and salaries	1,134,373	1,009,017
Social security costs	110,529	95,197
Other pension costs	77,078	64,418
	<u>£ 1,321,980</u>	<u>£ 1,168,632</u>

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

	2003 No.	2002 No.
Charitable activities	29	31
Supporting activities	15	18
Management and administration	6	6
	<u>50</u>	<u>55</u>

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

12. TANGIBLE FIXED ASSETS

	Freehold property	Furniture, fittings and equipment	Total
Cost			
At 1 January 2003	2,938,911	289,870	3,228,781
Additions	-	32,531	32,531
Disposals	(23,731)	(38,438)	(62,169)
	<u>2,915,180</u>	<u>283,963</u>	<u>3,199,143</u>
Depreciation			
At 1 January 2003	826,058	180,915	1,006,973
Charge for the year	38,826	30,202	69,028
On disposals	(316)	(36,785)	(37,101)
	<u>864,568</u>	<u>174,332</u>	<u>1,038,900</u>
Net book value			
At 31 December 2003	<u>£ 2,050,612</u>	<u>£ 109,631</u>	<u>£ 2,160,243</u>
<i>At 31 December 2002</i>	<u>£ 2,112,853</u>	<u>£ 108,955</u>	<u>£ 2,221,808</u>

The market value of the land and buildings at 31 December 2003, based on their insured value is £8,705,000.

In addition to the above freehold property, the charity has an interest in land owned by a subsidiary charity and occupied rent-free by an associated charity. The benefit of any sale proceeds of such land accrues to the charity.

13. FIXED ASSET INVESTMENTS

	Share in group under- takings	Total
Market value		
At 1 January 2003 and 31 December 2003	£ 1,066	£ 1,066
	<u>1,066</u>	<u>1,066</u>
Investments at market value comprise:		
	2003	2002
Group	£ 1,066	£ 1,066
	<u>1,066</u>	<u>1,066</u>

All the fixed asset investments are held in the UK

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

13. FIXED ASSET INVESTMENTS (continued)

Valuation

The shares in the subsidiary company have been valued at the original cost of the investment.

14. INVESTMENT PROPERTIES

	Freehold property	Total
Cost and valuation		
At 1 January 2003 and 31 December 2003	<u>140,000</u>	<u>140,000</u>
Comprising:		
Cost	58,197	58,197
Annual valuation surplus/(deficit):		
2002	81,803	81,803
2003	-	-
	<u>140,000</u>	<u>140,000</u>

The investment property is held for rent until such time as planning permission can be obtained to realise its development potential. It has been valued by a trustee of the charity on the basis of a multiple of the rentals received.

15. STOCKS

	2003	2002
Raw materials	£ <u>32,255</u>	£ <u>35,793</u>

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

16. DEBTORS

	2003	2002
Due after more than one year		
Amounts owed by group undertakings	93,750	108,750
Amounts owed by associated charities	188,385	206,433
Other debtors	972	-
Due within one year		
Amounts owed by group undertakings	18,817	31,962
Amounts owed by associated charities	621,807	425,778
Other debtors	18,610	55,580
Prepayments and accrued income	72,599	47,007
Grants and legacies receivable	20,801	29,545
	£ 1,035,741	£ 905,055
	£ 1,035,741	£ 905,055

17. CREDITORS:

Amounts falling due within one year

	2003	2002
Bank loans and overdrafts	-	530
Net obligations under finance leases and hire purchase contracts	-	1,026
Amounts owed to group undertakings	86,948	187,551
Amounts owed to associated charities	102,734	260,788
Amounts owed local congregations	318,554	291,304
Other creditors	35,111	16,846
Accruals and deferred income	49,621	54,319
	£ 592,968	£ 812,364
	£ 592,968	£ 812,364

18. PROVISIONS

	Provision for settlement of court cases	Total
Additions	40,000	40,000
At 31 December 2003	£ 40,000	£ 40,000
	£ 40,000	£ 40,000

Provision for settlement of court cases

Outstanding claims on the charity for personal injury and other cases are still unresolved. This provision represents the trustees' best estimate of the probable cost to the charity of these cases.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

19. STATEMENT OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Carried Forward
DESIGNATED FUNDS					
Invested in property fund	2,278,448	-	71,874	11,862	2,218,436
Church buildings	792,749	18,181	4,800	17,750	823,880
Revolving investments	385,000	-	-	-	385,000
Conferences	210,000	-	-	5,084	215,084
Other designated funds	54,748	4,664	2,111	(26,881)	30,420
Subtotal	<u>3,720,945</u>	<u>22,845</u>	<u>78,785</u>	<u>7,815</u>	<u>3,672,820</u>
GENERAL FUNDS					
General funds	1,482,822	573,481	290,565	114,767	1,880,505
Tithe funds	700,438	2,589,247	2,505,933	(374,411)	409,341
Subtotal	<u>2,183,260</u>	<u>3,162,728</u>	<u>2,796,498</u>	<u>(259,644)</u>	<u>2,289,846</u>
Total unrestricted funds	<u>5,904,205</u>	<u>3,185,573</u>	<u>2,875,283</u>	<u>(251,829)</u>	<u>5,962,666</u>
RESTRICTED FUNDS					
Communication in Britain	459,323	353,149	343,519	39,358	508,311
Retirement funds	(60,914)	1,121,663	1,251,799	180,611	(10,439)
Church ministries in Britain	105,436	78,130	54,517	31,860	160,909
Retirement home in Wales	199,546	4,809	-	-	204,355
Assets revaluation fund	81,803	-	-	-	81,803
Subtotal	<u>785,194</u>	<u>1,557,751</u>	<u>1,649,835</u>	<u>251,829</u>	<u>944,939</u>
Total of Funds	<u>6,689,399</u>	<u>4,743,324</u>	<u>4,525,118</u>	<u>-</u>	<u>6,907,605</u>
SUMMARY OF FUNDS					
	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Carried Forward
Designated Funds	3,720,945	22,845	78,785	7,815	3,672,820
General Funds	2,183,260	3,162,728	2,796,498	(259,644)	2,289,846
Subtotal	<u>5,904,205</u>	<u>3,185,573</u>	<u>2,875,283</u>	<u>(251,829)</u>	<u>5,962,666</u>
Restricted Funds	<u>785,194</u>	<u>1,557,751</u>	<u>1,649,835</u>	<u>251,829</u>	<u>944,939</u>
Total of Funds	<u>6,689,399</u>	<u>4,743,324</u>	<u>4,525,118</u>	<u>-</u>	<u>6,907,605</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2003	Unrestricted Funds 2003	Total Funds 2003	Total Funds 2002
Fixed assets	-	2,160,243	2,160,243	2,221,807
Fixed asset investments	-	1,066	1,066	1,066
Investment properties	81,803	58,197	140,000	140,000
Debtors due after more than one year	-	283,107	283,107	315,183
Current assets	863,136	4,093,021	4,956,157	4,823,706
Creditors due within one year	-	(592,968)	(592,968)	(812,363)
Provisions	-	(40,000)	(40,000)	-
Total	944,939	5,962,666	6,907,605	6,689,399

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003	2002
Net incoming resources before revaluations	218,206	(2,052,009)
Returns on investments and servicing of finance	(122,132)	(177,390)
Depreciation of tangible fixed assets	69,028	83,817
Deficit/(surplus) on disposal of tangible fixed assets	2,568	(36,264)
Decrease in stocks	3,538	12,377
Decrease in debtors	19,150	71,491
Decrease in amounts owed by group undertakings	13,145	48,357
Increase in amounts owed by associated charities	(194,294)	106,207
Increase/(decrease) in creditors	13,567	(28,167)
Increase in amounts due to local congregations	27,250	69,230
(Decrease)/increase in amounts owed to group undertakings	(100,603)	104,742
(Decrease)/increase in amounts owed to associated charities	(158,054)	188,974
Increase in provisions	40,000	-
NET CASH OUTFLOW FROM OPERATIONS	£ (168,631)	£ (1,608,635)

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003	2002
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 122,132	£ 177,390

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

	2003	2002
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Sale of intangible fixed assets	-	-
Purchase of tangible fixed assets	(32,531)	(158,194)
Sale of tangible fixed assets	22,500	68,199
New loans to group undertakings	-	-
New loans to associated charities	(30,778)	(183,600)
Repaid loans from group undertakings	15,000	15,000
Repaid loans from associated charities	47,091	9,477
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE	£ 21,282	£ (249,118)
MANAGEMENT OF LIQUID RESOURCES		
Cash placed on short-term deposit	£ (4,404)	£ 1,710,631
FINANCING		
Repayment of loans	(530)	(920)
Principal payment under finance lease	(1,026)	(4,405)
NET CASH OUTFLOW FROM FINANCING	£ (1,556)	£ (5,325)

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

23. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
Cash at bank and in hand:	4,198,041	(26,773)	-	4,171,268
Less: deposits treated as liquid resources	(3,608,045)	4,404	-	(3,603,641)
	<u>589,996</u>	<u>(22,369)</u>	<u>-</u>	<u>567,627</u>
LIQUID RESOURCES :				
Deposits included in cash	3,608,045	(4,404)	-	3,603,641
DEBT :				
Finance leases	(1,026)	1,026	-	-
Debts due within one year	(530)	530	-	-
NET FUNDS	<u>£ 4,196,485</u>	<u>£ (25,217)</u>	<u>£ -</u>	<u>£ 4,171,268</u>

24. PENSION COMMITMENTS

The charity operates a defined benefit pension scheme.

The amounts in the financial statements for the year ending 31 December 2003, relating to pensions, are based on a full actuarial valuation dated 5 April 2001.

The contribution made for the year ended 31 December 2003 was £77,048 plus a special contribution of £1,251,799. The agreed contribution rate for future years is 12.5% plus special contributions of £900,000 per annum.

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

	2003	2002
	%	%
Inflation	2.5	2.5
Rate of increase in salaries	3.0	6.0
Rate of increase for pensions	2.5	2.5
Discount rate for liabilities	5.5	5.5
	<u> </u>	<u> </u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

24. PENSION COMMITMENTS (continued)

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

	Long-term rate of return expected at 2003 %	Value at 2003	<i>Long-term rate of return expected at 2002 %</i>	<i>Value at 2002</i>
Bonds	5.5	10,433,000	<i>5.5</i>	<i>9,954,000</i>
Total market value of assets		10,433,000		<i>9,954,000</i>
Present value of scheme liabilities		24,104,000)		<i>24,637,000)</i>
Deficit in the scheme		13,671,000)		<i>14,683,000)</i>
Estimated amount recoverable from associated charities		10,596,000		<i>11,483,000</i>
Net pension liability		£ (3,075,000)		<i>£ (3,200,000)</i>
			2003	<i>2002</i>
Movements in year:				
Current year service cost			(461,000)	<i>(461,000)</i>
Interest on liabilities brought forward			(1,355,000)	<i>(1,258,000)</i>
Contributions			2,281,000	<i>3,325,000</i>
Expected return on scheme assets			547,000	<i>468,000</i>
Increase/(decrease) in expected amount recoverable from associated charities			(887,000)	<i>108,000</i>
Actuarial gain/(loss)			-	<i>(2,155,000)</i>
Surplus in scheme for the year			£ 125,000	<i>£ 27,000</i>

If the above amounts had been recognised in the financial statements the charity's reserves at the year end would be as follows:

	2003	<i>2002</i>
Total charity funds excluding pension asset	6,907,605	<i>6,689,399</i>
Pension deficit	(3,075,000)	<i>(3,200,000)</i>
Net funds	£ 3,832,605	<i>£ 3,489,399</i>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2003

25. RELATED PARTY TRANSACTIONS

The charity is affiliated to the General Conference of Seventh-day Adventists (a USA charity), whose local branch is at 119 St Peter's Street, St Albans, AL1 3EY (Secretary: H Wollan)

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

The charity has tithe-sharing arrangements with each of these associated charities. The following are the major transactions between associated charities

	General Conference	North England Conference	South England Conference	Group charities
Tithe-sharing grants received	-	517,894	1,266,150	-
Grants received for pension scheme deficit	-	283,289	712,210	126,163
Other grants received	329,592	-	-	-
Tithe-sharing grants made	159,861	-	-	-
Other grants made	-	60,000	102,000	291,000
Amounts due to charity:				
within one year	-	180,736	296,503	31,277
after one year	-	69,415	118,969	93,750
Amounts due by charity:				
within one year	99,013	-	-	93,489
	<u>99,013</u>	<u>-</u>	<u>-</u>	<u>93,489</u>