
**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND
ITS SUBSIDIARY ORGANISATIONS**

TRUSTEES REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2003

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

CONTENTS

	Page
Trustees' report	1
Auditors' report	2 - 3
Statement of financial activities	4 - 5
Balance sheet	6
Cash flow statement	7
Notes forming part of the financial statements	9 - 28

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

TRUSTEES' REPORT For the year ended 31 December 2003

These financial statements are supplemental to the Trustees Report and the Charity's own financial statements published on 1 July 2004

The trustees confirm that in their opinion the assets of the charity are sufficient, on a fund by fund basis, to fulfil the charity's objectives.

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:

E C Lowe

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

We have audited the financial statements of British Union Conference of Seventh-day Adventists and its subsidiary organisations for the year ended 31 December 2003 set out on pages 4 to 28. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

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.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we considered the disclosure of the actuarial deficit of £13,671,000 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 £2,075,000 disclosed as the charity's share of the deficit is appropriate.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF BRITISH UNION CONFERENCE OF
SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS**

OPINION

In our opinion the financial statements give a true and fair view of the state of the group'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 AND ITS
SUBSIDIARY ORGANISATIONS**

**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					
Subtotal detailed disclosure	2	1,744,352	2,584,109	4,328,461	4,117,535
Other Donations, legacies and similar incoming resources	2	377,328	518,518	895,846	1,300,000
Activities in furtherance of the charity's objects	3	25,138	4,253,182	4,278,320	4,098,773
<i>Activities for generating funds:</i>					
Non-trading activities	4	522,328	-	522,328	518,034
Trading activities	5	-	156,713	156,713	120,758
Investment income	6	4,809	153,124	157,933	209,582
TOTAL INCOMING RESOURCES		2,673,955	7,665,646	10,339,601	10,364,682
RESOURCES EXPENDED					
<i>COSTS OF GENERATING FUNDS:</i>					
Fund raising	7	-	80,004	80,004	87,716
Other costs of generating funds	8	-	-	-	11,852
Charity trading expenses	5	-	131,353	131,353	135,832
<i>CHARITABLE EXPENDITURE:</i>					
Grants payable - individual	9	-	49,787	49,787	64,992
Grants payable - institutional	10	1,871,610	458,949	2,330,559	4,768,210
Costs of activities in furtherance of the charity's objects	11	1,000,090	5,790,554	6,790,644	6,196,807
Support costs for grants and activities	12	-	342,022	342,022	274,543
Resources expended on managing and administering the charity	13	-	692,831	692,831	624,127
TOTAL RESOURCES EXPENDED	14	2,871,700	7,545,500	10,417,200	12,164,079
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS, CARRIED FORWARD		£ (197,745)	£ 120,146	£ (77,599)	£ (1,799,397)

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2003**

	Note	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
NET INCOMING RESOURCES / (RESOURCES EXPENDED), BROUGHT FORWARD		(197,745)	120,146	(77,599)	(1,799,397)
Transfers between Funds	25	232,145	(232,145)	-	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		34,400	(111,999)	(77,599)	(1,799,397)
Gains and losses on revaluations of investment assets		-	940	940	75,439
NET MOVEMENT IN FUNDS FOR THE YEAR		34,400	(111,059)	(76,659)	(1,723,958)
TOTAL FUNDS AT 1 JANUARY 2003		1,363,627	13,986,260	15,349,887	17,073,845
TOTAL FUNDS AT 31 DECEMBER 2003		£ 1,398,027	£ 13,875,201	£ 15,273,228	£ 15,349,887

All activities relate to continuing operations.

The notes on pages 9 to 28 form part of these financial statements.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

**BALANCE SHEET
As at 31 December 2003**

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible fixed assets	17		9,062,877		9,265,232
Investment properties	18		140,000		140,000
CURRENT ASSETS					
Stocks	19	799,345		806,809	
Debtors	20	2,108,799		1,865,084	
Investments	21	45,034		44,094	
Cash at bank and in hand		5,329,853		5,369,155	
		<u>8,283,031</u>		<u>8,085,142</u>	
CREDITORS: amounts falling due within one year	22		<u>(1,586,284)</u>		<u>(1,505,374)</u>
			<u>6,696,747</u>		<u>6,579,768</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			15,899,624		15,985,000
CREDITORS: amounts falling due after more than one year	23		(199,469)		(245,036)
PROVISIONS FOR LIABILITIES AND CHARGES					
Other provisions	24		(426,927)		(390,077)
NET ASSETS	26		£15,273,228		£15,349,887
CHARITY FUNDS					
Restricted Funds	25		1,398,027		1,363,627
Unrestricted - Designated Funds	25		10,290,424		10,525,047
Unrestricted - General Funds	25		3,584,777		3,461,213
TOTAL FUNDS			£15,273,228		£15,349,887

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

V Pilmoor

The notes on pages 9 to 28 form part of these financial statements.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

**CASH FLOW STATEMENT
For the year ended 31 December 2003**

	Note	2003 £	2002 £
Net cash flow from operating activities	27	275,912	(1,400,252)
Returns on investments and servicing of finance	28	196,301	196,301
Capital expenditure and financial investment	28	(216,775)	(216,775)
		<hr/>	<hr/>
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		255,438	(1,420,726)
Management of liquid resources	28	1,924,493	1,924,493
Financing	28	72,538	72,538
		<hr/>	<hr/>
		£ 2,252,469	£ 576,305
		<hr/> <hr/>	<hr/> <hr/>

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

	2003 £	2002 £
Increase in cash for the year	2,252,469	576,305
Cash inflow from increase in liquid resources	(1,924,493)	(1,924,493)
Cash increase from decrease in debt and lease financing	(72,538)	(72,538)
		<hr/>
MOVEMENT IN NET FUNDS/DEBT IN THE PERIOD	255,438	(1,420,726)
Net funds at 1 January 2003	5,092,954	4,857,882
		<hr/>
NET FUNDS AT 31 DECEMBER 2003	£ 5,348,392	£ 5,092,954
		<hr/> <hr/>

The notes on pages 9 to 28 form part of these financial statements.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

**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 £	Total Funds 2002 £
Net movement in funds for the year	34,400	(111,059)	(76,659)	1,242,310
Resources used for net acquisitions of tangible fixed assets	-	-	(202,355)	(200,482)
<i>Net movement in funds available for future activities</i>	£ 34,400	£ (111,059)	£ (279,014)	£ 1,041,828

The notes on pages 9 to 28 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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. Tithe-sharing grants from associated charities are recognised when notified by these charities. Legacies and donations under Gift Aid are recognised as the Charity becomes entitled to, and can reasonably estimate the value of, its claim.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

1. ACCOUNTING POLICIES (continued)

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.

Overheads have been allocated on the basis of the usage of facilities..

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.

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	-	1.5% per annum on cost
L/Term Leasehold Property	-	over the length of the lease
Plant & Machinery	-	10% to 25% on cost
Fixtures & Fittings	-	10% to 25% on cost

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 and work in progress

Stocks and work in progress 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 5 April 2001.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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 £	Total Funds 2002 £
Tithe donations from members of local congregations affiliated to the Charity's branches	-	804,143	804,143	703,905
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
Gifts in kind for distribution	425,183	-	425,183	477,040
Grants from affiliated charities towards pension scheme deficit	995,499	-	995,499	950,921
Subtotal detailed disclosure	1,744,352	2,584,109	4,328,461	4,117,535
Other donations	61,269	198,941	260,210	582,001
Legacies	12,733	19,255	31,988	119,546
Other grants	225,145	187,580	412,725	414,049
Government Grants	78,181	112,742	190,923	184,404
Subtotal	377,328	518,518	895,846	1,300,000
Donations, legacies and similar incoming resources	£ 2,121,680	£ 3,102,627	£ 5,224,307	£ 5,417,535

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

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Income from sales	-	3,056,374	3,056,374	2,791,448
Income from services rendered	-	998,281	998,281	958,986
Primary purpose trading 5	-	27,567	27,567	32,164
Property rentals	-	126,669	126,669	118,065
Gain on property sales	-	-	-	107,073
Convention income	25,138	10,058	35,196	44,310
Miscellaneous income	-	34,233	34,233	46,727
Total	£ 25,138	£ 4,253,182	£ 4,278,320	£ 4,098,773

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

4. NON-TRADING ACTIVITIES

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Public collections	£ 522,328	£ -	£ 522,328	£ 518,034

5. TRADING ACTIVITIES

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
CHARITY TRADING INCOME				
Sales of health foods	£ -	£ 156,713	£ 156,713	£ 120,758
CHARITY TRADING EXPENSES				
Cost of health foods sold	£ -	£ 131,353	£ 131,353	£ 135,832
Net income/(expenditure) from trading activities	£ -	£ 25,360	£ 25,360	£ (15,074)

6. INVESTMENT INCOME

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Loan interest from associated charities	-	16,836	16,836	11,635
Bank interest in the United Kingdom	4,809	136,189	140,998	197,844
Foreign bank interest	-	99	99	103
Total	£ 4,809	£ 153,124	£ 157,933	£ 209,582

7. FUND RAISING

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Brochures and materials	-	56,839	56,839	70,115
Staff costs	-	23,165	23,165	17,601
Total	£ -	£ 80,004	£ 80,004	£ 87,716

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

8. OTHER COSTS OF GENERATING FUNDS

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Advertising	£ -	£ -	£ -	£ 11,852

9. GRANTS PAYABLE - INDIVIDUAL

	Number	Total 2003 £	Number	Total 2002 £
Grants payable to individuals	73	£ 49,787	77	£ 64,992

10. GRANTS PAYABLE - INSTITUTIONAL

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Grants to associated charities	619,811	428,720	1,048,531	967,287
Contributions to the Charity's group pension scheme for past deficits	1,251,799	-	1,251,799	3,718,147
Educational institutions	-	-	-	68,833
Other grants	-	30,229	30,229	13,943
Total	£ 1,871,610	£ 458,949	£ 2,330,559	£ 4,768,210

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

11. CHARITABLE EXPENDITURE BY FUNCTIONS

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2003 £	Depreciation 2003 £	Other Costs 2003 £	Total 2003 £	Total 2002 £
Support of local churches and conferences	800,321	-	641,838	1,442,159	1,231,467
Publishing Christian literature	475,705	20,750	1,235,380	1,731,835	1,569,371
Christian education	948,825	123,741	395,881	1,468,447	1,301,609
Health care and rehabilitation	1,048,592	61,712	477,815	1,588,119	1,531,051
Humanitarian aid	25,095	5,366	529,623	560,084	563,309
Subtotal charitable functions	<u>3,298,538</u>	<u>211,569</u>	<u>3,280,537</u>	<u>6,790,644</u>	<u>6,196,807</u>
Support costs for grants and activities	-	68,991	273,031	342,022	274,543
Resources expended on managing and administering the charity	495,743	-	197,088	692,831	624,127
Total	<u>£ 3,794,281</u>	<u>£ 280,560</u>	<u>£ 3,750,656</u>	<u>£ 7,825,497</u>	<u>£ 7,095,477</u>

Advertising costs for health care and rehabilitation have been included in this heading, and not, as previously, under the heading of fundraising. The comparative amounts for the prior year have been amended accordingly.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

12. 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
General office costs	-	193,761	193,761	168,636
Estate maintenance	-	39,270	39,270	22,089
Provision for legal claims	-	40,000	40,000	-
Total	£ -	£ 342,022	£ 342,022	£ 274,543

13. 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	-	107,364	107,364	127,288
Professional fees	-	35,112	35,112	41,023
Trustees' expenses	-	5,084	5,084	5,874
Loss on currency exchange	-	2,111	2,111	-
Interest costs	-	47,417	47,417	33,301
Total	£ -	£ 692,831	£ 692,831	£ 624,127

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

14. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff Costs 2003 £	Depreciation 2003 £	Other Costs 2003 £	Total 2003 £	Total 2002 £
COSTS OF GENERATING FUNDS:					
Fund raising	23,165	-	56,839	80,004	87,716
Publicity	-	-	-	-	11,852
Charity trading expenses	-	-	131,353	131,353	135,832
Subtotal costs of generating funds	<u>23,165</u>	<u>-</u>	<u>188,192</u>	<u>211,357</u>	<u>235,400</u>
CHARITABLE EXPENDITURE:					
Grants payable - individual	-	-	49,787	49,787	64,992
Grants payable - institutional	-	-	2,330,559	2,330,559	4,768,210
Support of local churches and conferences	800,321	-	641,838	1,442,159	1,231,467
Publishing Christian literature	475,705	20,750	1,235,380	1,731,835	1,569,371
Christian education	948,825	123,741	395,881	1,468,447	1,301,609
Health care and rehabilitation	1,048,592	61,712	477,815	1,588,119	1,531,051
Humanitarian aid	25,095	5,366	529,623	560,084	563,309
Support costs for grants and activities	-	68,991	273,031	342,022	274,543
Resources expended on managing and administering the charity	495,743	-	197,088	692,831	624,127
Subtotal charitable expenditure	<u>3,794,281</u>	<u>280,560</u>	<u>6,131,002</u>	<u>10,205,843</u>	<u>11,928,679</u>
Total resources expended	<u>£ 3,817,446</u>	<u>£ 280,560</u>	<u>£ 6,319,194</u>	<u>£ 10,417,200</u>	<u>£ 12,164,079</u>

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

15. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2003	<i>2002</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	280,680	<i>351,309</i>
Auditors' remuneration	18,285	<i>21,851</i>
Internal audit costs	8,785	<i>11,095</i>
	_____	<i>_____</i>

During the year, 13 Trustees (2001 - 14) received remuneration totalling £350,378 (2002 - £382,629).

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

During the year, Trustees received reimbursement of expenses amounting to £5,084 (2001 - £5,874).

16. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2003	<i>2002</i>
	£	£
Wages and salaries	3,335,519	<i>3,096,991</i>
Social security costs	274,061	<i>243,633</i>
Other pension costs	207,865	<i>180,859</i>
	_____	<i>_____</i>
	£ 3,817,445	<i>£ 3,521,483</i>
	=====	<i>=====</i>

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

	2003	<i>2002</i>
	No.	No.
Charitable activities	232	<i>261</i>
Support and management	21	<i>25</i>
	_____	<i>_____</i>
	253	<i>286</i>
	=====	<i>=====</i>

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

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

17. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Furniture, fittings and equipment £	Total £
Cost				
At 1 January 2003	10,246,850	1,300,620	1,401,296	12,948,766
Additions	16,780	16,188	77,764	110,732
Disposals	(23,731)	(628,436)	(57,368)	(709,535)
At 31 December 2003	<u>10,239,899</u>	<u>688,372</u>	<u>1,421,692</u>	<u>12,349,963</u>
Depreciation				
At 1 January 2003	1,723,381	866,924	1,093,229	3,683,534
Charge for the year	132,645	29,680	118,355	280,680
On disposals	(316)	(621,097)	(55,715)	(677,128)
At 31 December 2003	<u>1,855,710</u>	<u>275,507</u>	<u>1,155,869</u>	<u>3,287,086</u>
Net book value				
At 31 December 2003	<u>£ 8,384,189</u>	<u>£ 412,865</u>	<u>£ 265,823</u>	<u>£ 9,062,877</u>
At 31 December 2002	<u>£ 8,523,469</u>	<u>£ 433,696</u>	<u>£ 308,067</u>	<u>£ 9,265,232</u>

18. 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.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

19. STOCKS

	2003	2002
	£	£
Raw materials	55,987	57,068
Work in progress	87,554	100,210
Finished goods and goods for resale	655,804	649,531
	£ 799,345	£ 806,809
	£ 799,345	£ 806,809

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

20. DEBTORS

	2003	2002
	£	£
Due after more than one year		
Trade debtors	282,075	124,495
Amounts owed by associated charities	406,793	492,877
Other debtors	972	-
Due within one year		
Trade debtors	576,327	609,189
Amounts owed by associated charities	672,152	475,163
Other debtors	30,752	55,342
Prepayments and accrued income	100,805	66,277
Grants Receivable	38,923	41,741
	£ 2,108,799	£ 1,865,084
	£ 2,108,799	£ 1,865,084

21. CURRENT ASSET INVESTMENTS

	2003	2002
	£	£
Unlisted investments	£ 45,034	£ 44,094
	£ 45,034	£ 44,094

The investment consists of an insurance policy, the value of which has been obtained from the insurance company concerned.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

**22. CREDITORS:
Amounts falling due within one year**

	2003	2002
	£	£
Bank loans and overdrafts	28,266	30,139
Payments received on account	172,555	41,534
Net obligations under finance leases and hire purchase contracts	-	1,026
Trade creditors	553,283	534,114
Amounts owed to associated charities	103,075	290,325
Amounts owed local congregations	318,554	291,304
Social security and other taxes	73,776	19,271
Other creditors	122,596	71,267
Accruals and deferred income	214,179	226,394
	£ 1,586,284	£ 1,505,374
	£ 1,586,284	£ 1,505,374

**23. CREDITORS:
Amounts falling due after more than one year**

	2003	2002
	£	£
Bank loans	£ 199,469	£ 245,036
	£ 199,469	£ 245,036

Included within the above are amounts falling due as follows:

	2003	2002
	£	£
Between one and two years		
Bank loans	26,968	27,843
	26,968	27,843
Between two and five years		
Bank loans	80,905	78,432
	80,905	78,432
Over five years		
Bank loans	91,596	138,761
	91,596	138,761

Creditors include amounts not wholly repayable within 5 years as follows:

	2003	2002
	£	£
Repayable by instalments	£ 91,596	£ 138,761
	£ 91,596	£ 138,761

The loans are mortgage loans from banks for the purpose of purchasing church buildings. All are repayable within 20 years, and bear a commercial rate of interest.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

24. PROVISIONS

	Amounts repayable to retirement housing tenants £	Settlement of court cases £	Total £
At 1 January 2003 as restated	390,077	-	390,077
Additions	39,000	40,000	79,000
Amounts used	(21,785)	-	(21,785)
Amounts repaid	(19,800)	-	(19,800)
Discounted adjustments	(565)	-	(565)
At 31 December 2003	<u>£ 386,927</u>	<u>£ 40,000</u>	<u>£ 426,927</u>

Amounts repayable to retirement housing tenants

The deposits made by tenants are repayable on the vacation of the properties, and consist of a reducing proportion of the original amount donated to the company, depending on the length of the tenancy

Settlement of court cases

Several cases in process involve claims by ex-employees. The amount provided is the trustees' best estimate of the ultimate outcome.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

25. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Invested in property fund	8,992,501	9,450	280,031	92,692	-	8,814,612
Revolving investment fund	385,000	-	-	-	-	385,000
Building development	822,798	18,181	4,800	(871)	-	835,308
Meetings and conferences	210,000	-	-	5,084	-	215,084
Disaster aid	50,000	-	-	(50,000)	-	-
Other designated funds	64,748	4,664	2,111	(26,881)	-	40,420
Subtotal	<u>10,525,047</u>	<u>32,295</u>	<u>286,942</u>	<u>20,024</u>	<u>-</u>	<u>10,290,424</u>
GENERAL FUNDS						
Tithe funds	700,438	2,589,247	2,505,933	(374,411)	-	409,341
General funds	2,760,775	5,044,104	4,752,625	122,242	940	3,175,436
Subtotal	<u>3,461,213</u>	<u>7,633,351</u>	<u>7,258,558</u>	<u>(252,169)</u>	<u>940</u>	<u>3,584,777</u>
Total unrestricted funds	<u>13,986,260</u>	<u>7,665,646</u>	<u>7,545,500</u>	<u>(232,145)</u>	<u>940</u>	<u>13,875,201</u>

Tithe funds are derived from members of local congregations returning one tenth of their income for the work of the Lord. Although the general policy of the Seventh-day Adventist Church is to use these funds solely for the propagation of the gospel and other spiritual nurturing of members of the church and others, these funds form the foundation of the operating finances of the charity. The trustees therefore consider that the financial statements present a clearer view of the charity's finances by showing these funds as general rather than restricted funds.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

25. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

Pensions	(60,913)	1,121,663	1,251,799	180,611	-	(10,438)
Evangelism	459,376	445,133	411,890	176,654	-	669,273
Invested in property	160,957	-	3,412	-	-	157,545
Humanitarian aid	365,479	1,068,827	1,174,874	-	-	259,432
Property development	304,982	4,809	-	(105,436)	-	204,355
Other	133,746	33,523	29,725	(19,684)	-	117,860
Subtotal	1,363,627	2,673,955	2,871,700	232,145	-	1,398,027
Total of Funds	£ 15,349,887	£ 10,339,601	£ 10,417,200	£ -	£ 940	£ 15,273,228

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/(Losses) £	Carried Forward £
Designated Funds	10,525,047	32,295	286,942	20,024	-	10,290,424
General Funds	3,461,213	7,633,351	7,258,558	(252,169)	940	3,584,777
Subtotal	13,986,260	7,665,646	7,545,500	(232,145)	940	13,875,201
Restricted Funds	1,363,627	2,673,955	2,871,700	232,145	-	1,398,027
Total of Funds	£ 15,349,887	£ 10,339,601	£ 10,417,200	£ -	£ 940	£ 15,273,228

26. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2003 £	Unrestricted Funds 2003 £	Total Funds 2003 £	Total Funds 2002 £
Fixed assets	-	9,062,877	9,062,877	9,470,068
Investment properties	81,803	58,197	140,000	-
Debtors due after more than one year	-	689,840	689,840	201,570
Current assets	1,316,224	6,276,967	7,593,191	9,332,960
Creditors due within one year	-	(1,586,284)	(1,586,284)	(1,394,174)
Creditors due after more than one year	-	(199,469)	(199,469)	(178,194)
Provisions	-	(426,927)	(426,927)	(331,041)
Total	£ 1,398,027	£ 3,875,201	£ 15,273,228	£ 15,349,886

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

27. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Net incoming resources before revaluations	(77,599)	(1,799,397)
Returns on investments and servicing of finance	(196,301)	(196,301)
Depreciation of tangible fixed assets	280,680	326,314
Surplus on disposal of tangible fixed assets	(128,674)	(128,674)
Increase in stocks	(20,985)	(20,985)
Decrease in debtors	283,065	283,065
Increase in creditors	112,026	112,026
Increase in provisions	23,700	23,700
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	£ 275,912	£ (1,400,252)

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

	2003	2002
	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	209,582	209,582
Interest paid	(13,281)	(13,281)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ 196,301	£ 196,301

	2003	2002
	£	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(238,511)	(238,511)
Sale of tangible fixed assets	187,512	187,512
New loans to associated charities	(283,600)	(283,600)
Repaid loans from associated charities	117,824	117,824
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (216,775)	£ (216,775)

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

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

	2003 £	2002 £
MANAGEMENT OF LIQUID RESOURCES		
Cash taken from/(placed on) short-term deposit	£ 1,924,493	£ 1,924,493
	<u> </u>	<u> </u>
	2003 £	2002 £
FINANCING		
New secured loans	100,000	100,000
Repayment of loans	(19,609)	(19,609)
Principal payment under finance lease	(7,853)	(7,853)
	<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING	£ 72,538	£ 72,538
	<u> </u>	<u> </u>

29. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2003 £	Cash flow £	Other non-cash changes £	31 December 2003 £
Cash at bank and in hand:	5,369,155	(39,302)	-	5,329,853
Bank overdraft	(530)	530	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	5,368,625	(38,772)	-	5,329,853
DEBT :				
Finance leases	(1,026)	7,853	(6,827)	-
Debts due within one year	(29,609)	(80,391)	81,734	(28,266)
Debts falling due after more than one year	(245,036)	-	45,567	(199,469)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET FUNDS	£ 5,092,954	£ (111,310)	£ 120,474	£ 5,102,118
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

30. 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	3.0
Rate of increase for pensions	2.5	2.5
Discount rate for liabilities	5.5	6.0

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	6.0	9,954,000
Total market value of assets		10,433,000		9,954,000
Present value of scheme liabilities		24,104,000)		24,637,000)
Deficit in the scheme		13,671,000)		14,683,000)
Estimated amount recoverable from associated charities		11,596,000		11,483,000
Net pension cost		£ (2,075,000)		£ (3,200,000)

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS SUBSIDIARY ORGANISATIONS

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

30. PENSION COMMITMENTS (continued)

	2003 £
Movements in year:	
Current year service cost	(461,000)
Interest on liabilities brought forward	(1,355,000)
Contributions	2,281,000
Expected return on scheme assets	547,000
Increase/(decrease) in expected amount recoverable from associated charities	(887,000)
Actuarial gain	-
	£ 125,000

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

	2003 £	2002 £
Charity funds excluding pension asset	15,273,228	15,349,887
Pension reserve	(2,075,000)	(3,200,000)
	£13,198,228	£12,149,887

31. RELATED PARTY TRANSACTIONS

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: D Elias), and the North England Conference of Seventh-day Adventists, 22 Zulla Road, Nottingham, NG3 5DB (secretary: P Lockham).

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

	General Confernece £	North England Conference £	South England Conference £
Tithe-sharing grants received	-	507,894	1,256,150
Grants received for pension scheme deficit	-	283,289	712,210
Other grants received	329,592	-	-
Tithe-sharing grants made	159,861	-	-
Other grants made	-	60,000	102,000
within one year	-	180,736	296,503
after one year	-	69,415	118,969
within one year	99,013	-	-
	99,013	-	-

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
SUBSIDIARY ORGANISATIONS**

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

32. FOREIGN CURRENCIES

The group has assets and liabilities in foreign currencies (mainly US dollars). These assets at 31 December 2003 exceeded the liabilities in foreign currencies by £587,692 (2002: 427,908). A weakening of these currencies against the pound prior to settlement would adversely affect the fund balances of the group.