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

TRUSTEES REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2004

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

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

TRUSTEES' REPORT For the year ended 31 December 2004

These financial statements are supplemental to the Trustees Report and the Charity's own financial statements published on 15 October 2005. The Trustees confirm that they 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.

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 15 September 2005 and signed on its behalf, by:

E 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 2004 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.

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 6(2) of the Charities (Accounts and Reports) Regulations 1995 (SI 1995/2724) as amended by Regulation 4(a) of the Charities (Accounts and Reports) Regulations 2000 (SI 2000/2868). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

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 in note of the actuarial deficit of £19,322,000 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 £4,347,000 disclosed as the charity's share of the deficit is appropriate..

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

OPINION

Except for the above uncertainty, in our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2004 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

19 September 2005

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

**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2004**

	Note	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated Total Funds 2003 £</i>
INCOMING RESOURCES					
Operating grants from parent charity	2	-	51,000	51,000	51,000
Other donations, legacies and similar incoming resources	2	3,604,529	3,201,082	6,805,611	5,173,307
Activities in furtherance of the charity's objects	3	-	4,023,786	4,023,786	4,292,221
<i>Activities for generating funds:</i>					
Non-trading activities	4	553,522	-	553,522	522,328
Trading activities	5	-	146,703	146,703	156,713
Investment income	6	-	209,339	209,339	157,933
TOTAL INCOMING RESOURCES		4,158,051	7,631,910	11,789,961	10,353,502
RESOURCES EXPENDED					
<i>COSTS OF GENERATING FUNDS:</i>					
Fund raising	7	-	126,736	126,736	80,004
Charity trading expenses	5	-	123,679	123,679	130,403
<i>CHARITABLE EXPENDITURE:</i>					
Grants payable - individual	8	-	67,015	67,015	49,787
Grants payable - institutional	9	2,118,939	581,185	2,700,124	2,330,559
Costs of activities in furtherance of the charity's objects	10	1,535,283	5,816,393	7,351,676	6,791,594
Support costs for grants and activities	11	-	282,517	282,517	342,022
Resources expended on managing and administering the charity	12	-	679,351	679,351	692,831
TOTAL RESOURCES EXPENDED		3,654,222	7,676,876	11,331,098	10,417,200
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS, CARRIED FORWARD		£ 503,829	£ (44,966)	£ 458,863	£ (63,698)

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2004**

	Note	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated Total Funds 2003 £</i>
NET INCOMING RESOURCES / (RESOURCES EXPENDED), BROUGHT FORWARD		503,829	(44,966)	458,863	(63,698)
Transfers between Funds	23	68,334	(68,334)	-	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		572,163	(113,300)	458,863	(63,698)
Gains and losses on revaluations of investment assets		-	(187)	(187)	940
NET MOVEMENT IN FUNDS FOR THE YEAR		572,163	(113,487)	458,676	(62,758)
TOTAL FUNDS AT 1 JANUARY 2004		<i>1,398,028</i>	<i>3,875,200</i>	<i>15,273,228</i>	<i>15,349,887</i>
Adjustments to funds at 1 JANUARY 2004	30	-	<i>(109,960)</i>	<i>(109,960)</i>	<i>(123,861)</i>
TOTAL FUNDS AT 31 DECEMBER 2004		£ 1,970,191	£ 3,651,753	£ 15,621,944	£ 15,163,268

All activities relate to continuing operations.

The notes on pages 9 to 24 form part of these financial statements.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**BALANCE SHEET
As at 31 December 2004**

	Note	£	2004 £	£	<i>As restated 2003 £</i>
FIXED ASSETS					
Tangible fixed assets	15		9,139,974		9,062,877
Investment properties	16		140,000		140,000
CURRENT ASSETS					
Stocks	17	776,051		799,345	
Debtors	18	1,750,166		2,108,799	
Investments	19	46,352		45,034	
Cash at bank and in hand		6,131,970		5,329,853	
			<u>8,704,539</u>	<u>8,283,031</u>	
CREDITORS: amounts falling due within one year	20		<u>(1,765,457)</u>	<u>(1,625,440)</u>	
NET CURRENT ASSETS			<u>6,939,082</u>		<u>6,657,591</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,219,056</u>		<u>15,860,468</u>
CREDITORS: amounts falling due after more than one year	21		(597,112)		(657,200)
PROVISIONS FOR LIABILITIES AND CHARGES					
Other provisions	22		-		(40,000)
NET ASSETS	24		<u>£15,621,944</u>		<u>£15,163,268</u>
CHARITY FUNDS					
Restricted Funds	23		1,970,191		1,398,028
Unrestricted - Designated Funds	23		10,348,538		10,145,829
Unrestricted - General Funds	23		3,303,215		3,619,411
TOTAL FUNDS			<u>£15,621,944</u>		<u>£15,163,268</u>

The financial statements were approved by the Trustees on 15 September 2005 and signed on their behalf, by:

V Pilmoor

The notes on pages 9 to 24 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 2004**

	Note	2004 £	2003 £
Net cash flow from operating activities	25	915,218	(107,432)
Returns on investments and servicing of finance	26	189,955	110,516
Capital expenditure and financial investment	26	(369,985)	127,445
		<hr/>	<hr/>
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		735,188	130,529
Management of liquid resources	26	(1,153,397)	(227,240)
Financing	26	66,929	(46,910)
		<hr/>	<hr/>
DECREASE IN CASH IN THE YEAR		£ (351,280)	£ (143,621)
		<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
For the year ended 31 December 2004**

	2004 £	2003 £
Decrease in cash for the year	(351,280)	(143,621)
Cash outflow from decrease in liquid resources	1,153,397	227,240
Cash decrease from decrease in debt and lease financing	(66,929)	46,910
		<hr/>
MOVEMENT IN NET FUNDS/DEBT IN THE PERIOD	735,188	130,529
Net funds at 1 January 2004	5,102,118	4,971,589
		<hr/>
NET FUNDS AT 31 DECEMBER 2004	£ 5,837,306	£ 5,102,118
		<hr/> <hr/>

The notes on pages 9 to 24 form part of these financial statements.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE
For the year ended 31 December 2004**

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	Total Funds 2003 £
Net movement in funds for the year	572,163	(113,487)	458,676	(62,758)
Resources used for net acquisitions of tangible fixed assets	-	(371,684)	(371,684)	(202,355)
<i>Net movement in funds available for future activities</i>	<u>£ 572,163</u>	<u>£ (485,171)</u>	<u>£ 86,992</u>	<u>£ (265,113)</u>

The notes on pages 9 to 24 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 2004

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.

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.

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 2004

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.

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

All assets costing more than £1,000 are capitalised.

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	-	1.33%	straight line
Plant & Machinery	-	5%	to 20% straight line
Fixtures & Fittings	-	10%	to 15% straight line

1.6 Pensions

Several of the subsidiaries of the charity operate defined contribution pension schemes and the pension charge represents the amounts payable by the charity's subsidiaries to these funds in respect of the year.

The charity also participates in a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 5 April 2004.

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004

2. DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Operating grants from parent charity	£ -	£ 51,000	£ 51,000	£ 51,000
Donations	1,321,582	588,493	1,910,075	1,489,536
Legacies	-	134,999	134,999	31,988
Other grants	1,105,393	2,477,590	3,582,983	3,460,860
Government Grants	1,177,554	-	1,177,554	190,923
Subtotal	<u>3,604,529</u>	<u>3,201,082</u>	<u>6,805,611</u>	<u>5,173,307</u>
Donations, legacies and similar incoming resources	<u>£ 3,604,529</u>	<u>£ 3,252,082</u>	<u>£ 6,856,611</u>	<u>£ 5,224,307</u>

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

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Income from sales	-	2,702,623	2,702,623	3,056,374
Income from services rendered	-	1,043,954	1,043,954	998,281
Primary purpose trading 5	-	-	-	27,567
Property rentals	-	148,538	148,538	140,570
Convention income	-	62,521	62,521	35,196
Miscellaneous income	-	66,150	66,150	34,233
Total	<u>£ -</u>	<u>£ 4,023,786</u>	<u>£ 4,023,786</u>	<u>£ 4,292,221</u>

4. NON-TRADING ACTIVITIES

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Public collections	<u>£ 553,522</u>	<u>£ -</u>	<u>£ 553,522</u>	<u>£ 522,328</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004**

5. TRADING ACTIVITIES

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
CHARITY TRADING INCOME				
Sale of health foods	-	146,703	146,703	156,713
Total charity trading income	-	146,703	146,703	156,713
CHARITY TRADING EXPENSES				
Trading a/c No.6	-	123,679	123,679	130,403
Total charity trading expenses	-	123,679	123,679	130,403
Net income from trading activities	£ -	£ 23,024	£ 23,024	£ 26,310

6. INVESTMENT INCOME

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Loans to associated charities	-	17,430	17,430	16,836
Bank interest in the United Kingdom	-	191,836	191,836	140,998
Foreign bank interest	-	73	73	99
Total	£ -	£ 209,339	£ 209,339	£ 157,933

7. FUND RAISING

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
- brochures & material	-	78,927	78,927	56,839
- expense category 7	-	2,115	2,115	-
Fund raising - wages & salaries	-	45,694	45,694	23,165
Total	£ -	£ 126,736	£ 126,736	£ 80,004

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004**

8. GRANTS PAYABLE - INDIVIDUAL

	Number	Total 2004 £	Number	Total 2003 £
Grants payable to individuals	62	£ 67,015	43	£ 49,787

9. GRANTS PAYABLE - INSTITUTIONAL

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Grants to associated charities	1,008,910	528,975	1,537,885	1,048,531
Grants - institutional - Category 2	1,110,029	-	1,110,029	1,251,799
Grants - institutional - Education	-	8,197	8,197	-
Grants - institutional - Social welfare	-	44,013	44,013	30,229
	-	-	-	-
Total	£ 2,118,939	£ 581,185	£ 2,700,124	£ 2,330,559

10. CHARITABLE EXPENDITURE BY FUNCTIONS

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2004 £	Depreciation 2004 £	Other Costs 2004 £	Total 2004 £	<i>Total</i> 2003 £
Support of local churches and conferences	778,936	-	1,171,364	1,950,300	1,442,159
Publishing Christian literature	471,871	19,719	1,098,435	1,590,025	1,731,835
Christian education	1,010,939	131,887	470,145	1,612,971	1,468,447
Health care and rehabilitation	979,011	59,644	436,927	1,475,582	1,589,069
Humanitarian aid	76,568	5,256	640,974	722,798	560,084
Subtotal charitable functions	3,317,325	216,506	3,817,845	7,351,676	6,791,594
Support costs for grants and activities	-	71,366	211,151	282,517	342,022
Resources expended on managing and administering the charity	526,367	-	152,984	679,351	692,831
Total	£ 3,843,692	£ 287,872	£ 4,181,980	£ 8,313,544	£ 7,826,447

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004**

11. SUPPORT COSTS FOR GRANTS AND ACTIVITIES

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Depreciation	-	71,366	71,366	68,991
General office costs	-	207,523	207,523	193,761
Estate maintenance	-	16,924	16,924	39,270
Provision for legal claims	-	(13,296)	(13,296)	40,000
Total	£ -	£ 282,517	£ 282,517	£ 342,022

12. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	<i>As restated</i> Total Funds 2003 £
Staff costs	-	526,367	526,367	495,743
Other personnel expenses	-	83,120	83,120	107,364
Professional fees	-	41,738	41,738	35,112
Trustees' expenses	-	8,742	8,742	5,084
Loss on currency exchange	-	-	-	2,111
Interest costs	-	19,384	19,384	47,417
Total	£ -	£ 679,351	£ 679,351	£ 692,831

13. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets: - owned by the charity	292,960	280,680
Auditors' remuneration	24,580	19,235
Internal audit costs	5,479	8,785

During the year, 13 directors (2003 - 13) received remuneration as executives totalling £364,877 (2003 - £350,378).

During the year, no directors received any benefits in kind (2003 - £NIL).

During the year, premiums were paid into a defined contribution pension scheme for four directors (2003: four).

During the year, trustees received reimbursement of expenses amounting to £8,742 (2003: £5,084).

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004**

14. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2004	<i>2003</i>
	£	£
Wages and salaries	3,395,316	<i>3,335,519</i>
Social security costs	287,419	<i>274,061</i>
Other pension costs	206,651	<i>207,865</i>
	£ 3,889,386	<i>£ 3,817,445</i>

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

	2004	<i>2003</i>
	No.	<i>No.</i>
Charitable activities	237	<i>232</i>
Support and management	23	<i>21</i>
	260	<i>253</i>

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

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2004**

15. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2004	10,239,900	686,662	1,421,692	12,348,254
Additions	192,057	20,481	159,146	371,684
Disposals	-	(65,281)	(90,180)	(155,461)
	<u>10,431,957</u>	<u>641,862</u>	<u>1,490,658</u>	<u>12,564,477</u>
At 31 December 2004				
Depreciation				
At 1 January 2004	1,855,711	273,797	1,155,869	3,285,377
Charge for the year	139,402	28,999	124,559	292,960
On disposals	-	(65,281)	(88,553)	(153,834)
	<u>1,995,113</u>	<u>237,515</u>	<u>1,191,875</u>	<u>3,424,503</u>
At 31 December 2004				
Net book value				
At 31 December 2004	<u>£ 8,436,844</u>	<u>£ 404,347</u>	<u>£ 298,783</u>	<u>£ 9,139,974</u>
At 31 December 2003	<u>£ 8,384,189</u>	<u>£ 412,865</u>	<u>£ 265,823</u>	<u>£ 9,062,877</u>

The market value of land and buildings, based on the insured value of buildings was £7,654,000. One property (valued at £102,000) was held for sale at 31 December 2004.

16. INVESTMENT PROPERTIES

	Freehold property £	Total £
Cost and valuation		
At 1 January 2004 and 31 December 2004	<u>140,000</u>	<u>140,000</u>

17. STOCKS

	2004 £	2003 £
Raw materials and consumables	47,086	55,987
Work in progress	66,011	87,554
Finished goods and goods for resale	662,954	655,804
	<u>£ 776,051</u>	<u>£ 799,345</u>

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18. DEBTORS

	2004	2003
	£	£
Due after more than one year		
Trade debtors	14,596	282,075
Amounts owed by undertakings in which the company has a participating interest	435,034	406,793
Other debtors	-	972
Due within one year		
Trade debtors	530,535	576,327
Amounts owed by undertakings in which the company has a participating interest	496,334	672,152
Other debtors	68,395	30,752
Prepayments and accrued income	156,720	100,805
Grants Receivable	48,552	38,923
	£ 1,750,166	£ 2,108,799
	£ 1,750,166	£ 2,108,799

19. CURRENT ASSET INVESTMENTS

	2004	2003
	£	£
Unlisted investments	£ 46,352	£ 45,034
	£ 46,352	£ 45,034

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

	2004	<i>As restated</i> 2003
	£	£
Bank loans and overdrafts	32,377	28,266
Payments received on account	283,553	199,689
Trade creditors	423,832	553,283
Amounts owed to associated charities	166,381	103,075
Amounts owed local congregations	354,372	318,554
Social security and other taxes	112,955	73,776
Other creditors	106,576	122,596
Accruals and deferred income	285,411	226,201
	£ 1,765,457	£ 1,625,440
	£ 1,765,457	£ 1,625,440

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

	2004	<i>As restated</i> 2003
	£	£
Bank loans	262,287	199,469
Payments received on account	247,467	331,207
Accruals and deferred income	87,358	126,524
	<u>£ 597,112</u>	<u>£ 657,200</u>

Included within the above are amounts falling due as follows:

	2004	2003
	£	£
Between one and two years		
Bank loans	32,377	26,968
	<u> </u>	<u> </u>
Between two and five years		
Bank loans	97,131	80,905
	<u> </u>	<u> </u>
Over five years		
Bank loans	132,779	91,596
	<u> </u>	<u> </u>

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

	2004	2003
	£	£
Repayable by instalments	132,779	91,596
Repayable other than by instalments	199,840	335,744
	<u>£ 332,619</u>	<u>£ 427,340</u>

Bank loans are repayable at commercial mortgage rates over an average of seven years.
Deposits are repayable without interest to housing tenants on their vacating the properties.

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22. PROVISIONS

	Legal claims £
At 1 January 2004	40,000
Amounts used	(26,704)
Amounts reversed	(13,296)
At 31 December 2004	£ -

Legal claims

The legal case was settled during the year, and part of the provision was written back.

23. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Invested in property fund	8,670,016	56,057	435,570	458,951	-	8,749,454
Revolving investment fund	385,000	-	-	-	-	385,000
Building development	835,308	389	-	68,390	-	904,087
Meetings and conferences	215,084	-	-	6,424	-	221,508
Other designated funds	40,420	7,535	15,029	55,563	-	88,489
Subtotal	10,145,828	63,981	450,599	589,328	-	10,348,538
GENERAL FUNDS						
Tithe funds	409,341	2,545,503	2,484,977	(34,092)	-	435,775
General funds	3,210,071	5,022,426	4,741,300	(623,570)	(187)	2,867,440
Subtotal	3,619,412	7,567,929	7,226,277	(657,662)	(187)	3,303,215
Total unrestricted funds	13,765,240	7,631,910	7,676,876	(68,334)	(187)	13,651,753

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**NOTES TO THE FINANCIAL STATEMENTS
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23. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

Pensions	(10,438)	1,105,393	1,110,030	192,036	-	176,961
Evangelism	669,273	763,293	845,554	(95,206)	-	491,806
Invested in property	157,545	-	3,413	-	-	154,132
Humanitarian aid	259,432	2,249,375	1,653,733	-	-	855,074
Property development	204,355	-	2,100	6,586	-	208,841
Other	117,861	39,990	39,392	(35,082)	-	83,377
Subtotal	1,398,028	4,158,051	3,654,222	68,334	-	1,970,191
Total of Funds	£ 15,163,268	£ 11,789,961	£ 11,331,098	£ -	£ (187)	£ 15,621,944

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
Designated Funds	10,145,828	63,981	450,599	589,328	-	10,348,538
General Funds	3,619,412	7,567,929	7,226,277	(657,662)	(187)	3,303,215
Subtotal	13,765,240	7,631,910	7,676,876	(68,334)	(187)	13,651,753
Restricted Funds	1,398,028	4,158,051	3,654,222	68,334	-	1,970,191
Total of Funds	£ 15,163,268	£ 11,789,961	£ 11,331,098	£ -	£ (187)	£ 15,621,944

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2004 £	Unrestricted Funds 2004 £	Total Funds 2004 £	As restated Total Funds 2003 £
Fixed assets	-	9,139,974	9,139,974	9,062,877
Investment property	81,803	58,197	140,000	140,000
Debtors due after more than one year	-	449,630	449,630	689,840
Current assets	1,888,388	6,366,521	8,254,909	7,593,191
Creditors within one year	-	(1,765,457)	(1,765,457)	(1,625,440)
Creditors over one year	-	(597,112)	(597,112)	(657,200)
Provisions	-	-	-	(40,000)
Total	£ 1,970,191	£ 13,651,753	£ 15,621,944	£ 15,163,268

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**NOTES TO THE FINANCIAL STATEMENTS
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25. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004	2003
	£	£
Net incoming resources before revaluations	458,863	(63,698)
Returns on investments and servicing of finance	(189,955)	(110,516)
Change in value of investments	(1,505)	(940)
Depreciation of tangible fixed assets	292,960	280,680
Deficit/(surplus) on disposal of tangible fixed assets	1,627	(128,674)
Decrease in stocks	23,294	7,464
Increase in debtors	(223,978)	(132,810)
Decrease in amounts owed by associated undertakings	580,912	(188,001)
(Decrease)/increase in creditors	(86,124)	302,153
Increase/(decrease) in amounts owed to associated undertakings	63,306	(140,340)
Increase in amounts owed to local congregations	35,818	27,250
(Decrease)/increase in provisions	(40,000)	40,000
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	£ 915,218	£ (107,432)

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

	2004	2003
	£	£
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	209,339	157,933
Interest paid	(19,384)	(47,417)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ 189,955	£ 110,516

	2004	2003
	£	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(371,684)	(110,732)
Sale of tangible fixed assets	-	161,081
New loans to associated entities	(150,000)	(108,000)
Repaid loans from associated entities	151,699	185,096
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	£ (369,985)	£ 127,445

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	2004	2003
	£	£
MANAGEMENT OF LIQUID RESOURCES		
Cash placed on short-term deposit	£ (1,153,397)	£ (227,240)
	<u> </u>	<u> </u>
	2004	2003
	£	£
FINANCING		
New secured loans	100,000	80,000
Repayment of loans	(33,071)	(126,910)
	<u> </u>	<u> </u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	£ 66,929	£ (46,910)
	<u> </u>	<u> </u>

27. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2004	Cash flow	Other non-cash changes	31 December 2004
	£	£	£	£
Cash at bank and in hand:	5,329,853	802,117	-	6,131,970
Less: deposits treated as liquid resources	(4,052,556)	(1,153,397)	-	(5,205,953)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,277,297	(351,280)	-	926,017
LIQUID RESOURCES :				
Deposits included in cash	4,052,556	1,153,397	-	5,205,953
DEBT :				
Debts due within one year	(28,266)	-	(4,111)	(32,377)
Debts falling due after more than one year	(199,469)	(66,929)	4,111	(262,287)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET FUNDS	£ 5,102,118	£ 735,188	£ -	£ 5,837,306
	<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 2004

28. PENSION COMMITMENTS

The group operates a defined benefit pension scheme.

The amounts in the financial statements for the year ended 31 December 2004, relating to pensions, are based on a full actuarial valuation dated 5 April 2004.

The contribution made for the year ended 31 December 2004 was £81,299 plus a special contribution of £1,110,029. The agreed contribution rate for future years is 18.5% plus special contributions of £900,000 per annum.

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

	2004	2003
	%	%
Inflation	3.0	2.5
Rate of increase in salaries	4.0	3.0
Rate of increase for pensions	2.8	2.5
Discount rate for liabilities	5.0	5.5

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

	Long-term rate of return expected at 31 December 2004 %	Value at 31 December 2004 £	Long-term rate of return expected at 31 December 2003 %	Value at 31 December 2003 £
Bonds	5.0	11,141,000	5.5	10,433,000
Total market value of assets		11,141,000		10,433,000
Present value of scheme liabilities		(30,463,000)		(24,104,000)
Deficit in the scheme	-	(19,322,000)		(13,671,000)
Estimated amount recoverable from associated charities		14,975,000		10,596,000
Net pension liability		£ (4,347,000)		£ (3,075,000)

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2004

28. PENSION COMMITMENTS (continued)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2004 and 31 December 2003 would be as follows:

	2004 £	2003 £
Net assets excluding pension liability	15,621,944	15,163,268
Pension liability	(4,347,000)	(3,075,000)
	<u>£ 11,274,944</u>	<u>£ 12,088,268</u>
Net assets including pension liability		
Pension reserve	(4,347,000)	(3,075,000)
Profit and loss reserve	£ (4,347,000)	£ (3,075,000)
	<u>£ (4,347,000)</u>	<u>£ (3,075,000)</u>
		2004
		£
Movements in deficit during the year:		
(Deficit)/surplus in scheme at beginning of year		(13,671,000)
Current year service cost		558,000
Contributions		1,668,000
Other finance income		(683,000)
Other		(7,194,000)
		<u>£ (19,322,000)</u>

29. PRIOR YEAR ADJUSTMENTS

The directors of a subsidiary entity have reconsidered the accounting for deposits of housing tenants repayable on the tenants' leaving. They now consider that, these deposits not being compound instruments under Financial Reporting Standard 25, discounting is not appropriate in accounting for the company's liabilities. The corresponding amounts for the previous year have been adjusted accordingly.

	2004 £	2003 £
Adjustments to prior year's fund balances in respect of discounting of long-term liabilities	£ 109,960	£ 123,861
	<u>£ 109,960</u>	<u>£ 123,861</u>