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

TRUSTEES REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2005

**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 2005

These financial statements are supplemental to the Trustees Report and the Charity's own financial statements published on 22 June 2006. 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 22 June 2006 and signed on its behalf, by:

V Pilmoor

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 2005 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.

**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**

UNQUALIFIED OPINION

In our opinion, the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting practice applicable to charities, of the state of the charity's affairs as at 31 December 2005 and of its incoming resources and the application of resources in 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

3 July 2006

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

**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2005**

	Note	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
INCOMING RESOURCES					
Other donations, legacies and similar incoming resources	2	2,610,119	4,353,302	6,963,421	5,817,553
Activities in furtherance of the charity's objects	3	-	4,809,504	4,809,504	4,023,786
<i>Activities for generating funds:</i>					
Non-trading activities	4	569,018	-	569,018	553,522
Trading activities	5	-	71,374	71,374	146,703
Investment income	6	-	255,669	255,669	209,339
TOTAL INCOMING RESOURCES		3,179,137	9,489,849	12,668,986	10,750,903
RESOURCES EXPENDED					
<i>COSTS OF GENERATING FUNDS:</i>					
Fund raising	7	133,337	-	133,337	126,736
Other costs of generating funds	8	-	33,811	33,811	-
Charity trading expenses	5	-	77,739	77,739	123,679
<i>CHARITABLE EXPENDITURE:</i>					
Grants payable - individual	9	-	79,117	79,117	67,015
Grants payable - institutional	10	1,903,451	681,463	2,584,914	1,590,095
Costs of activities in furtherance of the charity's objects	11	1,033,986	7,113,437	8,147,423	7,577,657
Support costs for grants and activities	12	-	263,228	263,228	277,503
Resources expended on managing and administering the charity	13	3,012	166,587	169,599	679,351
TOTAL RESOURCES EXPENDED		3,073,786	8,415,382	11,489,168	10,442,036
NET INCOMING RESOURCES BEFORE TRANSFERS, CARRIED FORWARD		£ 105,351	£ 1,074,467	£ 1,179,818	£ 308,867

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

**STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 December 2005**

	Note	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
NET INCOMING RESOURCES, BROUGHT FORWARD		105,351	1,074,467	1,179,818	308,867
Transfers between Funds	23	10,894	(10,894)	-	-
NET INCOMING RESOURCES BEFORE REVALUATIONS		116,245	1,063,573	1,179,818	308,867
Pension fund actuarial gains and losses	17	-	(266,071)	(266,071)	(1,051,548)
NET MOVEMENT IN FUNDS FOR THE YEAR		116,245	797,502	913,747	(742,681)
TOTAL FUNDS AT 1 JANUARY 2005		1,970,191	13,651,753	15,621,944	15,163,268
Adjustments to funds at 1 JANUARY 2005	30	(176,936)	(3,560,995)	(3,737,931)	(2,536,574)
TOTAL FUNDS AT 31 DECEMBER 2005		£ 1,909,500	£ 10,888,260	£ 12,797,760	£ 11,884,013

All activities relate to continuing operations.

The notes on pages 10 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 2005**

	Note	£	2005 £	£	<i>As restated 2004 £</i>
FIXED ASSETS					
Tangible fixed assets	16		9,175,100		9,139,974
Investments	17		50,770		46,352
Investment properties	18		140,000		140,000
			<hr/>		<hr/>
			9,365,870		9,326,326
CURRENT ASSETS					
Stocks	19	1,091,625		776,051	
Debtors	20	2,384,680		1,750,166	
Cash at bank and in hand		6,697,568		6,131,976	
			<hr/>	<hr/>	
			10,173,873	8,658,193	
CREDITORS: amounts falling due within one year	21		(2,024,474)	(1,942,417)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			8,149,399		6,715,776
TOTAL ASSETS LESS CURRENT LIABILITIES			17,515,269		16,042,102
CREDITORS: amounts falling due after more than one year	22		(902,922)		(597,112)
PROVISIONS FOR LIABILITIES AND CHARGES					
Pension fund deficit			(3,814,587)		(3,560,977)
			<hr/>	<hr/>	
NET ASSETS	24		£12,797,760		£11,884,013
			<hr/> <hr/>	<hr/> <hr/>	

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

**BALANCE SHEET (continued)
As at 31 December 2005**

	Note	2005 £	<i>As restated</i> 2004 £
CHARITY FUNDS			
Restricted Funds	23	1,909,500	1,793,255
Unrestricted - Designated Funds	23	10,488,756	10,493,134
Unrestricted - General Funds	23	4,214,091	3,158,601
Pension fund deficit		(3,814,587)	(3,560,977)
TOTAL FUNDS		£12,797,760	£11,884,013

The financial statements were approved by the Trustees on 22 June 2006 and signed on their behalf, by:

V Pilmoor

The notes on pages 10 to 28 form part of these financial statements.

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**CASH FLOW STATEMENT
For the year ended 31 December 2005**

	Note	2005 £	2004 £
Net cash flow from operating activities	25	453,720	765,222
Returns on investments and servicing of finance	26	240,191	189,952
Capital expenditure and financial investment	26	(282,327)	(369,985)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		411,584	585,189
Management of liquid resources	26	584,801	(1,153,397)
Financing	26	141,337	66,929
INCREASE/(DECREASE) IN CASH IN THE YEAR		£ 1,137,722	£ (501,279)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
For the year ended 31 December 2005**

	2005 £	2004 £
Increase/(Decrease) in cash for the year	1,137,722	(501,279)
Cash (inflow)/outflow from (increase)/decrease in liquid resources	(584,801)	1,153,397
Cash (increase)/decrease from decrease in debt and lease financing	(141,337)	(66,929)
MOVEMENT IN NET FUNDS/DEBT IN THE PERIOD	411,584	585,189
Net funds at 1 January 2005	5,837,312	5,252,123
NET FUNDS AT 31 DECEMBER 2005	£ 6,248,896	£ 5,837,312

The notes on pages 10 to 28 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 2005**

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
Net movement in funds for the year	116,245	797,502	913,747	(742,681)
Resources used for net acquisitions of tangible fixed assets	-	(273,038)	(273,038)	(371,684)
<i>Net movement in funds available for future activities</i>	<u>£ 116,245</u>	<u>£ 524,464</u>	<u>£ 640,709</u>	<u>£ (1,114,365)</u>

The notes on pages 10 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 2005

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 2005

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 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.

1.6 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

1.7 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 2005

2. DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated</i> Total Funds 2004 £
Donations	1,138,910	1,372,901	2,511,811	1,910,081
Legacies	72,792	264,287	337,079	134,999
Other grants	-	2,600,437	2,600,437	2,594,919
Government Grants	1,398,417	115,677	1,514,094	1,177,554
	<u>£ 2,610,119</u>	<u>£ 4,353,302</u>	<u>£ 6,963,421</u>	<u>£ 5,817,553</u>

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

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated</i> Total Funds 2004 £
Income from sales	-	2,871,032	2,871,032	2,702,623
Income from services rendered	-	1,345,085	1,345,085	1,043,954
Property rentals	-	147,285	147,285	148,538
Gain on property sales	-	171,550	171,550	-
Convention income	-	213,773	213,773	62,521
Miscellaneous income	-	60,779	60,779	66,150
Total	<u>£ -</u>	<u>£ 4,809,504</u>	<u>£ 4,809,504</u>	<u>£ 4,023,786</u>

4. NON-TRADING ACTIVITIES

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated</i> Total Funds 2004 £
Public collections	<u>£ 569,018</u>	<u>£ -</u>	<u>£ 569,018</u>	<u>£ 553,522</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

5. TRADING ACTIVITIES

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
CHARITY TRADING INCOME				
Sale of health foods	-	71,374	71,374	146,703
Total charity trading income	-	71,374	71,374	146,703
CHARITY TRADING EXPENSES				
Cost of sales	-	55,147	55,147	92,405
Trading expenses	-	22,592	22,592	31,274
Total charity trading expenses	-	77,739	77,739	123,679
Net (expenditure)/income from trading activities	£ -	£ (6,365)	£ (6,365)	£ 23,024

6. INVESTMENT INCOME

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
Loans to associated charities	-	20,931	20,931	17,430
Bank interest in the United Kingdom	-	223,685	223,685	191,836
Foreign bank interest	-	96	96	73
Interest charged to foreign customers	-	10,957	10,957	-
Total	£ -	£ 255,669	£ 255,669	£ 209,339

7. FUND RAISING

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
Brochures & materials	75,517	-	75,517	78,927
Audit of fund-raising	1,616	-	1,616	2,115
Wages and salaries	56,204	-	56,204	45,694
Total	£ 133,337	£ -	£ 133,337	£ 126,736

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

8. OTHER COSTS OF GENERATING FUNDS

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
Advertising	£ -	£ 33,811	£ 33,811	£ -

9. GRANTS PAYABLE - INDIVIDUAL

	Number	Total 2005 £	Number	Total 2004 £
Grants payable to individuals	75	£ 79,117	62	£ 67,015

10. GRANTS PAYABLE - INSTITUTIONAL

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
Grants to associated charities	1,903,451	630,349	2,533,800	1,581,123
Education grants	-	49,748	49,748	8,197
Social welfare grants	-	1,366	1,366	775
	-	-	-	-
Total	£ 1,903,451	£ 681,463	£ 2,584,914	£ 1,590,095

11. CHARITABLE EXPENDITURE BY FUNCTIONS

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2005 £	Depreciation 2005 £	Other Costs 2005 £	Total 2005 £	Total 2004 £
Support of local churches and conferences	1,820,049	84,689	548,339	2,453,077	2,176,281
Publishing Christian literature	458,461	20,437	1,201,454	1,680,352	1,590,025
Christian education	1,147,508	(13,192)	635,498	1,769,814	1,612,971
Health care and rehabilitation	847,806	60,348	408,987	1,317,141	1,475,582
Humanitarian aid	93,264	7,110	826,665	927,039	722,798
Subtotal charitable functions	4,367,088	159,392	3,620,943	8,147,423	7,577,657
Support costs for grants and activities	-	-	263,228	263,228	277,503
Resources expended on managing and administering the charity	-	-	169,599	169,599	679,351
Total	£ 4,367,088	£ 159,392	£ 4,053,770	£ 8,580,250	£ 8,534,511

12. SUPPORT COSTS FOR GRANTS AND ACTIVITIES

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated</i> Total Funds 2004 £
Depreciation	-	-	-	71,366
General office costs	-	151,313	151,313	202,509
Estate maintenance	-	111,915	111,915	16,924
Provision for legal claims	-	-	-	(13,296)
Total	£ -	£ 263,228	£ 263,228	£ 277,503

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

13. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	<i>As restated Total Funds 2004 £</i>
Staff costs	-	-	-	526,367
Other personnel expenses	3,012	112,871	115,883	83,120
Professional fees	-	29,374	29,374	41,738
Trustees' expenses	-	8,864	8,864	8,742
Interest costs	-	15,478	15,478	19,384
 Total	 £ 3,012	 £ 166,587	 £ 169,599	 £ 679,351

14. NET INCOMING RESOURCES

This is stated after charging:

	2005 £	2004 £
Depreciation of tangible fixed assets:		
- owned by the charity	152,720	292,960
Auditors' remuneration	22,978	22,812
Internal audit costs	6,396	7,247

During the year, 13 directors (2004 - 13) received remuneration as executives totalling £379,959 (2004 - £364,877).

During the year, no directors received any benefits in kind (2004 - £NIL).

During the year, premiums were paid into a defined contribution pension scheme for four directors (2004: four) .

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

15. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2005	<i>2004</i>
	£	£
Wages and salaries	3,574,484	3,395,316
Social security costs	306,780	287,419
Other pension costs	542,028	427,618
	<u>£ 4,423,292</u>	<u>£ 4,110,353</u>

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

	2005	<i>2004</i>
	No.	No.
Charitable activities	212	237
Support and management	22	23
	<u>234</u>	<u>260</u>

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 2005**

16. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2005	10,431,957	641,862	1,490,658	12,564,477
Additions	226,348	26,375	20,315	273,038
Disposals	(114,414)	(33,859)	(45,319)	(193,592)
	<u>10,543,891</u>	<u>634,378</u>	<u>1,465,654</u>	<u>12,643,923</u>
At 31 December 2005				
Depreciation				
At 1 January 2005	1,995,113	237,515	1,191,875	3,424,503
Charge for the year	92,365	29,325	31,030	152,720
On disposals	(30,118)	(32,963)	(45,319)	(108,400)
	<u>2,057,360</u>	<u>233,877</u>	<u>1,177,586</u>	<u>3,468,823</u>
At 31 December 2005				
Net book value				
At 31 December 2005	<u>£ 8,486,531</u>	<u>£ 400,501</u>	<u>£ 288,068</u>	<u>£ 9,175,100</u>
At 31 December 2004	<u>£ 8,436,844</u>	<u>£ 404,347</u>	<u>£ 298,783</u>	<u>£ 9,139,974</u>

The market value of land and buildings, based on the insured value of buildings was £31,001,000.
Two properties (valued at 1,615,000) were held for sale at 31 December 2005.

17. FIXED ASSET INVESTMENTS

	Other invest- ments	Total
	£	£
Market value		
At 1 January 2005	46,352	46,352
Revaluations	4,418	4,418
At 31 December 2005	<u>£ 50,770</u>	<u>£ 50,770</u>
Investments at market value comprise:		
	2005	2004
	£	£
Life insurance policies	<u>£ 50,770</u>	<u>£ 46,352</u>

All the fixed asset investments are held in the UK

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

Valuation

Enter details of valuation where values have been determined other than by reference to readily available market prices - User input

18. INVESTMENT PROPERTIES

	Freehold property £	Total £
Cost and valuation		
At 1 January 2005 and 31 December 2005	140,000	140,000
Comprising:		
Cost	58,197	58,197
Annual valuation surplus/(deficit):		
2002	81,803	81,803
2004	-	-
2005	-	-
	140,000	140,000
	140,000	140,000

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 on the charity on the basis of a multiple of the rentals received.

19. STOCKS

	2005 £	2004 £
Raw materials and consumables	100,340	47,086
Work in progress	127,731	66,011
Finished goods and goods for resale	863,554	662,954
	£ 1,091,625	£ 776,051
	£ 1,091,625	£ 776,051

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

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20. DEBTORS

	2005	2004
	£	£
Due after more than one year		
Trade debtors	154,000	14,596
Amounts owed by associated charities	515,276	435,034
Due within one year		
Trade debtors	537,115	530,535
Amounts owed by associated charities	700,015	496,334
Other debtors	32,777	68,395
Prepayments and accrued income	156,563	156,720
Grants receivable	288,934	48,552
	£ 2,384,680	£ 1,750,166

21. CREDITORS:

Amounts falling due within one year

	2005	<i>As restated</i> 2004
	£	£
Bank loans and overdrafts	62,881	32,377
Payments received on account	168,478	283,553
Trade creditors	669,750	423,832
Amounts owed to associated charities	452,909	343,341
Amounts owed local congregations	302,504	354,372
Social security and other taxes	45,533	112,955
Other creditors	84,607	106,576
Accruals and deferred income	237,812	285,411
	£ 2,024,474	£ 1,942,417

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

	2005	<i>As restated</i> 2004
	£	£
Bank loans	385,791	262,287
Payments received on account	370,746	247,467
Accruals and deferred income	146,385	87,358
	£ 902,922	£ 597,112
	£ 902,922	£ 597,112

Included within the above are amounts falling due as follows:

	2005	2004
	£	£
Between one and two years		
Bank loans	50,210	32,377
	50,210	32,377
Between two and five years		
Bank loans	139,313	97,131
	139,313	97,131
Over five years		
Bank loans	196,268	132,779
	196,268	132,779
	196,268	132,779

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

	2005	2004
	£	£
Repayable by instalments	196,268	132,779
Repayable other than by instalments	341,652	199,840
	£ 537,920	£ 332,619
	£ 537,920	£ 332,619

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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**NOTES TO THE FINANCIAL STATEMENTS
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23. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/ (Losses) £	Carried Forward £
DESIGNATED FUNDS						
Invested in property fund	8,777,941	-	203,472	(82,008)	-	8,492,461
Revolving investment fund	385,000	-	-	-	-	385,000
Building development	1,020,196	252,175	4,049	(104,715)	-	1,163,607
Meetings and conferences	221,508	64,132	34,207	-	-	251,433
Literature publishing	60,000	-	-	125,000	-	185,000
Other designated funds	28,489	-	20	(17,214)	-	11,255
Subtotal	<u>10,493,134</u>	<u>316,307</u>	<u>241,748</u>	<u>(78,937)</u>	<u>-</u>	<u>10,488,756</u>
GENERAL FUNDS						
Tithe funds	435,775	2,990,588	3,139,768	616,194	-	902,789
General funds	2,722,826	6,094,875	4,962,666	(548,151)	4,418	3,311,302
Pension funds	(3,560,977)	88,079	71,200	-	(270,489)	(3,814,587)
Subtotal	<u>(402,376)</u>	<u>9,173,542</u>	<u>8,173,634</u>	<u>68,043</u>	<u>(266,071)</u>	<u>399,504</u>
Total unrestricted funds	<u>10,090,758</u>	<u>9,489,849</u>	<u>8,415,382</u>	<u>(10,894)</u>	<u>(266,071)</u>	<u>10,888,260</u>

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

23. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

Evangelism	491,828	138,000	130,358	(99,932)	-	399,538
Invested in property	154,131	-	3,413	-	-	150,718
Humanitarian aid	855,076	2,980,031	2,911,059	111,326	-	1,035,374
Property development	208,841	28,445	-	-	-	237,286
Other	83,379	32,661	28,956	(500)	-	86,584
Subtotal	1,793,255	3,179,137	3,073,786	10,894	-	1,909,500
Total of Funds	£ 11,884,013	£ 12,668,986	£ 11,489,168	£ -	£ (266,071)	£ 12,797,760

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers in/(out) £	Gains/(Losses) £	Carried Forward £
Designated Funds	10,493,134	316,307	241,748	(78,937)	-	10,488,756
General Funds	(402,376)	9,173,542	8,173,634	68,043	(266,071)	399,504
Subtotal	10,090,758	9,489,849	8,415,382	(10,894)	(266,071)	10,888,260
Restricted Funds	1,793,255	3,179,137	3,073,786	10,894	-	1,909,500
Total of Funds	£ 11,884,013	£ 12,668,986	£ 11,489,168	£ -	£ (266,071)	£ 12,797,760

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Total Funds 2005 £	As restated Total Funds 2004 £
Fixed assets	-	9,175,100	9,175,100	9,062,877
FIXED ASSET INVESTMENTS	-	50,770	50,770	-
Investment property	81,803	58,197	140,000	140,000
Debtors due after more than one year	-	669,276	669,276	689,840
Current assets	1,827,697	7,676,900	9,504,597	7,593,191
Creditors within one year	-	(2,024,474)	(2,024,474)	(1,625,440)
Creditors over one year	-	(902,922)	(902,922)	(657,200)
Pension liabilities	-	(3,814,587)	(3,814,587)	(40,000)
Total	£ 1,909,500	£ 10,888,260	£ 12,797,760	£ 11,884,013

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

25. NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £	2004 £
Net incoming resources before revaluations	1,179,818	308,867
Returns on investments and servicing of finance	(240,191)	(189,955)
Change in value of investments	(16,879)	(1,505)
Depreciation of tangible fixed assets	152,720	292,960
Deficit on disposal of tangible fixed assets	85,192	1,627
(Increase)/decrease in stocks	(315,574)	23,294
Increase in debtors	(430,833)	(223,978)
Increase in amounts owed by associated undertakings	(194,392)	580,912
Increase/(decrease) in creditors	176,159	(86,124)
Increase in amounts owed to associated undertakings	109,568	63,306
(Decrease)/increase in amounts owed to local congregations	(51,868)	35,818
Decrease in provisions	-	(40,000)
NET CASH INFLOW FROM OPERATIONS	£ 453,720	£ 765,222

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

	2005 £	2004 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	255,669	209,339
Interest paid	(15,478)	(19,387)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	£ 240,191	£ 189,952

	2005 £	2004 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(273,038)	(371,684)
New loans to associated entities	(100,000)	(150,000)
Repaid loans from associated entities	90,711	151,699
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	£ (282,327)	£ (369,985)

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	2005	2004
	£	£
MANAGEMENT OF LIQUID RESOURCES		
Cash (placed on)/removed from short-term deposit	£ 584,801	£ (1,153,397)
	<u> </u>	<u> </u>
	2005	2004
	£	£
FINANCING		
New secured loans	175,000	100,000
Repayment of loans	(33,663)	(33,071)
	<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING	£ 141,337	£ 66,929
	<u> </u>	<u> </u>

27. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
	£	£	£	£
Cash at bank and in hand:	6,131,976	565,592	-	6,697,568
Less: deposits treated as liquid resources	(5,205,953)	584,801	-	(4,621,152)
	<u>926,023</u>	<u>1,150,393</u>	<u>-</u>	<u>2,076,416</u>
Bank overdraft	-	(12,671)	-	(12,671)
	<u>926,023</u>	<u>1,137,722</u>	<u>-</u>	<u>2,063,745</u>
LIQUID RESOURCES :				
Deposits included in cash	5,205,953	(584,801)	-	4,621,152
DEBT :				
Debts due within one year	(32,377)	33,663	(51,496)	(50,210)
Debts falling due after more than one year	(262,287)	(175,000)	51,496	(385,791)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET FUNDS	£ 5,837,312	£ 411,584	£ -	£ 6,248,896
	<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 2005

28. PENSION COMMITMENTS

The group operates a defined benefit pension scheme.

The amounts in the financial statements for the year ended 31 December 2005, relating to pensions, are based on a full actuarial valuation dated 5 April 2004.

The contribution made for the year ended 31 December 2005 was 16.9% plus a special contribution of £900,000. The agreed contribution rate for future years is 18.5% plus special contributions of £1,048,000 per annum.

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

	2005 %	2004 %	2003 %
Inflation	3.0	3.0	2.5
Rate of increase in salaries	4.0	4.0	3.0
Rate of increase for pensions	2.8	2.8	2.5
Discount rate for liabilities	6.0	6.0	5.5

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

	Long-term rate of return expected at 31 December 2005 %	Value at 31 December 2005 £	Long-term rate of return expected at 31 December 2004 %	Value at 31 December 2004 £	Long- term rate of return expected at 31 December 2004 %	Value at 31 December 2004 £
Bonds	5.0	13,081,000	5.0	11,132,000	5.5	10,433,000
Other	-	255,000	-	186,000	-	-
Total market value of assets		13,336,000		11,318,000		10,433,000
Present value of scheme liabilities		(33,844,000)		(30,463,000)		24,104,000
Deficit in the scheme		(20,508,000)		(19,145,000)		13,671,000
Estimated amount recoverable from associated charities		16,693,000		15,584,000		10,596,000
Net pension liability		£ (3,815,000)		£ (3,561,000)		£(3,075,000)

**BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS AND ITS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

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 2005 and 31 December 2004 would be as follows:

	2005	2004
	£	£
Net assets excluding pension liability	12,797,760	11,884,013
Pension liability	(3,815,000)	(3,561,000)
	<hr/>	<hr/>
Net assets including pension liability	£ 8,982,760	£ 8,323,013
	<hr/>	<hr/>
Pension reserve	(3,815,000)	(3,561,000)
	<hr/>	<hr/>
Profit and loss reserve	£ (3,815,000)	£ (3,561,000)
	<hr/>	<hr/>
	2005	2004
	£	£
Movements in deficit during the year:		
Deficit in scheme at beginning of year	(3,561,000)	(3,075,000)
Current year service cost	1,264,000	941,000
Contributions	2,312,000	1,811,000
Other finance income	(957,000)	(683,000)
Actuarial loss	(1,454,000)	(5,652,000)
Other	(1,419,000)	3,097,000
	<hr/>	<hr/>
Deficit in scheme at end of year	£ (3,815,000)	£(3,561,000)
	<hr/>	<hr/>

The scheme deficit is guaranteed by a charge on properties of the Charity and its subsidiary organisations.

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2005

29. RELATED PARTY TRANSACTIONS

The Charity is affiliated to the General Conference of Seventh-day Adventists (a USA non-profit organisation), 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 the North England Conference of Seventh-day Adventists, 22 Zulla Road, Nottingham, NG3 5DB (Secretary P Lockham), and South England Conference of Seventh-day Adventists, 22 St John's Road, Watfrod, WD1 1PY (Secretary: V Hulbert).

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

	General Conference	North England Conference	31 December 2005 South England Conference
	£	£	£
Tithe-sharing grants received	-	598,983	1,466,870
Grants received for pension scheme deficit	-	107,107	280,568
Other grants received	353,030	-	-
Tithe-sharing grants made	194,956	-	-
Grants made for pension scheme deficit	281,521	-	-
Other grants made	-	56,000	92,000
Amounts due to charity:			
within one year	-	161,432	426,094
after more than one year	-	41,000	47,202
Amounts due by charity within one year	134,399	-	-
	134,399	-	-

30. PRIOR YEAR ADJUSTMENTS

As a result of the application of Financial Reporting Standard 17, pension liabilities have been recognised in these financial statements for the first time. The element of the liability that relates to prior years has been adjusted in the opening fund balance, and the amounts derived from the prior year's financial statements have been adjusted accordingly.

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.

	2005 £	2004 £
Adjustments to prior year's fund balances in respect of discounting of long-term liabilities	109,960	123,861
Adjustments to prior year's fund balances in respect of the recognition of pension fund liabilities	(3,561,000)	(3,075,000)
	£(3,451,040)	£(2,951,139)