
BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**TRUSTEES REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

CONTENTS

	Page
Trustees' report	1 - 7
Auditors' report	8
Statement of financial activities	9
Balance sheet	10
Cash flow statement	11
Notes forming part of the financial statements	12 - 25

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT For the year ended 31 December 2002

The Trustees submit their annual report and the financial statements of British Union Conference of Seventh-day Adventists (the charity) for the year ended 31 December 2002. The Trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000.

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

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

Constitution policies and objectives

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

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

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

Organisational structure and decision making

The Charity is the principal administrative body of the Seventh-day Adventist Church ("the church") for the United Kingdom and Republic of Ireland. It generally works in harmony with the policies of the church's international office, the General Conference of Seventh-day Adventists, Trans-European Division, situated at St Albans, Herts

Within its territory, the Charity carries out its objects both directly and through related organisations. Principally, the latter consist of three 'Missions' in Ireland, Scotland and Wales respectively (all branches of, and financially dependant upon the Charity), and two 'Conferences' in North and South England respectively (both registered charities in their own right and financially self-supporting).

Within these latter organisations the objects are pursued mainly through a network of local churches which are heavily dependent upon a large pool of voluntary lay support.

Additionally, specialised aspects of the Charity's purposes are performed on its behalf by a number of subsidiary organisations including:

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (CONTINUED) For the year ended 31 December 2002

Method of appointment or election of Trustees

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

Trustees serving during the year were:

Pastor C R Perry (chairperson)
Pastor E C Lowe (executive secretary)
Mr V Pilmoor (treasurer)

Mrs A Balderstone
Mr M Bayliss
Mr O Baxter
Pastor G M Bell
Pastor D G Boldeau
Pastor D Cox
Mr K A Davidson
Pastor L R Edwards
Pastor E R Francis
Mrs C Golding
Mr P Hammond
Mr A King
Dr D N Marshall
Pastor D Masih

Pastor D W McFarlane
Pastor C G Murphy
Mrs T Njoku
Mr A Officer
Dr D Penner (from 12 September 2002)
Pastor B P Phillips
Mr E L Reid
Mr S Rivers
Pastor E Sackey
Mrs I Sharpe
Pastor I Sleeman
Pastor I Sweeney
Mr N Todd
Mrs E Wilson

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (CONTINUED) For the year ended 31 December 2002

Principle advisors

Auditors

Colledge Redfern
2 Nascot Street
Watford Herts
WD17 4RB

Bankers

HSBC plc
73 High Street
Watford Herts
WD1 2DS

Solicitors

Penman Johnson
5 George Street
Watford Herts
WD18 0SQ

Pension Scheme Advisors

Solicitors:

Sacker & Partners
29 Ludgate Hill
London
EC4M 7JQ

Actuarial & Administrative:

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

Related party relationships

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

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

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

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

§ The Stanborough Press Limited
(Publishers)

§ Stanborough School
(Primary, Secondary and Boarding School)

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (CONTINUED) For the year ended 31 December 2002

Review of activities and future developments

The church again enjoyed a modest net growth in church membership of 727 during 2002, through its related organisations. This was the highest annual net growth for the church in the UK and the Republic of Ireland and took the total baptised church membership to 21,864 at 31 December 2002.

During the year the BUC continued to promote, develop and implement the LIFEdevelopment.info project and its resource materials. This strategy is designed to help the church communicate its message effectively in the post-modern and post-Christian society. A comprehensive series of seminars and workshops in small group ministry was conducted nation-wide for ministerial employees and church members. In the autumn a new 64-page A5 format magazine entitled LIFE.info was launched with an initial print run of 50,000. Some rescheduling of the project took place due to the need to switch media companies responsible for delivering certain video materials and for handling the production of the satellite media event associated with the project. The latter event which had been set to run in October 2003 was adjusted to take place in March 2004.

Following an extended review of its operation, involving a study of the long-term strategic development of its publishing ministry, The Stanborough Press Ltd, an associated charitable company, closed down its printing and binding departments on a phased basis during 2002 to concentrate on expanding its Christian publishing and distribution output.

The Charity co-operated with ADRA-UK in the latter's annual house-to-house appeal in aid of humanitarian disaster relief and development projects. Projects that benefited from the gross collection figure of £518,002 were as follows:

Development Projects

Community Health Project - Phase 1	Guyana
HIV Counselling Project	Kenya
Health Education Project	Cambodia
Mother Child Health Centre	Ivory Coast
Community Development Project	Madagascar
Family Planning/Reproductive Health Project	Guinea
Children's Orphanage Project	India
Community Water Improvement Project	Uganda
Micro Credit Project	Haiti
Munuki Health Care Project	North Sudan

Disaster Relief Projects

Goma School Relief Project	Congo
Southern Africa Famine	Malawi/Zambia
Afghan Crisis	Afghanistan
Albania Disaster Intervention	Albania

While the total figure exceeded the one for 2001, it was noted that the number of church members participating in the appeal is declining. As the Personal Ministries department of the charity continues to work with ADRA-UK in the annual appeal programme, attention will be given to the urgent need to develop new and creative methods of fund-raising as a way of raising the level of participants in future appeals.

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (CONTINUED) For the year ended 31 December 2002

Review of activities and future developments (continued)

The Youth Ministries department through national youth advisory meetings facilitated co-ordination of the church's youth ministries' programme and resources. The major event in the summer was making all the arrangements for the participation by 640 representatives from the UK and Ireland in an International Pathfinder Camporee in Poland.

During the year the 'Encounter' youth magazine format was revised and received a face-lift.

Youth Ministries continued to promote and administer the AVS (Adventist Volunteer Services) facility within the churches and institutions in the UK and Ireland. AVS is a structure of the world church that enables volunteers to work for one or two years in a variety of posts whether at home or overseas.

Around 30 churches benefited from a variety of health presentations offered by the Health Ministries department. In addition contributions were made to 10 programmes directed to the general public. These focused on alcohol, heart disease, drugs, and stress and included a residential health risk reduction programme.

During the year this department networked with programmes held by the UK National Committee Against Alcohol and Drug Dependency; the United Kingdom Alliance; and the National United Temperance Council. Meetings were held with these bodies on an ongoing basis as well as with The Royal Society of Medicine and The Institute of Health Promotion and Education. Two new book manuscripts were prepared to pre-publication stage: 'The Kellogg Imperative' and 'The Alcohol and Tobacco Book'. The statistical data in the 'AIDS Pandemic' was updated.

The Children's and Women's Ministries departments resourced local church teachers and leaders through the printing of two resource manuals, the distribution of teaching videos, quarterly newsletters and the hosting of training workshops and retreats. The magazine 'Adventist Woman' was produced to build bridges with those women no longer attending church. Women's Ministries raised funds to support a Literary project in Pakistan and a Sudanese lady to attend a college in India.

Through the work of its Education Director the charity provided strategic development, support and monitoring to the heads and governing bodies of the primary and secondary schools operated by the charity and its related organisations in the UK and Ireland. This included assistance in the preparation for Ofsted Inspections, hosting a School Leadership Development programme, secondary curriculum development and INSET training.

The development and application of the Biblical teaching of every-member-ministry in the local church was spearheaded by the Personal Ministries Department. Part of this emphasis includes the recognition that the primary work of pastors is to equip and empower their congregations for their ministry. Training/equipping was made available in the following specific ways:

- The development of holistic small groups as the basis of the church's witness and service. At least 20 pastors have been trained as trainers in small group ministry.

- The use of Natural Church Development materials as an effective way of improving and maintaining the health of local congregations in order that their potential for growth can be maximised. An increasing number of Adventist churches in the British Union Conference are now part-way through the NCD process.

- Promoting LIFEdevelopment.info as a long-term evangelistic process which can be adapted to the specific needs and evangelistic opportunities in local churches, dependent primarily on the building and nurturing of relationships with people, especially those who are "not-yet" Christians.

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BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (CONTINUED) For the year ended 31 December 2002

Review of activities and future developments (continued)

Encouraging/facilitating church planting. Recognising that the majority of the UK population are secular and unresponsive to the traditional church model and its methods of evangelism, the development of different (if experimental) models of church has been encouraged where appropriate. In November over 40 pastors and members attended the first-ever BUC Church Planters' Exchange weekend.

The Communication Department maintained the production of the Video News Release primarily for the SDA church membership. Churches were resource via the weekly electronic newsletter and the distribution of 40,000 copies of the 'Quick Look' leaflet. Design work was completed on a new contact leaflet. Twelve training workshops were convened during the year.

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

Finance report

The British Union Conference continued to be supported by its constituent charities the South and North England Conferences, and the Churches in Ireland, Scotland and Wales.

Tithe grew by 10% during the year 2002 and approached the £11million mark of which about 15% devolves to the British Union. This reflects increased stewardship by our members, and also an increase in membership attendance. The church has benefited from new members arriving from various parts of Africa and Europe reflecting national migration trends.

Gift Aid continued to be a successful resource. Both Conferences were inspected by Inland Revenue officers who were very pleased with our operations and declared our systems to be among the best.

Efforts were made to deal with the challenges of our pension fund. We received our official funding requirement report. During the year we transferred £3.7million to pension fund trustees. Further efforts are being made to secure the deficit (about £11million) using Property Assets as permitted by law. Charity Commission approval has been given for this process. The funding basis was changed from 11% of base tithe inclusive of current contributions, to 9% of base tithe plus 12.5% pensionable salary. This serves to separate contribution for past service and contribution for current service.

Application of Resources

The operation of the church is people intensive. Most of our employees are Ministers of Religion who further the work of the church, and coordinate the voluntary activities of members. The British Union has a supervisory, coordinating and resource development role among the connected charities. Management and Administration costs are thus a significant proportion of our purpose

Reserves policy

The Trustees evaluated the charity's risk exposure and voted to aim for a general reserve of £1.725 million.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (CONTINUED) For the year ended 31 December 2002

Operations of subsidiary organisations

We continue to be exposed the consequences of bad debt at Stanborough School.

The Stanborough Press has discontinued in house printing and become a publishing house. This should stem losses on the production side and enable us to be more effective in creative activities, and sales.

The Good Health Association (Scotland) continues to give most concern. The Governments 'Care in the Community' policy, accommodation and staffing requirements are making operations difficult to say the least. The Health Improvement program has not yet reached optimal uptake.

Our house to house collection was transferred to ADRA-UK during 2002. This gave the charity significant advantages. We were able to build an awareness of the charity which resulted in increased participation by our members in the collection and donation of funds. The operation has placed on us the responsibility of ensuring the projects we sponsor are well conducted and effective in terms of community development.

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 _____ and signed on its behalf, by:

Eric C Lowe, Executive Secretary

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

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

We have audited the financial statements of British Union Conference of Seventh-day Adventists for the year ended 31 December 2002 which comprise the Statement of Financial Activities, Balance Sheet and Cash Flow Statement, with the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

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

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

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

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

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2002 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.

Firm's name.

Address 1.

NB. The date of signing should be entered in 'ACCOUNTS COMPLETION' section

Date:

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 December 2002

	Note	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
INCOMING RESOURCES					
Significant donations and grants	2	1,002,268	2,700,830	3,703,098	3,483,061
Other Donations, legacies and similar incoming resources	2	362,514	331,349	693,863	295,404
Activities in furtherance of the charity's objects	3	-	145,116	145,116	686,203
Investment income	4	23,111	154,279	177,390	207,124
TOTAL INCOMING RESOURCES		1,387,893	3,331,574	4,719,467	4,671,792
RESOURCES EXPENDED					
<i>CHARITABLE EXPENDITURE:</i>					
Grants payable - individual	5	-	64,992	64,992	114,221
Grants payable - institutional	6	3,769,495	800,936	4,570,431	1,208,256
Costs of activities in furtherance of the charity's objects	7	276,851	1,012,352	1,289,203	1,164,762
Support costs for grants and activities	8	-	274,543	274,543	315,459
Resources expended on managing and administering the charity	9	-	572,306	572,306	547,505
TOTAL RESOURCES EXPENDED	10	4,046,346	2,725,129	6,771,475	3,350,203
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS		(2,658,453)	606,445	(2,052,008)	1,321,589
Transfers between Funds	19	153,285	(153,285)	-	-
NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE REVALUATIONS		(2,505,168)	453,160	(2,052,008)	1,321,589
Gains and losses on revaluations of investment assets	14	81,803	-	81,803	-
NET MOVEMENT IN FUNDS FOR THE YEAR		(2,423,365)	453,160	(1,970,205)	1,321,589
TOTAL FUNDS AT 1 JANUARY 2002		3,208,560	5,451,045	8,659,605	7,338,016
TOTAL FUNDS AT 31 DECEMBER 2002		785,195	5,904,205	6,689,400	8,659,605

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

BALANCE SHEET As at 31 December 2002

	Note	2002	2001
FIXED ASSETS			
Tangible fixed assets	13	2,221,808	2,237,563
Investments	14	1,066	-
Investment properties	15	140,000	-
		2,362,874	2,237,563
CURRENT ASSETS			
Stocks	16	35,793	48,170
Debtors	17	894,692	971,987
Cash at bank and in hand		4,198,041	5,883,729
		5,128,526	6,903,886
CREDITORS: amounts falling due within one year	18	(802,000)	(481,844)
NET CURRENT ASSETS		4,326,526	6,422,042
NET ASSETS	20	£ 6,689,400	£ 8,659,605
CHARITY FUNDS			
Restricted Funds	19	785,195	3,208,560
Unrestricted - Designated Funds	19	3,720,945	3,775,260
Unrestricted - General Funds	19	2,183,260	1,675,785
		£ 6,689,400	£ 8,659,605
TOTAL FUNDS		£ 6,689,400	£ 8,659,605

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

The notes on pages 12 to 25 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

CASH FLOW STATEMENT For the year ended 31 December 2002

	Note	2002	2001
Net cash flow from operating activities	21	(2,143,326)	1,123,463
Returns on investments and servicing of finance	22	177,390	195,575
Capital expenditure and financial investment	22	(249,118)	81,294
		(2,215,054)	1,400,332
CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		(2,215,054)	1,400,332
Management of liquid resources	22	1,710,631	(1,553,548)
Financing	22	(5,325)	(5,346)
		£ (509,748)	£ (158,562)
DECREASE IN CASH IN THE YEAR		£ (509,748)	£ (158,562)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT For the year ended 31 December 2002

	2002	2001
Decrease in cash for the year	(509,748)	(158,562)
Cash (inflow)/outflow from (increase)/decrease in liquid resources	(1,710,631)	1,553,548
Cash (increase)/decrease from decrease in debt and lease financing	5,325	5,346
		(2,215,054)
MOVEMENT IN NET FUNDS/DEBT IN THE PERIOD	(2,215,054)	1,400,332
Net funds at 1 January 2002	5,876,848	4,476,516
		£ 3,661,794
NET FUNDS AT 31 DECEMBER 2002	£ 3,661,794	£ 5,876,848

STATEMENT OF CHANGES IN RESOURCES APPLIED FOR FIXED ASSETS FOR CHARITY USE For the year ended 31 December 2002

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
Net movement in funds for the year	(2,423,365)	453,160	(1,970,205)	1,321,589
Resources used for net acquisitions of tangible fixed assets	-	-	(15,755)	-
		(2,423,365)	453,160	1,321,589
<i>Net movement in funds available for future activities</i>	(2,423,365)	453,160	(1,985,960)	1,321,589

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

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.

Tithe funds are derived from donations of one-tenth of their income by members of local congregations. By denominational policy, these funds are restricted to the process of teaching and discipling people making a commitment to the Lord Jesus Christ. Since these funds form the core funding of the Charity, they are accounted for as general funds, but are shown separately in the statement funds (note 19).

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

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

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

1.3 Incoming resources

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

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

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.

The trustees have re-considered the functional analysis of charitable expenditure, and consider that the revised analysis better reflects the operations of the Charity. The analysis of expenditure for 2001 has been restated accordingly in note 7.

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.

- (i) **Subsidiary Undertakings**
Share in subsidiaries are valued at cost less provision for permanent impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

1.6 Tangible fixed assets and depreciation

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

Freehold property	-	1% to 4%	straight line
Fixtures & Fittings	-	5% to 20%	straight line

1.7 Leasing and hire purchase

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

1.8 Stocks

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

1.9 Pensions

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

2. DONATIONS, LEGACIES AND SIMILAR INCOMING RESOURCES

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
Tithe donations from members of local congregations affiliated with the Charity's branches	-	715,161	715,161	573,268
Tithe-sharing grants from affiliated charities	-	1,661,148	1,661,148	1,520,046
Grants from General Conference of Seventh-day Adventists	-	324,521	324,521	324,539
Donations for world-wide evangelism from members of local congregations affiliated with the Charity's branches	51,347	-	51,347	62,624
Grants from affiliated charities towards pension scheme deficit	950,921	-	950,921	1,002,584
Subtotal detailed disclosure	1,002,268	2,700,830	3,703,098	3,483,061
Other donations	362,514	(90,853)	271,661	184,865
Legacies	-	103,241	103,241	90,506
Other grants	-	210,514	210,514	20,033
Government grants	-	100,048	100,048	-
Similar incoming resources	-	8,399	8,399	-
Subtotal	362,514	331,349	693,863	295,404
Donations, legacies and similar incoming resources	1,364,782	3,032,179	4,396,961	3,778,465

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

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
Conventions income	-	44,310	44,310	-
Sale of literature	-	5,045	5,045	-
Gain on sale of church buildings	-	-	-	575,489
Property rents in the United Kingdom	-	91,058	91,058	81,500
Miscellaneous income	-	4,703	4,703	29,214
Total	-	145,116	145,116	686,203

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

4. INVESTMENT INCOME

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
Bank interest in the United Kingdom	23,111	154,279	177,390	207,124

5. GRANTS PAYABLE - INDIVIDUAL

	Number	Total 2002	Number	Total 2001
Grants payable to individuals	43	64,992	73	114,221

6. GRANTS PAYABLE - INSTITUTIONAL

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
Local congregations affiliated to the Charity's branches	-	81,765	81,765	51,903
Contributions to the Charity's group pension scheme for past deficits	3,718,147	-	3,718,147	347,457
Subsidiary entities for operating expenses	-	342,806	342,806	437,000
Regional conferences for operating expenses	-	168,806	168,806	177,643
General Conference of Seventh-day Adventists - tithe-sharing grants	-	118,783	118,783	129,399
General Conference of Seventh-day Adventists - world mission evangelism	51,348	-	51,348	54,611
Grants to educational institutions	-	74,833	74,833	-
Other grants	-	13,943	13,943	10,243
Total	3,769,495	800,936	4,570,431	1,208,256

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

7. CHARITABLE EXPENDITURE BY FUNCTIONS

SUMMARY BY EXPENDITURE TYPE

	Staff Costs 2002	Depreciation 2002	Other Costs 2002	Total 2002	<i>Total 2001</i>
Church ministries	249,985	-	78,173	328,158	369,544
Church communications	222,209	-	221,905	444,114	493,146
Education and school support	111,105	-	255,846	366,951	151,036
Welfare and community service	111,105	-	38,875	149,980	151,036
Subtotal charitable functions	<u>694,404</u>	<u>-</u>	<u>594,799</u>	<u>1,289,203</u>	<u>1,164,762</u>
Support costs for grants and activities	-	83,818	190,725	274,543	315,459
Resources expended on managing and administering the charity	416,641	-	155,665	572,306	547,505
Total	<u><u>1,111,045</u></u>	<u><u>83,818</u></u>	<u><u>941,189</u></u>	<u><u>2,136,052</u></u>	<u><u>2,027,726</u></u>

8. SUPPORT COSTS FOR GRANTS AND ACTIVITIES

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	<i>Total Funds 2001</i>
Depreciation	-	83,818	83,818	82,942
Other costs	-	190,725	190,725	232,517
Total	<u>-</u>	<u>274,543</u>	<u>274,543</u>	<u>315,459</u>

9. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	<i>Total Funds 2001</i>
Staff costs	-	416,641	416,641	237,369
Other costs	-	155,665	155,665	310,136
Total	<u>-</u>	<u>572,306</u>	<u>572,306</u>	<u>547,505</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

10. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff Costs 2002	Depreciation 2002	Other Costs 2002	Total 2002	Total 2001
CHARITABLE EXPENDITURE:					
Grants payable - individual	-	-	64,992	64,992	114,221
Grants payable - institutional	-	-	4,570,431	4,570,431	1,208,256
Church ministries	249,985	-	78,173	328,158	369,544
Church communications	222,209	-	221,905	444,114	493,146
Education and school support	111,105	-	255,846	366,951	151,036
Welfare and community service	111,105	-	38,875	149,980	151,036
Support costs for grants and activities	-	83,818	190,725	274,543	315,459
Resources expended on managing and administering the charity	416,641	-	155,665	572,306	547,505
Subtotal charitable expenditure	<u>1,111,045</u>	<u>83,818</u>	<u>5,576,612</u>	<u>6,771,475</u>	<u>3,350,203</u>
Total resources expended	<u><u>1,111,045</u></u>	<u><u>83,818</u></u>	<u><u>5,576,612</u></u>	<u><u>6,771,475</u></u>	<u><u>3,350,203</u></u>

11. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:

	2002	2001
Depreciation of tangible fixed assets:		
- owned by the charity	83,817	82,941
Auditors' remuneration	3,331	3,231
Internal audit costs	11,095	7,787
	<u><u>108,243</u></u>	<u><u>93,959</u></u>

During the year, nine Trustees received remuneration totalling £283,381 (2001 - £238,303).

During the year, no Trustees received any benefits in kind (2001 - NIL).

Trustees received reimbursement of expenses amounting to £5,874 in the current year (2001 - £138,060).

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

12. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	2002	2001
Wages and salaries	1,004,888	751,206
Social security costs	100,990	96,577
Other pension costs	5,167	113,123
	<u>£ 1,111,045</u>	<u>£ 960,906</u>

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

	2002 No.	2001 No.
Charitable activities	31	30
Supporting activities	18	19
Management and administration	6	8
	<u>55</u>	<u>57</u>

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

13. TANGIBLE FIXED ASSETS

	Land and buildings	Furniture, fittings and equipment	Total
Cost			
At 1 January 2002	2,920,200	365,003	3,285,203
Additions	108,908	49,286	158,194
Disposals	(32,000)	(124,419)	(156,419)
Transfer to investment properties	(58,197)	-	(58,197)
	2,938,911	289,870	3,228,781
Depreciation			
At 1 January 2002	791,568	256,072	1,047,640
Charge for the year	37,690	46,127	83,817
On disposals	(3,200)	(121,284)	(124,484)
	826,058	180,915	1,006,973
Net book value			
At 31 December 2002	£ 2,112,853	£ 108,955	£ 2,221,808
<i>At 31 December 2001</i>	<i>£ 2,128,632</i>	<i>£ 108,931</i>	<i>£ 2,237,563</i>

14. FIXED ASSET INVESTMENTS

	Share in group undertakings	Total
Market value		
Additions	1,066	1,066
At 1 January 2002 and 31 December 2002	£ 1,066	£ 1,066

Investments at market value comprise:

		2002
Group	£	1,066
		1,066

All the fixed asset investments are held in the UK

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

15. INVESTMENT PROPERTIES

	Freehold property	Total
Cost and valuation		
Additions at cost	58,197	58,197
Surplus/(deficit) on revaluation	81,803	81,803
At 31 December 2002	140,000	140,000
Comprising:		
Cost	58,197	58,197
Annual valuation surplus/(deficit): 2002	81,803	81,803
	140,000	140,000

16. STOCKS

	2002	2001
Raw materials and consumable stores	£ 35,793	£ 48,170
	£ 35,793	£ 48,170

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

17. DEBTORS

	2002	2001
Due after more than one year		
Amounts owed by group undertakings	-	150,000
Amounts owed by associated charities	315,183	-
Other debtors	-	2,543
Due within one year		
Amounts owed by group undertakings	16,962	39,069
Amounts owed by associated charities	440,778	579,295
Other debtors	45,217	45,949
Prepayments and accrued income	47,007	155,131
Grants & legacies receivable	29,545	-
	£ 894,692	£ 971,987

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

18. CREDITORS:

Amounts falling due within one year

	2002	2001
Bank loans and overdrafts	530	4,935
Net obligations under finance leases and hire purchase contracts	1,026	1,946
Amounts owed to group undertakings	187,551	81,743
Amounts owed to associated charities	260,788	71,814
Amounts owed local congregations	291,304	222,074
Social security and other taxes	-	26,956
Other creditors	6,483	19,242
Accruals and deferred income	54,318	53,134
	£ 802,000	£ 481,844
	£ 802,000	£ 481,844

19. STATEMENT OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Gains/ (Losses)	Carried Forward
DESIGNATED FUNDS						
Invested in property fund	2,230,681	-	-	47,767	-	2,278,448
Church buildings	691,897	101,903	18,621	17,570	-	792,749
Revolving investmnets	250,000	-	-	135,000	-	385,000
Conferences	42,924	-	-	167,076	-	210,000
Other designated funds	30,267	-	-	24,481	-	54,748
Subtotal	3,245,769	101,903	18,621	391,894	-	3,720,945
GENERAL FUNDS						
Tithe funds	529,580	2,426,003	2,185,836	(69,309)	-	700,438
General funds	1,675,696	803,668	520,672	(475,870)	-	1,482,822
Subtotal	2,205,276	3,229,671	2,706,508	(545,179)	-	2,183,260
Total unrestricted funds	5,451,045	3,331,574	2,725,129	(153,285)	-	5,904,205

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

RESTRICTED FUNDS

Outreach in Britain	463,808	251,116	256,672	1,071	-	459,323
Outreach abroad	-	51,348	51,348	-	-	-
Outreach in Britain	87,146	110,973	14,785	(77,898)	-	105,436
Retirement funds	2,463,278	974,456	3,723,541	224,894	-	(60,913)
Retirement home in Wales	194,328	-	-	5,218	-	199,546
Assets revaluation fund	-	-	-	-	81,803	81,803
Subtotal	3,208,560	1,387,893	4,046,346	153,285	81,803	785,195
Total of Funds	8,659,605	4,719,467	6,771,475	-	81,803	6,689,400

SUMMARY OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers in/(out)	Gains/ (Losses)	Carried Forward
Designated Funds	3,245,769	101,903	18,621	391,894	-	3,720,945
General Funds	2,205,276	3,229,671	2,706,508	(545,179)	-	2,183,260
Subtotal	5,451,045	3,331,574	2,725,129	(153,285)	-	5,904,205
Restricted Funds	3,208,560	1,387,893	4,046,346	153,285	81,803	785,195
Total of Funds	8,659,605	4,719,467	6,771,475	-	81,803	6,689,400

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2002	Unrestricted Funds 2002	Total Funds 2002	Total Funds 2001
Fixed assets	-	2,221,807	2,221,807	2,237,562
Fixed asset investments	-	1,066	1,066	-
Investment properties	-	140,000	140,000	-
Debtors due after more than one year	-	315,183	315,183	152,543
Current assets	785,195	4,028,150	4,813,345	6,751,342
Creditors due within one year	-	(802,001)	(802,001)	(481,842)
Total	785,195	5,904,205	6,689,400	8,659,605

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2002	2001
Net incoming resources before revaluations	(2,052,008)	1,321,589
Returns on investments and servicing of finance	(177,390)	(195,575)
Depreciation of tangible fixed assets	83,817	-
Deficit/(surplus) on disposal of tangible fixed assets	2,255	(2,551)
NET CASH (OUTFLOW)/INFLOW FROM OPERATIONS	£ (2,143,326)	£ 1,123,463

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

	2002	2001
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	£ 177,390	£ 195,575
	<u>2002</u>	<u>2001</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(158,194)	(23,201)
Sale of tangible fixed assets	68,199	-
New loans to associated charities	(183,600)	-
Repaid loans from associated charities	24,477	104,495
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	£ (249,118)	£ 81,294
MANAGEMENT OF LIQUID RESOURCES		
Cash placed on/(withdrawn from) short-term deposit	£ 1,710,631	£ (1,553,548)
	<u>2002</u>	<u>2001</u>
FINANCING		
Repayment of loans	(5,325)	(5,346)
NET CASH OUTFLOW FROM FINANCING	£ (5,325)	£ (5,346)

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

23. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2002	Cash flow	Other non-cash changes	31 December 2002
Cash at bank and in hand:	5,883,729	(1,685,688)	-	4,198,041
Less: deposits treated as liquid resources	(5,318,676)	1,710,631	-	(3,608,045)
	<u>565,053</u>	<u>24,943</u>	<u>-</u>	<u>589,996</u>
LIQUID RESOURCES :				
Deposits included in cash	5,318,676	(1,710,631)	-	3,608,045
DEBT :				
Finance leases	(1,946)	920	-	(1,026)
Debts due within one year	(4,935)	4,405	-	(530)
NET FUNDS	<u>£ 5,876,848</u>	<u>£ (1,680,363)</u>	<u>£ -</u>	<u>£ 4,196,485</u>

24. PENSION COMMITMENTS

The charity operates a defined benefit pension scheme.

The amounts in the financial statements for the year ending 31 December 2002, relating to pensions, are based on a full actuarial valuation dated 5 April 2001.

The contribution made for the year ended 31 December 2002 was £NIL. The agreed contribution rate for future years is NIL%.

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

	2002	2001
	%	%
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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2002

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

	Long-term rate of return expected at 2002 %	Value at 2002	Long-term rate of return expected at 2001 %	Value at 2001
Equities	6.5	-	7.0	-
Bonds	5.5	9,954,000	6.0	6,652,000
Property	6.5	-	7.0	-
Total market value of assets		<u>9,954,000</u>		6,652,000
Present value of scheme liabilities		<u>24,637,000</u>		21,254,000
Deficit in the scheme		<u>14,683,000</u>		14,602,000
Estimated amount recoverable from related charities		<u>11,483,000</u>		11,375,000
Net pension deficit as regards the charity		<u>£ (3,200,000)</u>		£ (3,227,000)

2002

Deficit in scheme at start of year	14,602,000
Movements in year:	
Current year service cost	(461,000)
Contributions	3,325,000
Net interest cost	(790,000)
Actuarial gain	(2,155,000)
Deficit in scheme at end of year	<u>£14,683,000</u>

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

	2002	2001
Charity fund balances excluding pension asset	6,689,400	8,659,605
Pension reserve	<u>(3,200,000)</u>	<u>(3,227,000)</u>
Net charity fund balances	<u>£ 3,489,400</u>	<u>£ 5,432,605</u>