
BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2006

During 2006, the British Union Conference held its quinquennial conference in which Officers were elected and Trustee Board appointed, resulting in the changes listed below.

Trustees

C R Perry, Chair (resigned 26/07/2006)
D W McFarlane, Chair (appointed 30/07/2006)
E C Lowe, Secretary
V Pilmoor, Treasurer
K T Abbequaye (appointed 30/07/2006)
A Balderstone (resigned 26/07/2006)
M Bayliss (resigned 26/07/2006)
O Baxter (resigned 26/07/2006)
C Benz (appointed 30/07/2006)
D G Boldeau (resigned 26/07/2006)
E Brooks (appointed 30/07/2006)
R Brooks (appointed 30/07/2006)
A Carbone (appointed 30/07/2006)
D Cox (resigned 31/12/2005)
K Davidson
L R Edwards
P Emm (appointed 30/07/2006)
D Foster (appointed 30/07/2006)
E R Francis
S Gillin (appointed 30/07/2006)
C Golding (resigned 11/04/2006)
P Hammond
M Hayles
V Hulbert (appointed 30/07/2006)
A King (resigned 26/07/2006)
S Logan (appointed 30/07/2006)
D N Marshall
D Masih (resigned 26/07/2006)
D McCormac (appointed 30/07/2006)
R Muimo (appointed 30/07/2006)
R Murphy (appointed 30/07/2006)
D Neal
T Njoku (resigned 26/07/2006)
A Officer
E Osei (appointed 30/07/2006)
D Penner
B P Phillips (resigned 26/07/2006)
B Plunkett (appointed 30/07/2006)
A Rivers (appointed 30/07/2006)
S Rivers (resigned 26/07/2006)
E Sackey (resigned 26/07/2006)
I Sharpe (resigned 26/07/2006)
I Sleeman (resigned 26/07/2006)
A Stephenson (appointed 30/07/2006)
I Sweeney (resigned 26/07/2006)
J SurrIDGE (appointed 30/07/2006)
N Todd (resigned 26/07/2006)
H Walters
E Wilson (resigned 26/07/2006)
E Windrass (resigned 26/07/2006)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2006

Charity details (continued)

Charity registered number

1044071

Principal office

Stanborough Park
Garston
Watford
Herts
WD25 9JZ

Auditors

Colledge Redfern
Chartered Certified Accountants
2 Nascot Street
Watford
Herts, WD17 4RB

Bankers

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

Solicitors

Penman Johnson
5 George Street
Watford
Herts WD18 0SQ

Pension Scheme Advisors: Solicitors

Sacker & Partners
29 Ludgate Hill
London EC4M 7JQ

Pension Scheme Advisors: Actuarial & Administrative

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

The Trustees submit their annual report and the audited financial statements of British Union Conference of Seventh-day Adventists (the charity) for the year ended 31 December 2006. 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 March 2005.

Structure, governance and management

a. CONSTITUTION

The British Union Conference of Seventh-day Adventists (the 'Charity') is an unincorporated association, whose governing instrument is its Constitution and which is administered by a board of trustees (the executive committee).

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the constitution. During 2006, the British Union Conference held its quinquennial conference in which Officers were elected and Trustee Board appointed resulting in the changes shown on pages 1 and 2. .

c. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

New trustees are provided with the copies of the Charity's constitution, its Policy Book and Education Handbook, Pension Plan Explanatory Booklet and minutes of the executive committee meetings for the current year. In addition each trustee receives a copy of the Charity Commission document 'The Essential Trustee –what you need to know' and the ongoing Charity Commission Newsletter.

In as much as the majority of new trustees start their term of office at the commencement of each new quinquennium the primary induction is provided at the first meeting of the quinquennium, with further ongoing support.

d. ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Charity is the principal administrative body of the Seventh-day Adventist Church in the United Kingdom and the 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 in 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 dependent upon it), two 'Conferences' in North and South England respectively (both registered charities in their own rights 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.

e. RELATED PARTY RELATIONSHIPS

The following subsidiary organisations have carry out certain aspects of its operations:

Good Health Association (Scotland) Ltd
(Health Education and Treatment)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

Stanborough Press Ltd
(Publishers)

Stanborough School
(Primary, Secondary and Boarding School)

f. RISK MANAGEMENT

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems are in place to mitigate our exposure to the major risks.

Objectives and Activities

a. POLICIES AND OBJECTIVES

The Charity has adopted the following objectives in pursuit of its mission to proclaim the everlasting gospel of our Lord and Saviour Jesus Christ, to teach the commandments of God as the supreme rule of life and to persuade people to become his disciples and responsible members of the church and to support charitable and humanitarian work which is in harmony with the doctrines and principles of the Seventh-day Adventist Church:

Create a strong evangelistic vision in regional offices, institutions and local congregations.

Create and sustain an efficient pastoral team that will help to fulfil the mission of the church.

Develop diverse yet inclusive faith communities that are sensitive to the needs of their local communities.

b. STRATEGIES FOR ACHIEVING OBJECTIVES

A summary of the strategies used to achieve the above objectives have been to:

Provide financial, policy and administrative support to regional and institutional offices and boards.

Deliver a programme of Christian education that will prepare children for service to God and society at large.

Establish a Health Ministries Department that will serve as a resource for information and counsel on health affairs.

Develop the Adventist Discovery Centre correspondence school as an effective and significant resource.

Support Regional offices and local churches with training and resources in the areas of children, family, women and youth ministries.

Achievements and performance

a. REVIEW OF ACTIVITIES

The church experienced a net growth in church membership in all its regional sections during 2006. Total net growth for the year was 1,375 taking the total membership figure at 31 December 2006 to 26,895. This

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2006

represented a 5.39% growth rate for the year and consolidated a trend experienced over the previous four years with growth rates of 5.31%, 4.78%, 5.79%, and 3.44% respectively. The church continued to benefit from significant numbers of Seventh-day Adventists coming to live in the UK and the Republic of Ireland from overseas. The net transfer growth during the year stood at 443. Over the five year period 2002-2006 the net transfer growth has been 2,181. This has continued to present the church with the challenging opportunity of helping local churches extend a warm and meaningful fellowship to these members coming from many diverse cultural backgrounds.

The British Union Conference hosted its quinquennial session (the charity's general assembly) at York University 26-30 July. The session received reports illustrating the progress achieved in implementing the strategic plan for the period and a new strategic plan 2006-2010 was approved in principle and referred to the incoming officers, departmental directors and executive committee for final refinement. Executive officers, departmental directors and an executive committee were appointed for the next five-year term.

In harmony with its strategic plan there was continued promotion of the LIFEdevelopment.info? initiative and resource materials. This strategy which is designed to help the church to communicate the Christian gospel effectively in the largely post-modern society where a large majority of the population do not attend church was re-affirmed at the general assembly in York. Five further issues of the LIFE.info magazine, launched in autumn 2002, were produced in 2006 as support material for use along side the other resources.

Members and their friends continued to benefit from the church's two 24/7 satellite broadcast TV programmes available via the Hotbird satellite. These provided worship, training and outreach resources to Adventist churches and members in the British Isles. The Communication department that is responsible for the running the BUC Media Centre produced a weekly programme, "In Conversation", for use on one of the channels as well as submitting additional footage for use in other programmes. Email news letters and use of the churches website also developed during the past year keeping the membership and other interested parties informed of church news and activities, and providing on-line resources for our members.

Due to personnel changes during the year the strategic developments in the programme of the Adventist Discovery Centre were tabled pending the appointment of a new director. Similar challenges were faced in the Personal Ministries department due to staff transfers and pending the election of a new director at the session.

The Ministerial Association continued to support the pastoral employees and local church elders throughout the British Isles. The resources included books for pastors on relevant topics and an increased circulation of the 'Elders' Digest', a journal for local church elders. Work continued on revising and updating the BUC Pastor's Handbook and the first annual national induction for pastoral interns and new ministerial employees was held in October.

During the year the Education Department 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 Republic of Ireland. This included assistance in the preparation for Ofsted Inspections, secondary curriculum development and INSET training.

A variety of health programmes for Church members and the general public in a range of settings across the United Kingdom were facilitated by the Health Ministries Director.

The emphasis of the Children's, Family and Women's Ministries departments in 2006 was on training. This was accomplished through seminars in the local churches, area training days, regional Camp Meeting workshops, joint department committees' weekends and a Trans-European Division/General Conference training week. Those trained were able to lead out at their respective conference and mission events, such as Women's Ministries campaigns that resulted in 16 baptisms, Family Ministry marriage enrichment weekends and the launch of the Children's Ministries Kids in Discipleship University.

The major project for the Youth Department was co-ordinating the participation of 989 young people and their leaders from England, Ireland, Scotland and Wales in the Trans-European Division Pathfinder Camporee in

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

Denmark in July/August. The BUC carried responsibility for organising 15 of the activities offered to participants.

The Drug Awareness promotion and training which commenced in 2005 was further consolidated. Nine individuals qualified as drug educators as a result of training conducted by Hope UK between February and May. Two one-day Drug Awareness conferences were held in November and December for pastors and Pathfinder staff respectively with a total attendance of 24.

The department joined forces with its counter parts in other European countries to conduct a youth survey that was launched in December and ran through to February 2007. The Valuegenesis survey was the largest investigation to date into the religious and social ideas of European Adventist youth.

The department continued to co-ordinate the church's youth ministries through its bi-annual youth advisories and participated in youth leadership training hosted by regional entities. Four editions of the Encounter magazine were produced including special features about the TED Camporee, the Valuegenesis Survey and the Elijah Project.

As part of our overall strategy in fulfilling the mission of the British Union Conference of Seventh-day Adventists, the Publishing Department continues to distribute Christian literature in co-operation with church members and equipping and training those members who are interested in selling such publications either on a part time or full time basis.

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

Financial review

a. RESERVES POLICY

The trustees evaluated the charity's risk exposure. Whereas we have £3.4 million in unrestricted fund assets, £3.2 million is invested in operational property. This would seem a small margin save that our Pension Deficit of £3.76million (the portion due by the BUC to the Group) is a long term commitment, offset by the market rather than book value of operational fixed assets.

We estimate our Working Capital to be 30% of our annual expenditure (£5.1m) which would be (£1.7m). To cover contingent needs of our subsidiaries we estimate a further £0.5m giving a reserve requirement of £2.2million.

b. PRINCIPAL FUNDING

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

Tithe – the major source of our income grew by 5.6% (10%) overall during 2006 (2005). Tithe growth in the Irish Scottish and Welsh missions was less than in the prior year which was an exceptional year. It was comparable to 2004 however.

The total tithe was in the region of £14.7 million. This reflects continued stewardship by our members, and the increase in membership attendance. The church continues to benefit from new members arriving from various parts of the world.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

Further progress was made in dealing with the challenges of our pension fund. Trustees affirmed their commitment to meeting the full cost of pension liabilities, and would describe their covenant to this extent as strong. The Church provided its headquarter estate, value in market terms at almost £17million, as a contingent asset to the Pension Fund Trustee, and is prepared to commit further assets as required. (Since the cost of valuation is significant, this would be provided on a need basis). The performance of funds invested in 15 year gilts by the Pension Fund trustee had a regressive year, which did not help in reducing our liability significantly.

2006 was unique in several respects. Firstly it was a year in which our quinquennial constituency meeting was held. This event represents a significant cost in terms of its delivery and personnel activity surrounding it. We restructured / repositioned our Retirement Home operation, returning it after 16 years from our Good Health Association to headquarter operations. This together with the sale of the Dell Nursing Home significantly alters the perspective of our Balance Sheet, even though from a group perspective little has changed. Our site in Lingmoor was subject to contract of sale at the end of the reporting period. The proceeds of the Nursing Home have been dispersed to the support of the Good Health Association, and to the South England Conference in compensation for the Oulton Broad Chapel that accompanied the sale.

The church regularly benefits from legacies. However, 2006 returned several significant bequests. One of which is specifically intended for retirement provision in Wales, a second made provision for new ministry in the Southampton district.

The Adventist Discovery Centre, our distance learning Bible School, was disrupted by the untimely death of its Director, and the time taken in finding a replacement. It was however helped by a significant volume of interest generated in the period prior to his death. The ADC also benefited from several legacies.

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

We continue to have particular commercial challenges with respect to the Healthful Life operation in Scotland, a resolution to which is expected in the coming year, and anticipate cash flow challenges at our School in Watford due to tardy collection of school fees.

Plans for the future

Operations of subsidiary organisations

Stanborough School represents a major property investment on our home estate. The secondary school building is 10 years old and is suffering from its first natural replacement of fittings cycle, which is likely to require significant resources. The sanitation facilities are being renewed. The primary school was built with a life expectancy of 30 years, and is subject to significant maintenance. We are also challenged by the collection of School Fees.

The Stanborough Press has instituted operational efficiencies and is competing strongly in the African market, where the church is expanding significantly. They continue to produce new books that are being well received. The major risks are the vagaries of currency exchanges and the low margins that can be expected in the markets we serve. This institution has filed a surplus in its operational accounts.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006**

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that 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 Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 20 September 2007 and signed on its behalf, by:

Eric C Lowe, Executive Secretary

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 2006 set out on pages 11 to 35. These financial statements have been prepared in accordance with the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the Trustees for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' responsibilities.

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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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. We also report to you if, in our opinion, the Trustees' annual report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' annual 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

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

OPINION

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2006 and of its Incoming resources and application of resources, including its income and expenditure 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

2 October 2007

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
INCOMING RESOURCES					
Incoming resources from generated funds:					
Tithe donations from members of local congregations affiliated with the Charity	2	-	996,106	996,106	1,035,336
Tithe-sharing grants from affiliated charities	2	-	2,187,913	2,187,913	2,065,853
Grants from General Conference of Seventh-day Adventists	2	-	396,568	396,568	353,030
Funds for future retirement facilities transferred from subsidiary charity	2	-	390,323	390,323	69,963
Tax recoverable on Gift Aid donations	2	-	101,719	101,719	107,927
Other voluntary income	2	867,218	465,041	1,332,259	213,816
Investment income	3	2	193,851	193,853	177,677
Incoming resources from charitable activities	4	5,906	1,078,643	1,084,549	341,434
TOTAL INCOMING RESOURCES		873,126	5,810,164	6,683,290	4,365,036
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	5	-	-	-	33,811
Charitable activities	12	163,088	4,920,725	5,083,813	3,947,217
Governance costs	9	-	282,674	282,674	23,780
TOTAL RESOURCES EXPENDED		163,088	5,203,399	5,366,487	4,004,808
NET INCOME BEFORE TRANSFERS		710,038	606,765	1,316,803	360,228

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**STATEMENT OF FINANCIAL ACTIVITIES (continued)
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Transfers between Funds	22	(3,835)	3,835	-	-
NET INCOME FOR THE YEAR		706,203	610,600	1,316,803	360,228
Actuarial gains and losses on defined benefit pension schemes		-	(85,510)	(85,510)	(266,125)
NET MOVEMENT IN FUNDS FOR THE YEAR		706,203	525,090	1,231,293	94,103
<i>Total funds at 1 January 2006</i>		<i>606,024</i>	<i>2,876,889</i>	<i>3,482,913</i>	<i>3,388,810</i>
TOTAL FUNDS AT 31 DECEMBER 2006		1,312,227	3,401,979	4,714,206	3,482,913

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 16 to 35 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible fixed assets	15		3,256,996		2,393,623
Investment property	16		140,000		140,000
Fixed asset investments	17		1,066		1,066
			<u>3,398,062</u>		<u>2,534,689</u>
CURRENT ASSETS					
Stocks	18	23,198		83,199	
Debtors	19	1,112,121		1,062,796	
Cash at bank and in hand		5,616,281		4,577,147	
			<u>6,751,600</u>		<u>5,723,142</u>
CREDITORS: amounts falling due within one year	20		<u>(1,211,696)</u>		<u>(1,021,857)</u>
NET CURRENT ASSETS			<u>5,539,904</u>		<u>4,701,285</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,937,966</u>		<u>7,235,974</u>
CREDITORS: amounts falling due after more than one year	21		<u>(463,356)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u>8,474,610</u>		<u>7,235,974</u>
Defined benefit pension scheme liability	27		<u>(3,760,404)</u>		<u>(3,753,061)</u>
NET ASSETS INCLUDING PENSION SCHEME ASSETS/(LIABILITIES)			<u><u>4,714,206</u></u>		<u><u>3,482,913</u></u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
CHARITY FUNDS					
Restricted funds	22		1,312,227		606,024
Unrestricted funds:					
Unrestricted income funds	22	7,162,383		6,629,950	
Unrestricted funds excluding pension liability		7,162,383		6,629,950	
Pension reserve		(3,760,404)		(3,753,061)	
Total unrestricted funds			3,401,979		2,876,889
TOTAL FUNDS			4,714,206		3,482,913

The financial statements were approved by the Trustees on 20 September 2007 and signed on their behalf, by:

The notes on pages 16 to 35 form part of these financial statements.

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £	2005 £
Net cash flow from operating activities	24	463,867	75,549
Returns on investments and servicing of finance		56,255	51,681
Capital expenditure and financial investment		547,716	(124,755)
CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		1,067,838	2,475
Management of liquid resources		(1,326,794)	217,775
Financing		(29,700)	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(288,656)	220,250

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006 £	2005 £
(Decrease)/Increase in cash in the year	(288,656)	220,250
Cash outflow/(inflow) from decrease in liquid resources	1,326,794	(217,775)
Cash outflow from decrease in debt and lease financing	29,700	-
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	1,067,838	2,475
Loans transferred from group undertaking	(398,340)	-
MOVEMENT IN NET DEBT IN THE YEAR	669,498	2,475
Net funds at 1 January 2006	4,576,469	4,573,994
NET FUNDS AT 31 DECEMBER 2006	5,245,967	4,576,469

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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 March 2005 and applicable accounting standards.

The adoption of the new SORP, has meant the re-allocation of expenditures in the prior year to allow for comparability.

1.2 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

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

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

1.3 Incoming resources

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

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.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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.

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 not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.6 Investments

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

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the Trustees, necessary in order to give a true and fair view of the financial position of the charity.

1.8 Stocks

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

1.9 Pensions

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

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

2. VOLUNTARY INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Tithe donations from members of local congregations affiliated with the Charity	-	996,106	996,106	1,035,336
Tithe-sharing grants from affiliated charities	-	2,187,913	2,187,913	2,065,853
Grants from General Conference of Seventh-day Adventists	-	396,568	396,568	353,030
Funds for future retirement facilities transferred from subsidiary charity	-	390,323	390,323	69,963
Tax recoverable on Gift Aid donations	-	101,719	101,719	107,927
Subtotal detailed disclosure	-	4,072,629	4,072,629	3,632,109
Other donations	117,968	108,693	226,661	140,099
Legacies	548,980	273,105	822,085	48,490
Other grants	200,270	83,243	283,513	25,227
Subtotal	867,218	465,041	1,332,259	213,816
Voluntary income	867,218	4,537,670	5,404,888	3,845,925

3. INVESTMENT INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Investment income - local cash	2	177,054	177,056	177,677
Investment income - foreign cash	-	16,797	16,797	-
Subtotal	2	193,851	193,853	177,677

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Courses and conferences	5,906	1,078,643	1,084,549	341,434
Subtotal	5,906	1,078,643	1,084,549	341,434

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

5. COSTS OF GENERATING VOLUNTARY INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Advertising materials	-	-	-	33,811

6. GRANTS TO INDIVIDUALS

	Number	Total 2006 £	<i>Number</i>	<i>Total 2005 £</i>
Education grants to individuals		76,554		79,117

7. LIST OF INSTITUTIONAL GRANTS PAYABLE

Name of institution/grant	Grant description	2006 £	<i>2005 £</i>
Grants to local congregations	Support of church activities	129,942	124,017
Stanborough School	Educational needs	277,271	252,000
Newbold College	Educational needs	-	49,748
General Conference of Seventh-day Adventists	General operations	283,748	264,920
Adventist Development and Relief Agency	Humanitarian aid activities	12,000	12,000
Good Health Association (Scotland)_ Ltd	Promotion of healthful living	524,805	102,000
South England Conference	Evangelism	55,000	-
South England Conference	General operations	92,791	104,000
North England Conference	General operations	56,000	56,000
South England Conference	Retirement home	250,000	-
South England Conference	Local congregation needs	60,000	-
		1,741,557	<i>964,685</i>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

8. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Church ministry	38,936	1,383,762	1,422,698	1,260,881
Education	60,969	804,092	865,061	787,723
Humanitarian aid	-	-	-	12,000
Welfare	27,087	1,258,954	1,286,041	512,489
Church communication	36,096	1,041,378	1,077,474	961,205
Support of local congregations	-	148,791	148,791	148,000
Support of other geographical areas	-	283,748	283,748	264,919
	<u>163,088</u>	<u>4,920,725</u>	<u>5,083,813</u>	<u>3,947,217</u>

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2006 £	Depreciation 2006 £	Other costs 2006 £	Total 2006 £	<i>Total 2005 £</i>
Church ministry	597,093	112,248	713,357	1,422,698	1,260,881
Education	265,373	13,232	586,456	865,061	787,723
Humanitarian aid	-	-	-	-	12,000
Welfare	265,373	13,232	1,007,436	1,286,041	512,489
Church communication	530,748	26,465	520,261	1,077,474	961,205
Support of local congregations	-	-	148,791	148,791	148,000
Support of other geographical areas	-	-	283,748	283,748	264,919
	<u>1,658,587</u>	<u>165,177</u>	<u>3,260,049</u>	<u>5,083,813</u>	<u>3,947,217</u>

9. GOVERNANCE COSTS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	<i>Total Funds 2005 £</i>
Internal audit	-	5,360	5,360	5,146
External audit	-	4,931	4,931	4,583
Quinquennial general meeting	-	259,522	259,522	-
Trustees meetings	-	12,861	12,861	8,864
Depreciation of tangible fixed assets	-	-	-	5,187
	<u>-</u>	<u>282,674</u>	<u>282,674</u>	<u>23,780</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

10. DIRECT COSTS

	Church ministry £	Education £	Welfare £	Communica tion £	Total 2006 £	Total 2005 £
Expected return on pension liabilities/assets	67,556	30,024	30,024	60,049	187,653	175,177
Staff travel	12,993	5,775	5,775	11,549	36,092	34,040
Other staff costs	5,444	2,420	2,420	4,839	15,123	-
Advisory meetings	1,506	670	670	1,340	4,186	-
Repairs & maintenance	30,820	13,698	13,698	27,396	85,612	29,633
Other accommodation	2,730	1,213	1,213	2,426	7,582	-
Office costs	5,027	2,234	2,234	4,468	13,963	-
Publicity	247	110	110	220	687	-
Supplies	149,392	66,397	66,397	132,794	414,980	448,908
Interest payable	69	31	31	62	193	-
Legal & professiona;	7,486	3,328	3,328	6,655	20,797	-
Depreciation	82,474	-	-	-	82,474	-
	<u>365,744</u>	<u>125,900</u>	<u>125,900</u>	<u>251,798</u>	<u>869,342</u>	<u>687,758</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

11. SUPPORT COSTS

	Church ministry £	Education £	Welfare £	Communica tion £	Total 2006 £	Total 2005 £
Staff travel	83,710	37,204	37,204	74,408	232,526	276,896
Office supplies	44,704	19,868	19,868	39,737	124,177	109,028
Building maintenance	10,457	4,647	4,647	9,295	29,046	111,914
Repairs & maintenance	28,764	12,784	12,784	25,568	79,900	-
Other accommodation	17,448	7,754	7,754	15,508	48,464	-
Insurance	41,835	18,594	18,594	37,188	116,211	-
Interest payable	457	203	203	406	1,269	-
Legal & professional	3,885	1,727	1,727	3,454	10,793	-
Exchange differences	4,388	1,951	1,951	3,901	12,191	-
Other expenses	177	79	79	158	493	-
Wages and salaries	490,089	217,817	217,817	435,634	1,361,357	1,277,817
National insurance	48,779	21,679	21,679	43,359	135,496	129,231
Pension cost	58,225	25,877	25,877	51,755	161,734	231,269
Depreciation	29,774	13,232	13,232	26,465	82,703	79,502
	862,692	383,416	383,416	766,836	2,396,360	2,215,657

12. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2006 £	Grant funding of activities 2006 £	Support costs 2006 £	Total 2006 £	Total 2005 £
Nurture	365,744	194,262	862,692	1,422,698	1,260,881
Education	125,900	355,745	383,416	865,061	787,723
Humanitarian aid	-	-	-	-	12,000
Welfare	125,900	776,725	383,416	1,286,041	512,489
Communication	251,798	58,840	766,836	1,077,474	961,205
Support of local congregations	-	148,791	-	148,791	148,000
Support of other geographical areas	-	283,748	-	283,748	264,919
Total	869,342	1,818,111	2,396,360	5,083,813	3,947,217

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

13. NET INCOME

This is stated after charging:

	2006	<i>2005</i>
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	176,070	<i>77,849</i>
Auditors' remuneration	4,931	<i>4,583</i>
Internal audit costs	5,360	<i>5,146</i>
	<u>186,361</u>	<u><i>87,582</i></u>

During the year, eleven trustees received remuneration (2005 - ten trustees) - see below.
During the year, no Trustees received any benefits in kind (2005 - £NIL).

14. STAFF COSTS

Staff costs, including trustees, were as follows:

Wages and salaries	1,361,357	<i>1,277,817</i>
Social security costs	135,496	<i>129,231</i>
Other pension costs (Note 27)	161,734	<i>231,269</i>
	<u>1,658,587</u>	<u><i>1,638,317</i></u>

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

	No.	<i>No.</i>
Charitable activities	31	<i>35</i>
Supporting activities	16	<i>16</i>
Management and administration	6	<i>6</i>
	<u>53</u>	<u><i>57</i></u>

No employee received remuneration amounting to more than £60,000 in either year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

TRUSTEES' REMUNERATION

	2006 £	2005 £
C R Perry	23,742	33,165
D W McFarlane	11,871	-
E Lowe	34,502	32,086
V Pilmoor	34,502	32,086
D Boldeau	21,846	30,377
K Davidson	32,768	29,837
D Cox	-	30,377
V Hulbert	10,923	-
D Neal	28,175	6,845
C Murphy	-	20,536
L Edwards	30,875	27,381
B P Phillips	20,583	27,381
J Surridge	10,292	-
	<u>260,079</u>	<u>270,071</u>
Total	<u><u>260,079</u></u>	<u><u>270,071</u></u>

15. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2006	3,259,917	316,567	3,576,484
Additions	343,331	15,760	359,091
Transfers intra group	995,556	82,548	1,078,104
Disposals	(337,248)	(82,548)	(419,796)
	<u>4,261,556</u>	<u>332,327</u>	<u>4,593,883</u>
At 31 December 2006	4,261,556	332,327	4,593,883
Depreciation			
At 1 January 2006	957,679	225,182	1,182,861
Charge for the year	152,788	23,282	176,070
Transfers intra group	164,485	67,521	232,006
On disposals	(186,529)	(67,521)	(254,050)
	<u>1,088,423</u>	<u>248,464</u>	<u>1,336,887</u>
At 31 December 2006	1,088,423	248,464	1,336,887
Net book value			
At 31 December 2006	<u>3,173,133</u>	<u>83,863</u>	<u>3,256,996</u>
At 31 December 2005	<u>2,302,238</u>	<u>91,385</u>	<u>2,393,623</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

15. TANGIBLE FIXED ASSETS (continued)

The market value of the land and buildings at 31 December 2006, based on their insured value, was £13,700,000 (2005: £12,200,000).

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

Land and buildings to a value of £4,800,000 have been charged to the pension fund trustees to secure the funding for the deficit referred to in note 27 below.

16. INVESTMENT PROPERTY

	Freehold property £
Cost and valuation	
At 1 January 2006 and 31 December 2006	<u>140,000</u>

The 2006 valuations were made by a trustee, on an open market value for existing use basis.

17. FIXED ASSET INVESTMENTS

	Share in group under- takings £	
Market value		
At 1 January 2006 and 31 December 2006		<u>1,066</u>
Investments at market value comprise:		
	2006	2005
	£	£
Group	<u>1,066</u>	<u>1,066</u>

All the fixed asset investment comprises the whole of the issued share capital of The Stanborough Press Ltd (a Christian publishing house and is held in the UK

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

18. STOCKS

	2006	<i>2005</i>
	£	£
Raw materials	23,198	83,199

19. DEBTORS

	2006	<i>2005</i>
	£	£
Due after more than one year		
Amounts owed by group undertakings	109,667	142,917
Amounts owed by related charities	52,181	88,202
Other debtors	3,057	-
Due within one year		
Amounts owed by group undertakings	113,149	51,488
Amounts owed by related charities	503,530	587,912
Other debtors	17,511	12,759
Prepayments and accrued income	257,407	141,703
Grants Receivable	55,619	37,815
	1,112,121	1,062,796

20. CREDITORS:

Amounts falling due within one year

	2006	<i>As restated</i> <i>2005</i>
	£	£
Bank loans and overdrafts	1,674	678
Other loans	33,513	-
Amounts owed to group undertakings	391,725	204,632
Amounts owed to related charities	305,963	134,399
Amounts owed to local congregations	437,673	302,504
Other creditors	9,823	333,409
Accruals and deferred income	31,325	46,235
	1,211,696	1,021,857

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

	2006 £	2005 £
Loans from lifetime tenants	335,127	-
Deferred income	128,229	-
	<u>463,356</u>	<u>-</u>

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

	2006 £	2005 £
Repayable other than by instalments	<u>287,141</u>	<u>-</u>

The charity lets some of its properties on life tenancies, in consideration of capital deposits. The above loan amounts represent the proportion of deposits repayable. The deferred income amounts represent the balance of deposits that are not repayable but are being credited to income over the estimated lifetime of each tenant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

22. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Invested in property fund	2,257,200	-	(176,072)	1,234,566	-	3,315,694
Assets revaluation fund	81,303	-	-	-	-	81,303
Future church buildings	776,469	358	(92,687)	(301,883)	-	382,257
Revolving investments	385,000	-	-	-	-	385,000
Cost of future conferences	187,301	63,322	(262,522)	29,939	-	18,040
Other designated funds	11,275	-	(13,184)	27,139	-	25,230
	<u>3,698,548</u>	<u>63,680</u>	<u>(544,465)</u>	<u>989,761</u>	<u>-</u>	<u>4,207,524</u>
General funds						
Tithe fund	902,789	3,412,317	(3,573,864)	64,490	-	805,732
Other general funds	2,028,613	1,906,613	(735,683)	(1,050,416)	-	2,149,127
Pension reserve	(3,753,061)	427,554	(349,387)	-	(85,510)	(3,760,404)
	<u>(821,659)</u>	<u>5,746,484</u>	<u>(4,658,934)</u>	<u>(985,926)</u>	<u>(85,510)</u>	<u>(805,545)</u>
Total Unrestricted funds	<u>2,876,889</u>	<u>5,810,164</u>	<u>(5,203,399)</u>	<u>3,835</u>	<u>(85,510)</u>	<u>3,401,979</u>

BRITISH UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

Restricted funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Church communication in Britain	287,789	32,528	(4,843)	(2,810)	-	312,664
Church communication world-wide	-	81,513	(81,513)	-	-	-
Church ministries in Britain	109,394	18,260	(76,732)	(1,025)	-	49,897
Retirement home in Wales	208,841	548,980	-	-	-	757,821
Future church buildings	-	191,845	-	-	-	191,845
	<u>606,024</u>	<u>873,126</u>	<u>(163,088)</u>	<u>(3,835)</u>	<u>-</u>	<u>1,312,227</u>
Total of Funds	<u><u>3,482,913</u></u>	<u><u>6,683,290</u></u>	<u><u>(5,366,487)</u></u>	<u><u>-</u></u>	<u><u>(85,510)</u></u>	<u><u>4,714,206</u></u>

A brief explanation for these funds follows:

The funds invested in property are not available for other charity use, and so are put aside as designated funds.

Funds are also set aside for the future acquisition of church buildings as needed in the Irish, Scottish and Welsh branches.

The revolving investment fund is set aside to provide loans to local conferences and subsidiary charities as needed.

The charity's Constitution calls for quinquennial general meetings of the members. Funds are set aside annually to meet the cost of these and other non-regular meetings.

Tithe funds are derived from members of the local congregations setting aside one tenth of their income for the work of the church. The denominational policy is to use these funds solely for evangelism and nurture. It is the denominational practice to maintain traceability of these funds, and they are separately accounted for within the general funds.

Funds received for communication of the gospel are held as funds restricted for this purpose, either to be used within Britain or by the wider world church.

Other funds are received for specific purposes in connection with the nurture of church members and the acquisition of church buildings, and are similarly held as restricted funds until they can be used for the purposes for which they were given.

Funds (mainly legacies) have been received for the purpose of building a retirement home in Wales. The terms of the wills give the executive committee of the charity discretion in using the funds for other purposes if this purpose cannot be fulfilled within a period of years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	3,698,548	63,680	(544,465)	989,761	-	4,207,524
General funds	(821,659)	5,746,484	(4,658,934)	(985,926)	(85,510)	(805,545)
	<u>2,876,889</u>	<u>5,810,164</u>	<u>(5,203,399)</u>	<u>3,835</u>	<u>(85,510)</u>	<u>3,401,979</u>
Restricted funds	606,024	873,126	(163,088)	(3,835)	-	1,312,227
	<u>3,482,913</u>	<u>6,683,290</u>	<u>(5,366,487)</u>	<u>-</u>	<u>(85,510)</u>	<u>4,714,206</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
Tangible fixed assets	-	3,256,996	3,256,996	2,393,622
Fixed asset investments	-	1,066	1,066	1,066
Investment properties	-	140,000	140,000	140,000
Creditors due within one year	-	164,904	164,904	231,119
Current assets	1,312,227	5,274,468	6,586,695	5,492,023
Creditors due within one year	-	(1,211,695)	(1,211,695)	(1,021,856)
Creditors due in more than one year	-	(463,356)	(463,356)	-
Provisions for liabilities and charges	-	(3,760,404)	(3,760,404)	(3,753,061)
	<u>1,312,227</u>	<u>3,401,979</u>	<u>4,714,206</u>	<u>3,482,913</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Net incoming resources before revaluations	1,316,803	360,228
Returns on investments and servicing of finance	(56,255)	(51,681)
Amortisation of life tenancies	(20,689)	-
Funds transferred from group undertaking	(386,156)	-
Depreciation of tangible fixed assets	176,070	77,849
Deficit on disposal of tangible fixed assets	(753,565)	9,354
Decrease/(increase) in stocks	60,001	(58,137)
Increase in debtors	(141,317)	(21,703)
Decrease in amounts owed by group undertakings	2,506	(105,902)
Decrease in amounts owed by associated charities	97,822	(123,005)
Decrease in creditors	(30,527)	(111,956)
	-	-
Increase in amounts owed to local congregations	135,169	(51,868)
Increase in amounts owed to group undertakings	289,118	59,066
Increase in amounts owed to associated charities	(146,946)	109,910
Increase in provisions	-	-
Movement in Pension Fund	(78,167)	(16,606)
	<u>463,867</u>	<u>75,549</u>
Net cash inflow from operations	<u><u>463,867</u></u>	<u><u>75,549</u></u>

25. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest received	65,740	64,923
Interest paid	(9,485)	(13,242)
	<u>56,255</u>	<u>51,681</u>
Net cash inflow from returns on investments and servicing of finance	<u><u>56,255</u></u>	<u><u>51,681</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(359,092)	(197,394)
Sale of tangible fixed assets	919,311	-
Purchase of investment properties	-	-
New loans to group undertakings	(47,500)	-
Repaid loans from group undertakings	16,583	15,000
New loans to associated charities	(20,000)	-
Repaid loans from associated charities	38,414	57,639
	<u>547,716</u>	<u>(124,755)</u>
Net cash inflow/(outflow) capital expenditure	<u><u>547,716</u></u>	<u><u>(124,755)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

	2006 £	2005 £
Management of liquid resources		
Cash placed on short-term deposit	(1,326,794)	-
Cash withdrawn from short-term deposit	-	217,775
	<u> </u>	<u> </u>
Net cash (outflow)/inflow from management of liquid resources	(1,326,794)	217,775
	<u> </u>	<u> </u>
	2006 £	2005 £
Financing		
Repayment of loans	(29,700)	-
	<u> </u>	<u> </u>

26. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2006 £	Cash flow £	Other non-cash changes £	31 December 2006 £
Cash at bank and in hand:	4,577,147	1,039,134	-	5,616,281
Less: deposits treated as liquid resources	(3,773,033)	(1,326,794)	-	(5,099,827)
	<u>804,114</u>	<u>(287,660)</u>	<u>-</u>	<u>516,454</u>
Bank overdraft	(678)	(996)	-	(1,674)
	<u>803,436</u>	<u>(288,656)</u>	<u>-</u>	<u>514,780</u>
Liquid resources:				
Deposits included in cash	3,773,033	1,326,794	-	5,099,827
Debt:				
Debts due within one year	-	-	(33,513)	(33,513)
Debts falling due after more than one year	-	29,700	(364,827)	(335,127)
	<u>4,576,469</u>	<u>1,067,838</u>	<u>(398,340)</u>	<u>5,245,967</u>
Net funds				

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

27. PENSION COMMITMENTS

The charity operates a Defined benefit pension scheme.

The charity's total pension cost included within operating surplus was £161,734 (2005 - £231,269), being £161,734 (2005 - £231,269) in respect of its Defined benefit pension scheme arrangements. The group scheme has a deficit of £20,549,000 (2005: £20,509,000), of which the Charity's share is 18.3%. The following amounts are based on 18.3% of the total scheme figures.

The amounts in the financial statements for the year ended 31 December 2006, relating to pensions, are based on a full actuarial valuation dated 5 April 2004.

The main financial assumptions used in the actuarial valuation were:

	2006	<i>2005</i>	<i>2004</i>
	%	%	%
Inflation	3.0	3.0	3.0
Rate of increase in salaries	4.0	4.0	4.0
Rate of increase for pensions	2.8	2.8	2.8
Discount rate for liabilities	6.0	6.0	6.0

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

	Long-term rate of return expected at 2006 %	Value at 2006 £	<i>Long-term rate of return expected at 2005 %</i>	<i>Value at 2005 £</i>	<i>Long-term rate of return expected at 2004 %</i>	<i>Value at 2004 £</i>
Bonds	5.0	2,501,868	5.0	2,393,785	5.0	2,037,156
Net current assets	-	81,486	-	46,733	-	34,031
Total market value of assets		2,583,354		2,440,518		2,071,187
Present value of scheme liabilities		(6,343,758)		(6,193,579)		(5,574,729)
Net pension liability		(3,760,404)		(3,753,061)		(3,503,542)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

27. PENSION COMMITMENTS (continued)

The following amounts have been recognised in the financial statements in the year to 31 December 2006 and 31 December 2005 under the requirements of FRS17:

	2006 £	2005 £
Other finance income		
Expected return on pension scheme assets	122,026	103,559
Interest on pension scheme liabilities	(309,679)	(278,736)
	<u>(187,653)</u>	<u>(175,177)</u>
Net return	<u>(187,653)</u>	<u>(175,177)</u>
Analysis of amount recognised in the (STRGL)		
Actual return less expected return on pension scheme assets	(85,510)	113,876
Changes in assumptions underlying the present value of the scheme liabilities	-	(380,001)
	<u>(85,510)</u>	<u>(266,125)</u>
Actuarial loss recognised	<u>(85,510)</u>	<u>(266,125)</u>
	2006 £	2005 £
Movements in deficit during the year:		
Surplus/(deficit) in scheme at beginning of year	(3,753,061)	(3,503,542)
Current year service cost	(161,734)	(231,269)
Contributions	427,554	423,052
Other finance income	(187,653)	(175,177)
Actuarial	(85,510)	(266,125)
Other items	-	-
	<u>(3,760,404)</u>	<u>(3,753,061)</u>
Deficit in scheme at end of year	<u>(3,760,404)</u>	<u>(3,753,061)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

27. PENSION COMMITMENTS (continued)

The full actuarial valuation at 05 April 2004 showed an increase in the deficit.

Contributions were increased to 16.9%, plus an annual lump sum of £1,048,000. The participating employers have agreed to fund this lump sum by a levy of 9% on tithe income received from members of the local congregations affiliated to each employer. Land and buildings have been pledged to secure the balance of funding deficit, as stated in note 15 above.

History of experience gains and losses in the scheme

	2006	<i>2005</i>	<i>2004</i>
Difference between the expected and actual return on scheme assets:			
Amount (£)	(85,510)	113,876	(161,184)
Percentage of scheme assets	(3.3)%	4.7 %	(7.8)%
Total amount recognised in the financial statements:			
Amount (£)	(85,510)	(266,125)	(1,034,404)
Percentage of the present value of the scheme liabilities	(1.3)%	(4.3)%	(18.6)%

28. RELATED PARTY TRANSACTIONS

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

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

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

	North England Conference £	South England Conference £	General Conference £
Tithe-sharing grants received	654,100	1,533,812	206,416
Tithe-sharing grants made	-	-	202,610
Other grants received	-	-	190,152
Other grants made	56,000	397,791	-
Amounts due to charity:			
within one year	261,478	100,790	-
after one year	26,943	44,988	-
Amounts due by charity:			
within one year	-	-	218,857
after one year	-	-	-
	=====	=====	=====