

Charity number: 1015054  
Company number: 2758093

**THE NEW KADAMPA TRADITION**  
**Trustees' report and financial statements**  
**for the year ended 31 December 2005**



# **THE NEW KADAMPA TRADITION**

## **Contents**

	<b>Page</b>
Legal and administrative information	<b>1</b>
Trustees' report	<b>2 - 4</b>
Auditors' report (Main) to the members	<b>5</b>
Statement of financial activities	<b>6</b>
Balance sheet	<b>7</b>
Notes to the financial statements	<b>8 - 18</b>

## THE NEW KADAMPA TRADITION

### Legal and administrative information

#### Status

The company is limited by Guarantee and is a registered charity governed by the Memorandum and Articles of Association with all directors of the company being trustees of the charity.

Trustees	Kathryn E Charles - Kelsang Lhachog	Resigned 16 - 01 - 06
	Yvonne Jamieson - Kelsang Tsalden	Resigned 15 - 9 - 05
	Lisa McGovern - Kelsang Ringyal	Resigned 27 - 02 - 06
	John McBretney	Appointed 19 - 09 - 05
	Charlotte E J Baker - Kelsang Nyingpo	Appointed 27 - 02 - 06
	Steven P Cowing	Appointed 16 - 01 - 06

Secretary	Samuel A M May (Gen Kelsang Sangkyong)
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Company number	2758093
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Charity number	1015054
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Registered office	Conishead Priory Ulverston Cumbria LA12 9QQ
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Auditors	A J Brown 91 Front Street Acomb York YO24 3BU
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Bankers	Barclays Bank PLC 96 Duke Street Barrow In Furness Cumbria LA14 1RF
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CCLA Investment Management Ltd  
COIF Charity Funds  
80 Cheapside  
London  
EC2V 6DZ

## **THE NEW KADAMPA TRADITION**

### **Trustees' report**

**for the year ended 31 December 2005**

#### **Charitable objects**

To increase the Buddhist faith throughout the world by promoting the activities of the New Kadampa Tradition - International Kadampa Buddhist Union, which is the union of Kadampa Buddhist Centres, the international association of study and meditation centres that follow the pure tradition of Mahayana Buddhism derived from the Buddhist meditators and scholars Atisha and Je Tsongkhapa, introduced into the west by the Buddhist teacher Venerable Geshe Kelsang Gyatso, and that follow the three New Kadampa Tradition Study Programmes. (This is a summary of the complete objects clause in the charity's Memorandum of Association).

#### **Organisational structure**

The Spiritual Director of the charity is Venerable Geshe Kelsang Gyatso Rinpoche. The trustees are also the directors of the charity, the directors being elected by members at the AGM. The members of the charity are the Resident Teachers of all NKT - associated Centres around the world which are formally established separate legal entities. The trustees make all the major decisions in consultation with the Spiritual Director. The day to day operations are carried out under the direction of the Secretary to the Trustees, the Administrative Director of Manjushri Centre, and the Administrative Director of Tharpa Publications, all resident at Conishead Priory.

#### **Review of activities and achievements**

To further its aims the charity raises monies by donations and by holding Spring and Summer Festivals of Teachings and Meditation Retreats at Conishead Priory. The charity assists in the development of Buddhist Centres of this Tradition throughout the World by supporting teachers and making donations to Centres to assist in buying buildings, statues and teaching resources. A separate fund, the International Temples Project, was established some time ago specifically to help develop new Temples around the World. The second Kadampa Buddhist Temple (the first being at Conishead Priory) in upper New York State, U.S.A., has been completed. A Temple in Brazil (outside Sao Paulo) is under construction, and is being largely funded by the charity. Towards the end of the year a Temple project was initiated in Andalucia, Spain within a 23-room hotel property which was bought for £1.25 million and to which some refurbishments were made, including the creation of a large meditation room and shrine. This is the first property outside the UK to be owned by the charity. In addition, the charity formed a subsidiary company in Spain for the purpose of operating the hotel facility within the property following basic Buddhist precepts, with the intention of introducing people to the Buddhist Faith and way of life. Since the year-end a similar Temple project has been initiated in Italy, with a deposit paid on a hotel property in Tuscany. So far the charity has been unable to afford a property for a Temple in London, and a proposed development in Germany was not possible.

During the year (completed in June 2006) a project was begun to replace the slate roof of the lantern adorning the Kadampa Buddhist Temple at Conishead Priory with a gold-glass roof light decorated with gilded ornaments. The related gilding work, as well as that relating to adding twelve additional large vajras (traditional Buddhist symbols) to the roof, involved the charity's art team. In addition to this, the art team has principally been producing traditional Buddhist statues and symbols for NKT Temples and Centres, cast in Jesmonite resin, and painted and filled in an authentic fashion. Since this team has outgrown spare accommodation in the main building of Conishead Priory, a temporary structure has been built to house them in the lower car park, until a permanent building there can be funded.

The charity under the name of Tharpa Publications also publishes and distributes books on Buddhism and meditation, including the works of the Spiritual Director, together with audio versions of many of the books, Buddhist prayers in booklets and on CD and a range of Buddhist art. The activities of Tharpa Publications in the year produced a turnover of £416,598 and a surplus of £171,373. The turnover and surplus in the year is less than that recorded in 2004 as a result of the trading with the distributor in the USA being transferred to the affiliated Tharpa Publications in the USA.

The total amount of donations received during the year was £608,837 of which £495,437 was for the International Temples Project. The monies used to support Teachers amounted to £70,886, gifts to Centres amounted to £857,849 and £22,723 was given or used for statues etc.

As in previous years, the New Kadampa Tradition UK Spring and Summer Festivals have been held at Manjushri Kadampa Meditation Centre (also known as Manjushri KMC). These events are each attended by several thousand visitors from many countries around the world. The profits generated from Festivals amounted to £519,100.

## **THE NEW KADAMPA TRADITION**

### **Trustees' report for the year ended 31 December 2005**

Manjushri Kadampa Meditation Centre at Conishead Priory continued to provide accommodation and suitable conditions for approximately 95 residents to live, study and practice in accordance with the spiritual tradition of the NKT; and to provide courses and meditation retreats for visitors. Manjushri KMC also operates a shop at Conishead Priory and the World Peace Cafe in Ulverston. Incoming resources from these activities amounted to £414,692 and £273,796 respectively.

The work done on Conishead Priory Restoration Project was completed in February 2006. During 2005 there was a total expenditure of £896,249. Total grants received towards these costs in the year from the Heritage Lottery Fund and Listed Place of Worship Scheme amounted to £798,683.

During 2005 the Basement and Bathroom Refurbishment Projects were completed, which consisted of refurbishing the main bathrooms and redesigning the basement area of the building. Expenditure on these projects amounted to £144,779. Total expenditure in relation to Manjushri KMC activities for 2005, including these construction projects, amounted to £1,540,391.

In September the charity was visited by the Charity Commission as part of their Review Visits programme.

#### **Reserves**

In accordance with the Charity Commission guidelines on Charity Reserves, the charity has developed a policy as to the appropriate level of free reserves. This is reviewed annually by the trustees and monitored by them on a monthly basis. The trustees consider that free reserves should be retained in the bank sufficient to cover between two and six months of overhead expenditure. These reserves are held in order to maintain the basic operations of the charity and to provide some surety against adverse financial events, such as income targets not being achieved or unbudgeted expenditure being required. In furtherance of the objects of the charity, the trustees principally designate surplus funds to the International Temples Project, for which large sums are required to purchase suitable property. Of the £9,159,458 total funds, £8,783,372 are represented by restricted funds, designated funds, and unrestricted funds represented by fixed assets and long term loans. The remaining £376,082 includes reserves to cover current unrestricted liabilities and free reserves of £51,641, which represents two months of overhead expenditure.

#### **Investment powers, policy and performance**

The trustees consider that minimal risk should be undertaken regarding investments, and consequently have a policy to place funds on deposit only. The interest earned in the year was £79,029.

#### **Grant making policy**

The charity considers requests for funding on an individual basis, however decisions regarding major funding for buildings and Temples are taken by the trustees in consultation with the Spiritual Director. The charity when considering funding examines the finances of each project to ensure its viability, and requires submission of monthly progress reports from projects to which grants have been made.

#### **Governance and internal control**

The trustees have assessed the major risks to which the charity is exposed, in particular those relating to operations and finance, and are satisfied that systems are in place to mitigate exposure.

#### **Statement of trustees' responsibilities**

Company and charity law 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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

## THE NEW KADAMPA TRADITION

### Trustees' report for the year ended 31 December 2005

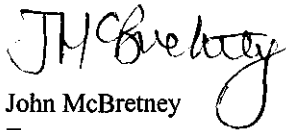
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees have overall responsibility for ensuring that the charity has 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 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.

#### Auditors

A resolution proposing that A J Brown be reappointed as auditors of the charity will be put to the Annual General Meeting.

This report was approved by the Trustees on .....25.7.06..... and signed on its behalf by



John McBretney  
Trustee

## **THE NEW KADAMPA TRADITION**

### **Independent auditors' report to the members of THE NEW KADAMPA TRADITION**

We have audited the financial statements of THE NEW KADAMPA TRADITION for the year ended 31 December 2005 which comprise the statement of financial activities, the balance sheet and 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 charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the trustees report is not consistent with the financial statements, if the charitable company 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 charitable company 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 company'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 charitable company's affairs as at 31 December 2005 and the 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 Companies Act 1985.

**A J Brown**  
**Chartered Accountants and**  
**Registered Auditors**

**91 Front Street**  
**Acomb**  
**York**  
**YO24 3BU**

  
31.7.06

# THE NEW KADAMPA TRADITION

## Statement of financial activities (including Income and Expenditure Account)

For the year ended 31 December 2005

	Notes	Unrestricted funds £	Restricted funds £	2005 Total £	2004 Total £
<b>Incoming resources</b>					
Donations	2	65,036	543,801	608,837	7,447,932
Grant income	3	-	798,683	798,683	130,813
Activities in furtherance of objects	4	1,850,982	9,263	1,860,245	1,740,345
Interest received		67,780	11,249	79,029	89,187
<b>Total incoming resources</b>		<u>1,983,798</u>	<u>1,362,996</u>	<u>3,346,794</u>	<u>9,408,277</u>
<b>Charitable expenditure</b>					
Grants made	5	(102,421)	(849,037)	(951,458)	(988,166)
Cost of activities in furtherance of the charity's objects:	6				
Festivals		(203,132)	(32,926)	(236,058)	(172,972)
Tharpa Publications		(242,813)	(2,412)	(245,225)	(275,864)
Manjushri KMC		(734,388)	(806,003)	(1,540,391)	(554,142)
Support costs	7	(95,789)	-	(95,789)	(95,262)
Management and Administration	8	(29,416)	-	(29,416)	(13,935)
<b>Total charitable expenditure</b>		<u>(1,407,959)</u>	<u>(1,690,378)</u>	<u>(3,098,337)</u>	<u>(2,100,341)</u>
<b>Net incoming resources before transfers</b>					
		575,839	(327,382)	248,457	7,307,936
Transfers between funds		(170,919)	170,919	-	-
<b>Net movement in funds</b>		<u>404,920</u>	<u>(156,463)</u>	<u>248,457</u>	<u>7,307,936</u>
Total funds brought forward		<u>7,546,958</u>	<u>1,364,043</u>	<u>8,911,001</u>	<u>1,603,065</u>
<b>Total funds carried forward</b>		<u><u>7,951,878</u></u>	<u><u>1,207,580</u></u>	<u><u>9,159,458</u></u>	<u><u>8,911,001</u></u>

The notes on pages 8 to 18 form an integral part of these financial statements.



# THE NEW KADAMPA TRADITION

## Balance sheet as at 31 December 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Intangible assets	11	355,764	-
Tangible assets	12	7,687,413	6,688,797
Investments	13	2,109	-
		<u>8,045,286</u>	<u>6,688,797</u>
<b>Current assets</b>			
Stocks		279,505	252,992
Debtors	14	471,756	271,445
Cash at bank and in hand		825,110	2,202,735
		<u>1,576,371</u>	<u>2,727,172</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(396,030)</u>	<u>(189,747)</u>
<b>Net current assets</b>		<u>1,180,341</u>	<u>2,537,425</u>
<b>Total assets less current liabilities</b>		<u>9,225,627</u>	<u>9,226,222</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(40,000)	(285,000)
<b>Accruals and deferred income</b>	17	(26,173)	(30,221)
<b>Net assets</b>		<u>9,159,454</u>	<u>8,911,001</u>
<b>Funds</b>			
Unrestricted funds	19	7,951,878	7,546,958
Restricted funds	20	1,207,580	1,364,043
		<u>9,159,458</u>	<u>8,911,001</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 25.7.06 and signed on its behalf by

  
John McBretney

The notes on pages 8 to 18 form an integral part of these financial statements.

## THE NEW KADAMPA TRADITION

### Notes to the financial statements for the year ended 31 December 2005

#### 1. Accounting policies

##### 1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and follow the recommendations in 'Accounting and Reporting by Charities: Statement of Recommended Practice'.

##### 1.2. Basis of consolidation

No consolidated accounts have been prepared as the subsidiary company was only formed this year and the amounts are immaterial.

##### 1.3. Incoming resources

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Gifts donated for resale are included as income when they are sold. Donated assets are included at the value to the charity where this can be quantified and a third party is bearing the cost. The value of services provided by volunteers has not been included. Grants and donations are recognised, in full in the year in which they are received.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Income from investments is included in the year in which it is receivable.

##### 1.4. Resources expended

Resources expended are recognised in the year in which they are incurred.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management.

Management and administration costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

##### 1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 15% & 25% Reducing balance
-------------------------------------	------------------------------

The Trustees are of the opinion that with the policy of maintaining and restoring the buildings the estimated economic life is several hundred years and the write down of cost/valuation less residual value is immaterial and therefore no charge for depreciation of buildings is made in the accounts. Assets costing less than £5,000 are not capitalised.

##### 1.6. Goodwill and Amortisation

The cost of goodwill is amortised over the expected useful life on a straight line basis however no amortisation is charged in the year of purchase.

# THE NEW KADAMPA TRADITION

## Notes to the financial statements for the year ended 31 December 2005

### 1.7. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

### 1.8. Stock

Stock is valued at the lower of cost and net realisable value.

### 1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the SOFA.

### 1.10. Value Added Tax

The Charity is partially exempt for Value Added Tax purposes. Consequently a proportion of the tax paid on the supply of goods and services is not reclaimable and is charged to the SOFA as it is incurred.

### 1.11. Funds

Restricted - these are funds which have been donated or raised for specific purposes and each fund is maintained separately. The notes give further details of the specific funds. Unrestricted - these are funds donated or raised with no specific purpose and therefore they are used at the discretion of the trustees. Designated - these funds are transferred from general funds at the discretion of the trustees, put aside for specific future projects.

## 2. Donations

	Unrestricted funds £	Restricted funds £	2005 £	2004 £
Donations General	65,036	-	65,036	127,803
Donations International Temples project	-	495,437	495,437	197,544
Donations Rituals	-	36,915	36,915	38,195
Donations Restricted Other	-	4,129	4,129	47,218
Donations Conishead Priory Roof Repair	-	7,320	7,320	84,046
Donations from Manjushri KMC	-	-	-	6,953,126
	<u>65,036</u>	<u>543,801</u>	<u>608,837</u>	<u>7,447,932</u>

## 3. Grant income

	Restricted funds £	2005 £	2004 £
Government grants	798,683	798,683	130,813
	<u>798,683</u>	<u>798,683</u>	<u>130,813</u>

Government grants consist of funds received and receivable in respect of the restoration project in relation to the main building roof at Conishead Priory the cost of which is detailed in note 6.

# THE NEW KADAMPA TRADITION

## Notes to the financial statements for the year ended 31 December 2005

### 4. Activities in furtherance of the charity's objects

	Unrestricted funds £	Restricted funds £	2005 £	2004 £
Income from Festivals	745,896	9,263	755,158	753,765
Sales Tharpa Publications	416,598	-	416,598	526,253
Manjushri Centre Activities	414,692	-	414,692	240,592
Shop and World Peace Cafe sales	273,796	-	273,796	219,735
	<u>1,850,982</u>	<u>9,263</u>	<u>1,860,244</u>	<u>1,740,345</u>

### 5. Grants payable

	2005 £	2004 £
Teachers Support	70,886	108,513
Gifts to Centres	857,849	834,236
Ritual objects: statues, robes etc	22,723	45,417
	<u>951,458</u>	<u>988,166</u>

Included in gifts to Centres are the following amounts which are grants to help fund the building of Temples and are the amounts given to each project during the year. KMC Australia £295,528, KMC Brazil £487,000 and KMC USA £53,041.

Teachers Support are grants and offerings made to teachers and include payments to teachers to help travelling costs.

Grants of ritual objects is the cost of statues etc donated to NKT Temples, Centres and very occasionally to individuals.

## THE NEW KADAMPA TRADITION

### Notes to the financial statements for the year ended 31 December 2005

#### 6. Costs of activities in furtherance of the objects of the charity

	NKT £	Tharpa £	MKMC £	2005 £	2004 £
Wages & Rewards	-	20,712	27,604	48,316	26,885
Festival Costs	236,058	-	-	236,058	172,972
Rent, rates and service charge	-	6,332	66,808	73,140	39,922
Insurance	-	-	11,417	11,417	5,598
Cost of Goods Sold	-	174,693	173,062	347,755	321,347
Commission	-	-	-	-	12,665
Repairs and maintenance	-	4,367	1,094,485	1,098,852	253,776
Printing, postage and stationery	-	769	801	1,570	4,047
Publicity	-	7,964	8,147	16,111	10,558
Telephone	-	1,228	914	2,142	4,648
Computer costs	-	-	-	-	1,517
Branch Costs	-	-	5,308	5,308	2,189
Kitchen & Household	-	-	54,893	54,893	41,493
Distribution costs re Tharpa Publications	-	27,632	-	27,632	29,821
Travelling	-	375	926	1,301	4,567
Education	-	-	1,976	1,976	4,983
Legal and professional	-	-	-	-	3,239
Profit/loss on exchange	-	-	-	-	3,426
Cafe & Tours	-	-	4	4	1,467
VAT Disallowed	-	-	90,534	90,534	29,207
General expenses	-	1,153	2,028	3,181	10,026
Donations	-	-	1,484	1,484	18,625
	<u>236,058</u>	<u>245,225</u>	<u>1,540,391</u>	<u>2,021,674</u>	<u>1,002,978</u>

Festival costs are the total costs involved with the running of the Spring and Summer festivals held at Conishead Priory of which the major costs are, food £75,489, equipment hire £59,172, field hire £5,461, publicity £5,408, offerings £32,926 and credit card registration and recording costs £10,736.

Costs of goods sold are the costs involved for the sale of the books etc by Tharpa Publications and the sale of items at the shop at Conishead Priory and World Peace Cafe in Ulverston.

Repairs and maintenance includes the cost involved with the roof restoration project at Conishead Priory which amounted to £896,249 on which government grants are receivable as detailed in note 3.

VAT disallowed is the Value Added Tax which is not recoverable on expenditure because of partial exemption. As some of the income of the charity is exempt VAT, this restricts the VAT which can be recovered on expenditure. However because of this restriction solely in respect of the expenditure on the roof restoration additional government grants have been received which are detailed in note 3 amounting to £72,618.

# THE NEW KADAMPA TRADITION

## Notes to the financial statements for the year ended 31 December 2005

### 7. Support costs

	2005 £	2004 £
Wages & Rewards	3,514	29,549
Repairs and maintenance	12,729	795
Printing, postage and stationery	2,412	648
Publicity	932	768
Telephone	7,308	4,031
Travelling	4,828	547
Legal and professional	18,232	11,474
Statue Project	28,739	32,290
General expenses	4,329	3,210
Depreciation and amortisation	6,123	6,835
Profit/loss on disposal of intangible assets	(800)	-
Bank Charges	7,443	5,115
	<u>95,789</u>	<u>95,262</u>

### 8. Management and administration

	2005 £	2004 £
Wages & Rewards	15,734	4,541
Accountancy fees	3,160	2,894
Audit fees	8,000	6,500
Profit/loss on exchange	2,522	-
General expenses	3	-
	<u>29,419</u>	<u>13,935</u>

### 9. Operating gain

	2005 £	2004 £
Operating gain is stated after charging:		
Depreciation and other amounts written off tangible assets	6,123	6,835
Auditors' remuneration	<u>11,160</u>	<u>9,394</u>

## THE NEW KADAMPA TRADITION

### Notes to the financial statements for the year ended 31 December 2005

#### 10. Employees

##### Number of employees

The average monthly numbers of employees (excluding the Trustees) during the year were:

	2005 Number	2004 Number
Manjushri Centre	8	7
Tharpa Publications	3	5
Support & Administration	7	9
	<u>18</u>	<u>21</u>

##### Employment costs

	Charitable expenditure £	2005 £	2004 £
Wages & Rewards	67,564	<u>67,564</u>	<u>60,975</u>

The Trustees did not receive any remuneration or out of pocket expenses during the period or the previous period. No employee received more than £50,000 in the period

#### 11. Intangible fixed assets

	Goodwill £	Total £
<b>Cost</b>		
Additions	355,764	355,764
At 31 December 2005	<u>355,764</u>	<u>355,764</u>
<b>Net book values</b>		
At 31 December 2005	<u>355,764</u>	<u>355,764</u>

During the period the charity purchased an hotel in Spain including the cost of goodwill in the business. The charity holds the freehold property, the goodwill, fixtures fittings and equipment. However the subsidiary company will trade as the hotel and a separate Centre (KMC Spain) has been set up on the premises to manage the education programme.

## THE NEW KADAMPA TRADITION

### Notes to the financial statements for the year ended 31 December 2005

#### 12. Tangible fixed assets

	Land and buildings freehold £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2005	6,650,200	83,765	6,733,965
Additions	897,253	107,487	1,004,740
At 31 December 2005	7,547,453	191,252	7,738,705
<b>Depreciation</b>			
At 1 January 2005	-	45,169	45,169
Charge for the year	-	6,123	6,123
At 31 December 2005	-	51,292	51,292
<b>Net book values</b>			
At 31 December 2005	7,547,453	139,960	7,687,413
At 31 December 2004	6,650,200	38,596	6,688,796

The additions in the year relate mainly to the hotel in Spain. The hotel is comprised of the freehold land and buildings of £812,023 and the fixtures fittings and equipment of £102,040. The hotel has been altered to include a Temple and shrine as detailed in the trustees report.

#### 13. Fixed asset investments

	Subsidiary undertakings shares £	Total £
<b>Cost</b>		
Additions	2,109	2,109
At 31 December 2005	2,109	2,109
<b>Net book values</b>		
At 31 December 2005	2,109	2,109

The investment is for 100% of the issued share capital of the newly formed Spanish company New Kadampa Tradition Spain S.L.as detailed in the trustees report. Income in the period for the subsidiary was £6,108 resulting in a loss of £12,969 therefore as this is not material no consolidated accounts have been prepared.



# THE NEW KADAMPA TRADITION

## Notes to the financial statements for the year ended 31 December 2005

<b>14. Debtors</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Trade debtors	122,785	84,372
Amounts owed by group undertakings	37,834	-
Other debtors	298,106	163,999
Prepayments	13,031	23,074
	<u>471,756</u>	<u>271,445</u>

Other debtors include loans made to other centres amounting to £186,857 (2004 £51,109) and grants receivable regarding the roof restoration projects at Conishead Priory of £80,532

<b>15. Creditors: amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loans	268,585	83,825
Trade creditors	51,672	87,340
Other taxes and social security costs	-	523
Other creditors	1,586	4,617
Accruals	70,139	9,394
Deferred Income	4,048	4,048
	<u>396,030</u>	<u>189,747</u>

Accruals include £35,234 in relation to the retention regarding the works on the main building at Conishead Priory and an amount of £24,405 for the works carried out up the year end.

<b>16. Creditors: amounts falling due after more than one year</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Loans	<u>40,000</u>	<u>285,000</u>

# THE NEW KADAMPA TRADITION

## Notes to the financial statements for the year ended 31 December 2005

### 17. Accruals and deferred income

	2005 £	2004 £
<b>Deferred Income</b>		
At 1 January 2005	30,221	-
Increase in year	-	33,447
	<u>30,221</u>	<u>33,447</u>
Released in year	(4,048)	(3,226)
At 31 December 2005	<u>26,173</u>	<u>30,221</u>

Deferred Income is lease premiums in respect of some of the dwellings at the Priory which are recognised as income over the period of the individual leases. The amount to be released within the next twelve months is included in amounts falling due within one year. These leases were acquired last year when Manjushri Mahayana Buddhist Centre merged with NKT.

### 18. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fund balances at 31 December 2005 as represented by:			
Intangible fixed assets	355,764	-	355,764
Tangible fixed assets	6,654,908	1,032,505	7,687,413
Investment assets	2,109	-	2,109
Current assets	1,333,727	242,648	1,576,375
Current liabilities	(348,457)	(47,573)	(396,030)
Long-term liabilities	(46,173)	(20,000)	(66,173)
	<u>7,951,878</u>	<u>1,207,580</u>	<u>9,159,458</u>

# THE NEW KADAMPA TRADITION

## Notes to the financial statements for the year ended 31 December 2005

19. Unrestricted funds	1 January £	Incoming £	Outgoing £	Transfers £	31 December £
General fund	(7,546,958)	(1,983,798)	1,407,959	1,104,544	(7,018,253)
Designated ITP Fund	-	-	-	(933,625)	(933,625)
	<u>7,546,958</u>	<u>(1,983,798)</u>	<u>1,407,959</u>	<u>170,919</u>	<u>(7,951,878)</u>

### Purposes of unrestricted funds

The general unrestricted fund represents, free funds of the charity which have accumulated from past and present operations, and can be applied at the Trustees discretion. The transfers out of the General Fund are £933,625 to Designated ITP Fund and £170,919 to restricted funds being the profit on the sales for Tharpa Publications.

The designated ITP fund represents funds that the charity has put aside to aid the International Temples Project in the purchase of suitable properties.

20. Restricted funds	1 January £	Incoming £	Outgoing £	Transfers £	31 December £
International Temples Project	(311,255)	(515,948)	(842,699)	(170,919)	(155,423)
Teachers & Centre Support Fund	(1,096)	(37,188)	(37,819)	-	(465)
Main Building Fund	(487,339)	(806,003)	(806,003)	-	(487,339)
Temple Fund	(503,456)	-	-	-	(503,456)
Statue Fund	(39,649)	-	-	-	(39,649)
Other Funds	(21,248)	(3,857)	(3,857)	-	(21,248)
	<u>(1,364,043)</u>	<u>(1,362,996)</u>	<u>1,690,378</u>	<u>(170,919)</u>	<u>(1,207,580)</u>

### Purposes of restricted funds

The International Temples Project Fund is to be used to establish qualified Kadampa Buddhist Temples throughout the world dedicated to world peace, each with the necessary related infrastructure and facilities for visitors and residents.

The Teachers and Centre Support Fund is to account for monies received for specific purpose and consists of monies received for teachers and centres around the world to enable them to carry out the charity's objectives.

The Main Building Fund is to account for monies received specifically for the restoration of the buildings at Conishead Priory.

The Temple Fund is to provide funds to construct the Buddhist Temple at Conishead Priory which is now completed.

The Statue Fund is to provide funds to obtain the Buddhist statues for the temple at Conishead Priory which is now complete.

Other Funds are to account for monies received in respect of small projects.

## THE NEW KADAMPA TRADITION

### Notes to the financial statements for the year ended 31 December 2005

#### 21. Capital commitments

2005	2004
£	£

Details of capital commitments at the accounting date are as follows:

Contracted for but not provided in the financial statements

9,000	-
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#### 22. Contingent liabilities

The Charity has guaranteed a loan of £153,000 made by Tharpaland KRC (an NKT associated centre in the UK) to KMC Australia where a Buddhist Temple is being constructed.