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COMPANY REGISTRATION NUMBER 2758093

**NEW KADAMPA TRADITION
- INTERNATIONAL
KADAMPA BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 DECEMBER 2007**

Charity Number 1015054

A J BROWN
Chartered Accountants & Registered Aud
91 Front Street
Acomb
York
YO24 3BU

WEDNESDAY



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16/07/2008
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**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

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**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 December 2007.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	New Kadampa Tradition - International Kadampa Buddhist Union
Charity registration number	1015054
Company registration number	2758093
Registered office	Conishead Priory Ulverston Cumbria LA12 9QQ

THE TRUSTEES

The trustees who served the charity during the period were as follows

Ven Geshe Kelsang Gyatso Rinpoche
Steven R Booth (Gen Kelsang Khyenrab)
John McBretney
Charlotte E J Baker(Kelsang Nyíngpo)
Stephen P Cowing
Judy Chau (Kelsang Chowang)

Judy Chau (Kelsang Chowang) was appointed as a trustee on 1 March 2007
Ven Geshe Kelsang Gyatso Rinpoche was appointed as a trustee on 16 April 2007
Steven R Booth (Gen Kelsang Khyenrab) was appointed as a trustee on 16 April 2007
Stephen P Cowing retired as a trustee on 1 March 2007
Judy Chau (Kelsang Chowang) retired as a trustee on 16 April 2007

Secretary Stephen P Cowing

Auditor A J Brown
Chartered Accountant
& Registered Auditor
91 Front Street
Acomb
York
YO24 3BU

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

Bankers

Barclays Bank PLC
96 Duke Street
Barrow in Furness
Cumbria
LA14 1RF

CCLA Investment Management Ltd
Coif Charity Funds
80 Cheapside
London
EC2V 6DZ

STRUCTURE, GOVERNANCE AND MANAGEMENT

The organisation is a company limited by guarantee, incorporated in 1992 and now operating under new Memorandum and Articles of Association. The new Memorandum and Articles were adopted in April 2007, and the organisation adopted its present name (abbreviated to "NKT-IKBU" in this report) at the same time. In preparing the new Memorandum and Articles, the charity benefited greatly from guidance given by the Charity Commission following a Charity Commission Review Visit to the charity in September 2005.

In the event of the company being wound up, each Member is required to contribute an amount not exceeding £10.

The company is registered as a charity, and is established, organised and operated exclusively for religious purposes. There are four trustees, who are the Directors of the company. Two of the trustees are directly elected as such by the Members of the charity, and two are ex-officio posts. The ex-officio posts are occupied by the General and Deputy Spiritual Directors of the charity, who are again elected as such by the Members. A trustee's term of office is four years, with re-election possible.

The Members of the charity are (a) the Subscriber to the original Memorandum and Articles of the charity (namely Venerable Geshe Kelsang Gyatso), (b) all incorporated NKT-IKBU Buddhist Centres throughout the world, and (c) all the Resident Teachers of unincorporated NKT-IKBU Buddhist Centres throughout the world.

The trustees make all the major decisions of the charity, and under their direction the central daily administrative tasks are carried out by a team of executive officers led by the Secretary and working at the registered office of the charity.

All trustees are already familiar with the practical work of the charity before their appointment, having undertaken similar duties within the charity or within a related organisation. Other present and former trustees are also available to help any new trustee with his or her responsibilities and duties.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

All Member Centres of the NKT-IKBU are independent legal entities, bound together firstly by the common spiritual lineage called the "New Kadampa Tradition" of Buddhism, and secondly by membership of the charity. The General Spiritual Director of the NKT-IKBU is also the Spiritual Director of each Member Centre.

The trustees of the charity meet regularly to review the major risks to which the charity is exposed, and they have established procedures to mitigate such risks.

OBJECTIVES AND ACTIVITIES

In the wording of the charity's Memorandum of Association, the objects for which the charity is established are to increase the Buddhist Faith throughout the world, under the spiritual guidance of the elected General Spiritual Director of the NKT-IKBU, by promoting the activities of the union of Kadampa Buddhist Centres called the NKT-IKBU, 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, and that are guided by the code of moral discipline called the *Internal Rules of the NKT-IKBU*.

The charity maintains an International Temples Project (ITP), whose aim is in general to introduce the Buddhist Faith of the New Kadampa Tradition publicly and in particular to exemplify Buddhist practice through public service. To further the objects of the ITP, the charity continually emphasises the development throughout the world of

- (a) Local Kadampa Buddhist Centres,
- (b) Kadampa Meditation Centres ("KMCs"),
- (c) International Kadampa Buddhist Temples, dedicated to world peace,
- (d) International Kadampa Buddhist Retreat Centres,
- (e) Publishing activities (under the name "Tharpa Publications"), and
- (f) Kadampa Buddhist hotels ("Hotel Kadampas")

Each year, surplus funds from established NKT-IKBU entities world-wide (including Kadampa Buddhist Centres, Tharpa Publications and Hotel Kadampas) are donated in support of future ITP developments world-wide.

In furtherance of its aims, at its Conishead Priory premises the charity also operates the residential Buddhist Centre "Manjushri KMC", publishes printed and audio books of Buddhist teachings, under the imprint "Tharpa Publications", holds Spring and Summer Festivals of teachings and meditation retreats, and maintains a "Kadampa Art Studio" and a "Kadampa Internet" office.

The charity makes grants to international NKT-IKBU Centres, mainly to help with the purchase and development of properties as qualified Kadampa Meditation Centres, Temples and Retreat Centres. Requests for grants are considered by the trustees on an individual basis, and the financial forecasts for each project are closely examined to ensure viability. When a grant is made, the Temple & KMC Development Director of the charity subsequently manages the development project, and the charity requires monthly progress reports from the recipient Centres. Grants are made only to NKT-IKBU Centres that are incorporated and registered as charities within their own countries.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

ACHIEVEMENTS AND PERFORMANCE

The International Temples Project Construction of a large Temple in the Sao Paulo region of Brazil continued throughout the year, largely funded by the charity. It is estimated that this project, including all internal artwork, will be completed in late 2009

In Germany, restoration and conversion work continued throughout the year on the charity's Temple property Schloss Sommerswalde in Oberkramer, outside Berlin. This work is still in progress

In France, purchase of Château de Segrais, Saint-Mars-d'Outillé near Le Mans was completed in February 2007 for a total of approximately £1,068,000. Again, extensive restoration and conversion work on the buildings was then begun, and is still in progress. The charity will retain ownership of these two properties in Germany and France, but when completed they will each be operated by a national charity as an NKT-IKBU KMC

KMC Italy in Montecatini Terme (PT) near Pisa was formally opened with a special meditation course in December. This property was formerly a hotel, and continues this function as an NKT-IKBU "Hotel Kadampa", operating in accordance with basic Buddhist precepts. There is a meditation room on the premises, where regular open classes of Buddhist teaching and meditation are offered, so that interested guests have the opportunity of exposure to the Buddhist Faith and way of life

In October 2007, the charity purchased a property in Neil Road, Singapore, at a cost of £1,457,000. This property is now being developed as "KMC Singapore"

Spring & Summer Festivals 2007 The charity's annual Spring and Summer Festivals at Manjushri KMC, Conishead Priory were again well attended in 2007. At each Festival, approximately 2,500 people assembled in the Kadampa Buddhist Temple each day, receiving teachings from Venerable Geshe Kelsang Gyatso, followed by review and meditation sessions led by senior students. These Festivals were begun in 1992, and have been maintained each year since

Tharpa Publications Reprints of several of Venerable Geshe Kelsang's books were issued by Tharpa Publications during the year, in both printed and audio format. At a meeting held during the Summer Festival in August, representatives of all the various national NKT-IKBU Tharpa publishing houses agreed to a programme of rationalisation and close co-ordination of NKT-IKBU publishing activities internationally

A set of introductory meditation CDs was launched successfully at the end of the year, and further new product lines are planned for 2008

The activities of Tharpa Publications in the year produced a turnover of £318,739 and a surplus of £106,814. All profits from Tharpa Publications are transferred to the ITP

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

Manjushri Kadampa Meditation Centre, Conishead Priory Manjushri KMC ("MKMC") 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

MKMC also operated a shop and seasonal tea-room at Conishead Priory, and the "World Peace Café" in Cavendish Street, Ulverston. During the latter part of the year works to improve and maintain the World Peace Café property were undertaken, including repairs to the roof and frontage of the building and refurbishment of toilets and kitchen areas.

During the year significant works to improve the Temple and environs were undertaken. On the Temple building itself these included replacing the stainless-steel roof covering and the upper window units, re-pointing, sealing and capping the stone-work, and re-painting and re-finishing the interior. The Temple building was also adorned with gilding, undertaken by artists from the charity's Kadampa Art Studio. Extensive works were carried out to complete the surrounding gardens, including new stone paving and planting schemes. The approach to the Temple was also improved by creating a tarmaced lane with planted borders. New signage and interpretation schemes were introduced to improve visitor understanding and appreciation of the Temple and its significance.

Kadampa Art Studio A Kadampa Art Studio has been operating in temporary accommodation at MKMC for a number of years. The Studio makes traditional Buddhist statues and symbols for the adornment of NKT-IKBU Kadampa Meditation Centres and Temples around the world. These objects are cast in Jesmonite resin, and are then painted and filled according to authentic tradition.

Plans for a new purpose-built studio were drawn up and approved in the year, and construction work began in January 2008. The new studio is designed for statue sculpting and casting, and subsequent filling and painting. There will also be warehousing and storage areas for the moulds and other materials. The project is due for completion in June 2008.

Kadampa Internet office The various internet activities of the NKT-IKBU have evolved over the years in various places around the world, but were consolidated in one "Kadampa Internet Office" at Conishead Priory during the year. The office has several areas of activity, including the design, maintenance and support of the main NKT-IKBU website www.kadampa.org, web hosting services, database development and support, and internal NKT-IKBU media presentations.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

FINANCIAL REVIEW

Reserves policy In accordance with Charity Commission guidelines, the charity has established a policy as to the appropriate level of free reserves. The policy is reviewed annually by the trustees, and the level of reserves is 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 failure to achieve income targets, or unbudgeted expenditure being required.

Principal funding sources In furtherance of the objects of the charity, the trustees principally designate surplus funds for use by the charity's "International Temples Project (ITP)", for which large sums are required for the purchase and development of suitable properties around the world. Total ITP expenditure in the year amounted to £1,094,990. Transfers of profit within the Charity, from Tharpa Publications and Manjushri KMC to the ITP, amounted to £205,000 in total in the year. The main sources of other funds during the year were donations totalling £1,804,989, and the surplus from the two main Buddhist Festivals held at Conishead Priory, amounting to £842,562.

Investment policy and performance The trustees consider that minimal risk should be taken regarding investments, and consequently have a policy to place funds on deposit only. The interest earned in the year was £55,752.

STATEMENT OF PUBLIC BENEFIT

Identifiable benefits In exercising their powers and duties, the trustees have had due regard to the guidance on public benefit published by the Charity Commission. They believe that the work of the charity in promoting the Buddhist Faith has clearly identifiable benefits.

The charity believes that there are three important public benefits to promoting the Buddhist Faith throughout the world: to help people to develop their wisdom, to cultivate a good heart, and to maintain a peaceful mind. If we do not strive to develop our wisdom, we will always remain ignorant of the true nature of reality. Everyone wishes for happiness, but our ignorance of reality leads us to engage in non-virtuous actions, which in turn are the main cause of all our suffering. Further, if we do not cultivate a good heart towards others, then our selfish motivation destroys the harmony of our relationships with others. We then have no peace, and no chance to gain pure happiness. Without inner, mental peace, outer peace is impossible, both personally and throughout society.

Benefit to the public The charity supports a world-wide membership of Buddhist Centres, all of which offer classes of instruction in Buddhist philosophy, psychology and meditation, bringing personal and social benefit.

The classes are accessible to the public, for modest fees. The more advanced courses of instruction require a greater commitment of personal time from participants. The Centres also each maintain a year-round programme of services of prayer and meditation, again open to the public.

The same programmes of study and meditation are also directly maintained by the charity at Manjushri Kadampa Meditation Centre, at the charity's main premises at Conishead Priory.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

PLANS FOR FUTURE PERIODS

Construction of the Kadampa Buddhist Temple in Brazil continues to need financial support, and the charity's buildings in France and Germany both need further extensive renovation and improvement, including the creation of a fully-qualified shrine in each building

Further restoration of the charity's main premises at Conishead Priory is projected for 2009

As interest in the New Kadampa Tradition of Buddhism develops in other countries, further requests for financial support will be considered by the charity as funds allow

RESPONSIBILITIES OF THE TRUSTEES

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

Company 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 which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with Companies Act 1985. The trustees 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.

In so far as the trustees are aware

- there is no relevant audit information of which the charity's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

AUDITOR

A resolution to re-appoint A J Brown as auditor for the ensuing year will be proposed at the Annual General Meeting

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
Conishead Priory
Ulverston
Cumbria
LA12 9QQ

Signed by order of the trustees

 30 June 2008

JOHN McBRETNEY
Trustee

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW
KADAMPA TRADITION - INTERNATIONAL KADAMPA BUDDHIST
UNION**

YEAR ENDED 31 DECEMBER 2007

I have audited the financial statements of New Kadampa Tradition - International Kadampa Buddhist Union for the year ended 31 December 2007 on pages 13 to 26 which have been prepared under the historical cost convention and the accounting policies set out on pages 16 to 18

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. My audit work has been undertaken so that I might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of New Kadampa Tradition - International Kadampa Buddhist Union for the purposes of company law) 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 Responsibilities of the Trustees on page 9.

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

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition I report to you if, in my opinion, the charitable company has not kept proper accounting records, if I have not received all the information and explanations we require for my audit, or if information specified by law regarding remuneration of the trustees and other transactions is not disclosed.

I read the Trustees Annual Report and consider the implications for my report if I become aware of any apparent misstatements within it.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2007

BASIS OF AUDIT OPINION

I conducted my 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which we considered necessary in order to provide myself 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 my opinion I 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees Annual Report is consistent with the financial statements



AJ BROWN
Chartered Accountant
& Registered Auditor

91 Front Street
Acomb
York

14/7/07

The notes on pages 16 to 26 form part of these financial statements

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2007

		Unrestricted Funds	Restricted Funds	Total Funds 2007	Total Funds 2006
	Note	£	£	£	£
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	45,945	1,821,629	1,867,574	1,665,444
Investment income	3	47,964	7,788	55,752	47,235
Incoming resources from charitable activities	4	<u>2,080,400</u>	<u>50,000</u>	<u>2,130,400</u>	<u>2,050,599</u>
TOTAL INCOMING RESOURCES		<u>2,174,309</u>	<u>1,879,417</u>	<u>4,053,726</u>	<u>3,763,278</u>
RESOURCES EXPENDED					
Charitable activities	5/6	(1,590,310)	(914,360)	(2,504,670)	(2,094,176)
Governance costs	7	<u>(10,810)</u>	<u>–</u>	<u>(10,810)</u>	<u>(15,011)</u>
TOTAL RESOURCES EXPENDED		<u>(1,601,120)</u>	<u>(914,360)</u>	<u>(2,515,480)</u>	<u>(2,109,187)</u>
NET INCOMING RESOURCES FOR THE YEAR	8	573,189	965,057	1,538,246	1,654,091
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>9,579,129</u>	<u>1,234,420</u>	<u>10,813,549</u>	<u>9,159,458</u>
TOTAL FUNDS CARRIED FORWARD		<u>10,152,318</u>	<u>2,199,477</u>	<u>12,351,795</u>	<u>10,813,549</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

The notes on pages 16 to 26 form part of these financial statements.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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INCOME AND EXPENDITURE ACCOUNT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
INCOME		3,997,974	3,716,043
TOTAL EXPENDITURE		(2,515,480)	(2,109,187)
OPERATING SURPLUS	8	1,482,494	1,606,856
OTHER INCOME			
Interest receivable and similar income	3	55,752	47,235
RETAINED SURPLUS FOR THE FINANCIAL YEAR		<u>1,538,246</u>	<u>1,654,091</u>

The Income and Expenditure Account includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

The notes on pages 16 to 26 form part of these financial statements

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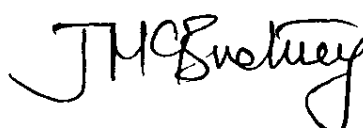
BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Intangible assets	10	213,458	284,611
Tangible assets	11	10,769,516	8,259,859
Investments	12	1,370,875	1,370,875
		<u>12,353,849</u>	<u>9,915,345</u>
CURRENT ASSETS			
Stocks	13	228,352	282,215
Debtors	14	305,117	449,490
Cash at bank		790,971	1,353,719
		<u>1,324,440</u>	<u>2,085,424</u>
CREDITORS: Amounts falling due within one year	15	<u>(499,933)</u>	<u>(314,247)</u>
NET CURRENT ASSETS		824,507	1,771,177
TOTAL ASSETS LESS CURRENT LIABILITIES		13,178,356	11,686,522
CREDITORS: Amounts falling due after more than one year	16	<u>(826,560)</u>	<u>(872,973)</u>
NET ASSETS		<u>12,351,796</u>	<u>10,813,549</u>
FUNDS			
Restricted income funds	17	2,199,477	1,234,420
Unrestricted income funds	18	10,152,318	9,579,129
TOTAL FUNDS		<u>12,351,795</u>	<u>10,813,549</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the members of the committee on the _____ and are signed on their behalf by

 30 June 2008

JOHN McBRETNEY
Trustee

The notes on pages 16 to 26 form part of these financial statements

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007**

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 1985

Consolidation

In the opinion of the members of the committee, the charity and its subsidiary undertakings comprise a small group. The charity has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

The trustees do not consider the cost of preparing consolidated accounts justifiable and note 13 provides adequate details relating to the nature of the trading subsidiaries.

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small.

Fund accounting

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

Resources expended

Resources expended are recognised in the year in which they are incurred. Support costs are costs incurred directly in support of expenditure on the objects of the charity. Governance costs are costs incurred relating to compliance and statutory requirements.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

20% Straight line

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2007**

1. ACCOUNTING POLICIES *(continued)*

Fixed assets

All fixed assets are initially recorded at cost

Goodwill on the purchase of the hotel in Spain is written off over 5 years on a straight line basis as in the opinion of the trustees this acquired goodwill will reduce over a period of 5 years and will be replaced with our own created goodwill

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings - 15% 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 cost /valuation less the estimated value is immaterial and therefore no depreciation is charged

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Provisions for liabilities

Provisions for the expected costs of maintenance under guarantees are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted

Value added tax

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

Donations

Donations are included 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 is not quantified and is not included in the accounts

Grants

Grants including grants for the purchase of fixed assets are recognised in the Statement of Financial Activities when they are receivable

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Fixed asset investments

Fixed asset investments are stated at cost or if in the opinion of the trustees the market value is materially different then they would be included at market value

Income and expenditure

All income and expenditure is included gross, that is without netting off.

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Donations				
Donations General	45,945	1,368	47,313	1,401,913
Donations International Temples Project	—	1,784,726	1,784,726	183,454
Donations Rituals	—	18,895	18,895	39,604
Donations Restricted Other	—	—	—	12,576
Grants receivable				
Government Grants	—	16,640	16,640	27,897
	<u>45,945</u>	<u>1,821,629</u>	<u>1,867,574</u>	<u>1,665,444</u>

3. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Bank interest receivable	<u>47,964</u>	<u>7,788</u>	<u>55,752</u>	<u>47,235</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Income from Festivals	1,112,104	—	1,112,104	927,660
Sales Tharpa Publications	293,739	50,000	343,739	361,720
Manjushri Centre Activities	435,806	—	435,806	443,804
Sales, Shops and Cafés	238,751	—	238,751	317,415
	<u>2,080,400</u>	<u>50,000</u>	<u>2,130,400</u>	<u>2,050,599</u>

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5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Grants Payable	182,388	912,602	1,094,990	690,725
Festival Costs	269,542	–	269,542	277,093
Tharpa costs	211,925	–	211,925	195,966
MKMC Costs	649,684	–	649,684	705,180
Support Costs	276,771	1,758	278,529	225,212
	<u>1,590,310</u>	<u>914,360</u>	<u>2,504,670</u>	<u>2,094,176</u>

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Grant funding activities £	Support Costs £	Total Funds 2007 £	Total Funds 2006 £
Grants Payable	23,028	1,071,962	–	1,094,990	690,725
Festival Costs	269,542	–	–	269,542	277,093
Tharpa costs	211,925	–	–	211,925	195,966
MKMC Costs	649,684	–	–	649,684	705,180
Support Costs	–	–	278,530	278,529	225,212
	<u>1,154,179</u>	<u>1,071,962</u>	<u>278,530</u>	<u>2,504,670</u>	<u>2,094,176</u>

Grants were made during the year to support of the teachers £39,307, for continued repairs to the roof £18,246; to help fund other centres to construct Buddhist Temples totalling £993,914 of which £544,296 was paid to KMC Brazil, and for statues etc £20,495

7. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Accountancy fees	3,000	3,000	5,646
Audit fees	9,000	9,000	8,000
Foreign currency gain/loss	1,191	1,191	1,365
	<u>10,810</u>	<u>10,810</u>	<u>15,011</u>

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8. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging

	2007	2006
	£	£
Amortisation	71,153	71,153
Depreciation	17,686	29,112
Auditors' remuneration		
- audit of the financial statements	9,000	8,000
- other fees (see below)	3,000	4,000
Exchange gains/losses	<u>1,191</u>	<u>1,365</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2007	2006
	£	£
Audit	9,000	8,000
Accountancy	<u>3,000</u>	<u>4,000</u>
	<u>12,000</u>	<u>12,000</u>

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2007	2006
	£	£
Wages and salaries	82,815	69,481
Social security costs	—	—
	<u>82,815</u>	<u>69,481</u>

Volunteers

Residents of MKMC at Conishead Priory have a commitment to contribute to the running of the Centre and this together with the many other volunteers and relatively low number of staff enable the Charity to operate

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows

	2007	2006
	No	No
Manjushri Centre	11	10
Tharpa Publications	3	3
Support & Administration	<u>12</u>	<u>11</u>
	<u>26</u>	<u>24</u>

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9. STAFF COSTS AND EMOLUMENTS *(continued)*

The Trustees during the year did not receive any remuneration or out of pocket expenses during this or the previous year

No employee received emoluments of more than £60,000 during the year (2006 - Nil)

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2007 and 31 December 2007	<u>355,764</u>
AMORTISATION	
At 1 January 2007	71,153
Charge for the year	<u>71,153</u>
At 31 December 2007	<u>142,306</u>
NET BOOK VALUE	
At 31 December 2007	<u>213,458</u>
At 31 December 2006	<u>284,611</u>

11. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1 January 2007	8,144,768	195,494	8,340,262
Additions	<u>2,527,343</u>	<u>—</u>	<u>2,527,343</u>
At 31 December 2007	<u>10,672,111</u>	<u>195,494</u>	<u>10,867,605</u>
DEPRECIATION			
At 1 January 2007	—	80,403	80,403
Charge for the year	<u>—</u>	<u>17,686</u>	<u>17,686</u>
At 31 December 2007	<u>—</u>	<u>98,089</u>	<u>98,089</u>
NET BOOK VALUE			
At 31 December 2007	<u>10,672,111</u>	<u>97,405</u>	<u>10,769,516</u>
At 31 December 2006	<u>8,144,768</u>	<u>115,091</u>	<u>8,259,859</u>

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11. TANGIBLE FIXED ASSETS *(continued)*

Capital commitments

	2007 £	2006 £
Contracted but not provided for in the financial statements	-	986,800

12. INVESTMENTS

Movement in market value

	2007 £	2006 £
Market value at 1 January 2007	1,370,875	1,370,875
Market value at 31 December 2007	1,370,875	1,370,875
Historical cost at 31 December 2007	1,370,875	1,370,875

Analysis of investments at 31 December 2007 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2007 £	Total Funds 2006 £
Other investments				
Non-UK Group undertakings	1,370,875	-	1,370,875	1,370,875

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12. INVESTMENTS *(continued)*

The charity owns all the issued share capital in two foreign companies - one in Italy costing £1,368,766, The Pensione Villa Splendor SL and the other in Spain costing £2,109, The New Kadampa Tradition KMC Spain SL

The Spanish company was formed by NKT - IKBUE in 2005, and operates the hotel from premises which are owned by NKT - IKBUE as is the goodwill all of which was purchased in 2005 and is included in the fixed assets. The Spanish hotel has been converted to follow the basic Buddhist precepts, including the creation of meditation rooms and shrines.

The Italian company was acquired in 2006 by purchasing the shares from an Italian family who owned all the shares. The Italian company owns the hotel and grounds. The hotel has been converted to follow the basic Buddhist precepts, including the creation of meditation rooms and shrines.

With reference to the Spanish company the income for the year was £146,650 with expenses of £148,410 making a loss of £1760. Total assets amount to £680,543 and liabilities total £825,835. Total funds are in deficit by £145,292.

As regards the Italian company the income for the year was £101,876 and the expenditure in the year was £102,636 making a loss of £760. The company at the year end had liabilities of £63,633. Current assets total £30,370 and the market value of the fixed assets including goodwill on consolidation was £1,575,000.

13. STOCKS

	2007 £	2006 £
Stock	<u>228,352</u>	<u>282,215</u>

14. DEBTORS

	2007 £	2006 £
Trade debtors	133,466	118,356
Loans to Centres	157,763	166,764
Prepayments	13,888	164,370
	<u>305,117</u>	<u>449,490</u>

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15. CREDITORS: Amounts falling due within one year

	2007	2006
	£	£
Bank loans and overdrafts	32,420	5,285
Trade creditors	40,834	15,640
Other creditors	426,679	293,322
	<u>499,933</u>	<u>314,247</u>

The following liabilities disclosed under creditors falling due within one year are secured by the charity

	2007	2006
	£	£
Bank loans and overdrafts	<u>32,420</u>	<u>5,285</u>

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

	2007	2006
	£	£
Bank loans and overdrafts	762,517	794,715
Trade creditors	45,000	56,000
Other creditors	19,043	22,258
	<u>826,560</u>	<u>872,973</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the charity

	2007	2006
	£	£
Bank loans and overdrafts	<u>762,517</u>	<u>794,715</u>

Included within creditors falling due after more than one year is an amount of £609,297 (2006 - £606,800) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

The bank loan is secured on the two quadrangles adjacent to the main building at MKMC and on the World Peace Café in Ulverston

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17. RESTRICTED INCOME FUNDS

	Balance at 1 Jan 2007 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Dec 2007 £
International Temples Project Main Building Fund	171,440	1,842,734	(890,568)	14,139	1,137,745
Temple Fund	487,339	16,640	(18,245)	–	485,734
Statue Fund	503,456	–	–	–	503,456
Other Funds	39,649	–	–	–	39,649
	32,536	20,043	(5,547)	(14,139)	32,893
	<u>1,234,420</u>	<u>1,879,417</u>	<u>(914,360)</u>	<u>–</u>	<u>2,199,477</u>

International Temples Project

The International Temples Project is to introduce the Buddhist Faith of the New Kadampa Tradition publicly, and in particular to exemplify Buddhist practice through public service

The Main Building Fund

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

The Temple Fund

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

Other Funds

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

18. UNRESTRICTED INCOME FUNDS

	Balance at 1 Jan 2007 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Dec 2007 £
Designated ITP Fund	2,416,011	–	–	156,606	2,572,617
General Funds	7,163,118	2,174,309	(1,601,120)	(156,606)	7,579,701
	<u>9,579,129</u>	<u>2,174,309</u>	<u>(1,601,120)</u>	<u>–</u>	<u>10,152,318</u>

The designated ITP fund represents funds that the trustees have put aside from general funds to aid the International Temples Project

The general unrestricted fund represents free funds of the charity which can be applied at the discretion of the trustees

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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Restricted Income Funds:					
International Temples Project	830,164	–	312,581	(5,000)	1,137,745
Main Building Fund	485,734	–	–	–	485,734
Temple Fund	503,456	–	–	–	503,456
Statue Fund	39,649	–	–	–	39,649
Other Funds	–	–	32,893	–	32,893
	<u>1,859,003</u>	<u>–</u>	<u>345,474</u>	<u>(5,000)</u>	<u>2,199,477</u>
Unrestricted Income Funds:					
Designated Funds	2,572,617	–	–	–	2,572,617
General Funds	6,551,354	1,370,875	479,032	(821,560)	7,579,701
	<u>9,123,971</u>	<u>1,370,875</u>	<u>479,032</u>	<u>(821,560)</u>	<u>10,152,318</u>
Total Funds	<u>10,982,974</u>	<u>1,370,875</u>	<u>824,506</u>	<u>(826,560)</u>	<u>12,351,795</u>

20. COMPANY LIMITED BY GUARANTEE

The charity is limited by guarantee which means that in the event of the winding up of the charity each member would contribute an amount not exceeding £10