

**NEW KADAMPA TRADITION - INTERNATIONAL
KADAMPA BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 DECEMBER 2010**

Charity Number 1015054



A J BROWN
Chartered Accountants & Statutory Auditor
91 Front Street
York
YO24 3BU

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

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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 2010

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 2010

A. Reference & administrative details, trustees & advisors

Registered charity name:

New Kadampa Tradition –
International Kadampa Buddhist Union

Company registration number: 2758093

Charity registration number: 1015054

Registered office:

Conishead Priory,
Ulverston,
Cumbria
LA12 9QQ,
England

Trustees. The trustees serving on the date upon which this report was approved were as follows

- Laurence D Levy, appointed on 01 July 2008, and
- Sylvia W Stewart (aka Kelsang Shri), appointed on 10 June 2009, and
- Heather Wright (aka Kelsang Dekyong), appointed (*ex-officio*) on 01 August 2009, and
- Monika E Wirth (aka Kelsang Kunsang) appointed (*ex-officio*) on 11 April 2010

Other persons who served the charity as trustees during the period were

- Steven R Booth (aka Kelsang Khyenrab), who was appointed (*ex-officio*) on 16 April 2007 and who retired on 11 April 2010

Executive Officers: The daily central administrative tasks of the charity are carried out by the four main executive officers, as follows

- General Secretary - Stephen P Cowing, and
- Deputy Secretary – Anthony Roy Tyson, and
- Secretary of the GSD – Lisa McGovern (aka Kelsang Ringyal), and
- Treasurer - Linda V Cay (aka Kelsang Maitri)

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

Auditor: A J Brown, Chartered Accountants & Registered Auditors,
91 Front Street, Acomb, York YO24 3BU

Bankers: (1) Barclays Bank PLC,
86-90 Dalton Road,
Barrow-in-Furness,
Cumbria LA14 1JF,

(2) HSBC,
New Market Street,
Ulverston,
Cumbria,
LA12 7LH

(3) CCLA Investment Management Ltd,
COIF Charity Funds,
80 Cheapside,
London,
EC2V 6DZ

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

B. Structure, governance & management

1. The organisation is a company limited by guarantee, incorporated in 1992 and now operating under Memorandum and Articles of Association adopted in April 2007, when the organisation also adopted its present name (which is abbreviated to "NKT-IKBU" in this report)

In the event of the company being dissolved, each Member is required to contribute an amount not exceeding £10 towards the settlement of any outstanding debts, liabilities and costs

2. 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 again are elected as such by the Members. An elected trustee's term of office is two years, with re-election possible.

3. The Members of the charity are (a) the sole Subscriber to the original 1992 Memorandum and Articles of the charity (namely Venerable Geshe Kelsang Gyatso), and (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.

4. 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 working at the registered office of the charity.

5. 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 a new trustee with his or her responsibilities and duties.

6. 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.

7. 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.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

C. Financial review

8. *Reserves policy.* On 1 January 2011, the charity introduced new guidelines for the operation of its bank accounts, set out in 'A Money Handbook'. These guidelines recognise that the 'International Temples Project fund' (ITP fund) is the funding for all of the objectives of the charity as set out in note 14 (& 15). Accordingly, all income is deposited into one of the two ITP bank accounts.

A separate Daily Running Account is maintained to fund the daily running of the charity, with a balance of no more than £75,000 drawn from the ITP accounts.

The ITP accounts are reviewed at least monthly to ensure that there is a minimum of £75,000 available to replenish the funds in the Daily Running Account. The trustees are of the opinion that this is a comfortable level of free reserves in order to maintain the basic operations of the charity and to provide some surety against adverse financial events, such as unbudgeted expenditure, or failure to achieve income targets. This level is to be reviewed annually by the trustees.

9. *Principal funding sources.* These include

- The surplus from the two main Buddhist Festivals held at Conishead Priory amounted to £589,680 in total (£1,248,949 in 2009).
- The surplus from the International Fall Festival in Brazil amounted to £316,297 (2009 – nil).
- The surplus from the activities of Tharpa Publications amounted to £169,216 (this is the net before transfer to ITP) (£227,815 in 2009).
- The surplus from the activities of Manjushri KMC amounted to £187,173 (net before transfer to ITP).

10. *ITP Expenditure.* Expenditure in the year under review has supported the key objectives of the charity by efficiently maintaining the running costs of the main charity activities and by funding national and international projects during the year. The major additional areas of expenditure included

- Total loans of £775,000 (2009 - £nil) to KMC Brazil, to assist with the building of their temple and to fund preliminary expenses for the Fall Festival.
- Total loans of £116,193 (2009 - £nil), to KMC Florida to assist with the building of their temple.
- Total loans of £184,091 (2009 - £nil), to KMC New York.
- Additional loans to KMC Holland of £66,940 (2009 - £135,870), to assist with the establishment of the hotel.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

D. Statement of public benefit

11. *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 as individuals 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.

12. *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, which functions at the charity's main premises at Conishead Priory.

The charity also provides house tours and a café at Conishead Priory to welcome members of the public and the World Peace Café in Ulverston to show the example of Kadampa Buddhism exemplifying Buddhist practice through service to the public.

In addition, the charity funds and supports the establishment of Kadampa hotels, World Peace Cafes and other such projects throughout the world, all dedicated to exemplifying the Buddhist faith through actions of service to the public.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

E. Objectives & Activities

13. 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 (GSD) 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*

14. In order to promote its objects, 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 ("KBCs"),
- (b) Kadampa Meditation Centres ("KMCs"),
- (c) international Kadampa Buddhist Temples, dedicated to world peace,
- (d) international Kadampa Buddhist Retreat Centres ("KBRCs"),
- (e) publishing activities (under the name "Tharpa Publications"),
- (f) Kadampa Buddhist hotels ("Hotel Kadampas"), and
- (g) Kadampa Companies

15. From 1 January 2011, all KMCs, some KBCs, IRCs and Hotel Kadampas are also guided by the Money Handbook referred to in note 8. Accordingly, they maintain ITP accounts separate from their Daily Running Accounts that are designated for local, national and international ITP projects. Prior to this development, surplus funds from these entities were donated to the ITP fund maintained by the charity, or direct to the ITP projects as advised by the trustees.

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

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

17. The charity makes grants and loans 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 or loan is made, the Secretary of the GSD of the charity subsequently manages the development project, and the charity requires bi-monthly progress reports from the recipient Centres. Grants and loans are made only to NKT-IKBU Centres that are incorporated and registered as charities within their own countries.

F. Achievements & Performance in 2009

F1. Member Centres of the charity

18. Several Kadampa Buddhist Centres were newly incorporated during the year, each having developed from small beginnings as a branch of an established parent NKT Centre in their geographical area.

19. On April 2010 the General Spiritual Director, Gen-la Kelsang Khyenrab, formally retired. In accordance with the *Internal Rules* of the charity he was succeeded by the Deputy Spiritual Director, Kadampa nun Gen-la Kelsang Dekyong (Heather C Wright), and a new Deputy was then elected by the Members, Gen-la Kelsang Kunsang (Monika Wirth).

F2. The International Temples Project

Europe

20. At KMC France near Le Mans, all restoration work was completed on the main building of the chateau. Work on the accommodation for guests was begun creating en-suite rooms in the Castelet outhouse.

A benefactor in France donated €200,000 to KMC France, designating the funds to the purchase of an adjacent annex building to augment the Centre's existing property. The purchase was accomplished in January 2010. The intention is to transform the annex into retreat accommodation for the Centre.

21. At Deuachen KBC in Lisbon, a plot of land in the beautiful historic town of Sintra, 3.3 acres in size was purchased with the intention of building a Kadampa Temple on the site. The land was purchased using loans from other NKT Centres. This project will begin in summer 2011.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

22. Hotel Kadampa Spain and Holland are continuing to be successful with Spain increasing it's accommodation due to high demand for group bookings. They have just completed a new 8 roomed accommodation building with a sun terrace. Holland has also made internal improvements to it's accommodation. The decision to sell or rent Hotel Kadampa Italy was reached in June 2010 and was then successfully rented to a hotelier in Montecatini Terme, Italy for a term of 3 years. The option to sell remains a possibility in the event of an interested party.

The Americas

23. The biggest event of 2010 was the finishing and official opening of the Brazilian Temple near Sao Paulo. More than 3,500 attended the opening ceremony with the Founder of the NKT-IKBU and retired Spiritual Director Venerable Geshe Kelsang Gyatso. They travelled from all over the world to be present at this event. The temple is now completed with only some small improvements to make and so far has attracted 1000's of people in the first 6 months since it's opening.

24. In the USA, KMC New York in 2009 bought a property in Sarasota (FL), with the intention to transform this property into a city Temple to be used by KMC Florida. One side of the property contains a main Meditation Hall (for 345 people), commercial kitchen, world peace cafe, offices and shop. The other side contains 11 residents rooms, 2 dormitories, ritual preparation, small meditation room, public restrooms and residents facilities.

Asia

25. Essential development of the premises of KMC Singapore were completed in early 2011 after the previous difficulties in 2010. The permission to open a world peace cafe is being sought and we hope to receive this in mid 2011. There is a completely new management team and the KMC is going from strength to strength.

Australasia

26. KMC Australia has had a successful year with one of its branch classes in Melbourne becoming independent and looking for suitable premises to rent or buy.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

F3. International Festivals in 2010

27. The charity again held successful International NKT-IKBU Spring and Summer Festivals at Manjushri KMC, Conishead Priory Both were led by the serving General Spiritual Director, Gen-la Kelsang Dekyong, who granted the empowerments of Green Tara, Amitayus and Prajnaparamita, and and gave commentary to their practices, together with teachings on *Eight Steps to Happiness*

The International Fall Festival (22 to 29 October), was held at KMC Brazil, which is situated north of Sao Paulo Venerable Geshe Kelsang Gyatso presided over the blessing ceremony and official opening of the Kadampa World Peace Temple, granting the blessing empowerment of Je Tsongkhapa and giving the blessing transmission of *Modern Buddhism The Path of Compassion and Wisdom* The charity co-hosted this event with KMC Brazil

F4. Tharpa Publications

28. The activities of Tharpa Publications produced a turnover of £517, 938 in the year, up 30% on 2008 Most of this increase resulted from higher sales at the International NKT-IKBU Spring and Summer Festivals in the UK Overall sales to the trade remained flat, despite a challenging year for the publishing market nationally

29. Key achievements in the year included

- the introduction of 70 new products, including an audio CD *Meditation for a Kind Heart* and a 3-CD box set *Meditations for Everyday Life*, completing the series for Tharpa's popular *Living Meditation* range of products,
- the reprinting of 80 existing products,
- the design of 28 pieces of promotional publicity,
- the production of a new Tharpa catalogue, which was mailed to over 1,000 customers,
- participation in the London Book Fair, and meeting with key buyers there to promote Tharpa's work,
- the appointment of a new Tharpa Director, and
- the appointment and training of a new assistant production designer, to take responsibility for Manjushri KMC's publicity and to deputise for the lead designer

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

F5. Manjushri Kadampa Meditation Centre, Conishead Priory

30. Manjushri KMC continued to offer residential accommodation to a community of approximately 90 students, and to welcome visitors from locally, nationally and Internationally and from all walks of life, from those wanting to stay simply as passing guests, stopping to rest and reflect, through to those participating in a wide range of courses and meditation retreats

31. Improvements have been made to the accommodation facilities for both the visitor and resident areas in the Priory, and a significant improvement and upgrade programme is currently underway

Work also continued to extend the fire-safety detection system throughout the Priory, along with other fire-safety upgrades such as improved fire-doors. This is due to reach completion in 2011

32. The number of day-visitors to Conishead Priory increased in the year 2010 considerably with 1000's visiting the Temple, grounds and World Peace Cafe. To facilitate this increase in interest the cafe in the Priory is now open 6 days a week instead of only weekends. There has also been a significant increase in groups on guided and organised tours and visits, from a wide selection of areas including school and university groups

F6. Kadampa Art Studio

33. The new Kadampa Art Studio is now in its second year of operation since opening in September 2008. Various statues which were originally sculpted in the studio have been shipped to many different countries including USA and Brazil, to be installed in the main shrine at each of those Centres or Temples

In particular, 2010 saw the beginning of a new statue project with the sculpting of Je Tsongkhapa and sons. These will be temple sized and the plan is to be finished and produced later in 2011 in the studio

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

F7. Administrative Developments

34. In November 2010 the new *Internal Rules* of the charity and *A Money Handbook* were introduced at the International Festival in Brazil, introducing many improvements to the executive structure of the charity and financial guidelines for the NKT IKBU charity and KMCs, IRCs, large KBCs and Hotel Kadampas. These guidelines help clarify the nature and function of the ITP fund. The ITP is an International fund dedicated to public benefit. It does not belong to any individual person or Dharma Centre but is international public money. Clarification was also given with respect to the type and number of bank accounts which the charity should maintain.

35. In December 2010 the KMCs and KBCs Board of Directors voted to accept the adoption of a new model constitution. These new governing documents are very clear, practical and simple to understand and put into practice.

G. Plans for the Future

36. Present repair and development projects around the world will continue as funds allow. These projects include KMC France in Europe, KMC Florida, KMC New York in the US.

The present phase of construction work at KMC Florida will be completed in June 2011, in time for inauguration of the first inner city Temple there in mid June 2010, during a special temple opening ceremony, which will be led by Gen-la Dekyong.

37. Work will begin on the Temple building project in Portugal in August 2011. The search will continue for suitable premises in which to develop KMC Hong Kong, and as interest in the New Kadampa Tradition of Buddhism develops, further requests for financial support will be considered by the charity, again as funds allow.

38. In 2011 the charity will work to raise the profile and understanding of the International Temples Project throughout the NKT international association through the adoption of the Money Handbook.

39. Work to up-date the governing instruments (constitutions) of the charity itself and of all NKT Centres will also continue, with the aim to conclude this project during 2013.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

H. Responsibilities of the Trustees

41. 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, and
- 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 the Companies Act 2006. 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.

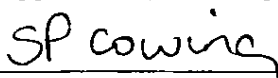
I. Auditor

42. A resolution to re-appoint A J Brown as auditor for the ensuing year will be proposed at the Annual General Meeting in 2011.

J. Small Company Provisions

43. This report has been prepared in accordance with the special provisions for small companies under Parts 15 and 16 of the Companies Act 2006.

Signed as approved by order of the trustees:


STEPHEN P COWING, Company Secretary

Date 16th July 2011

**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 2010

I have audited the financial statements of New Kadampa Tradition - International Kadampa Buddhist Union for the year ended 31 December 2010 on pages 17 to 32, which have been prepared on the basis of the accounting policies set out on pages 20 to 22

This report is made solely to the company's members, as a body in accordance with chapter 3 of section 16 of the Companies Act 2006. My audit work has been undertaken so that I might state to the company's members those matters I am 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 TRUSTEES AND

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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees on page 14.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. I also report to you whether in my opinion the information given in the Trustees Annual Report is consistent with those financial statements.

In addition I report to you if, in my opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if I have not received all the information and explanations I require for my audit, or if certain disclosures of trustees' remuneration specified by law are not made.

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

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

YEAR ENDED 31 DECEMBER 2010

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 charity's circumstances consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2010 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 United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees Annual Report is consistent with the financial statements



A J BROWN
Chartered Accountants
& Statutory Auditor

91 Front Street
York
YO24 3BU

28-9-11.

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

YEAR ENDED 31 DECEMBER 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	60,243	443,439	503,682	301,607
Investment income	3	7,544	–	7,544	16,592
Incoming resources from charitable activities	4	<u>2,140,756</u>	<u>169,216</u>	<u>2,309,972</u>	<u>2,971,428</u>
TOTAL INCOMING RESOURCES		<u>2,208,543</u>	<u>612,655</u>	<u>2,821,198</u>	<u>3,289,627</u>
RESOURCES EXPENDED					
Charitable activities	5/6	(1,188,823)	(144,712)	(1,333,535)	(2,404,196)
Governance costs	7	<u>(22,434)</u>	<u>–</u>	<u>(22,434)</u>	<u>116,797</u>
TOTAL RESOURCES EXPENDED		<u>(1,211,257)</u>	<u>(144,712)</u>	<u>(1,355,969)</u>	<u>(2,287,399)</u>
NET INCOMING RESOURCES FOR THE YEAR	8	997,286	467,943	1,465,229	1,002,228
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>12,710,987</u>	<u>3,516,506</u>	<u>16,227,493</u>	<u>15,225,265</u>
TOTAL FUNDS CARRIED FORWARD		<u>13,708,273</u>	<u>3,984,449</u>	<u>17,692,722</u>	<u>16,227,493</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 20 to 31 form part of these financial statements

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
INCOME		2,813,654	3,273,034
TOTAL EXPENDITURE		(1,355,969)	(2,287,398)
OPERATING SURPLUS	8	1,457,685	985,636
OTHER INCOME			
Interest receivable and similar income	3	7,544	16,592
RETAINED SURPLUS FOR THE FINANCIAL YEAR		<u>1,465,229</u>	<u>1,002,228</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 20 to 31 form part of these financial statements

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

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Intangible assets	10	—	—
Tangible assets	11	13,224,093	12,916,279
Investments	12	1,390,043	1,398,876
		<u>14,614,136</u>	<u>14,315,155</u>
CURRENT ASSETS			
Stocks	13	300,956	272,693
Debtors	14	1,514,682	914,038
Cash at bank		2,232,987	1,783,577
		<u>4,048,625</u>	<u>2,970,308</u>
CREDITORS: Amounts falling due within one year	15	<u>(214,192)</u>	<u>(204,800)</u>
NET CURRENT ASSETS		<u>3,834,433</u>	<u>2,765,508</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,448,569</u>	<u>17,080,663</u>
CREDITORS: Amounts falling due after more than one year	16	<u>(755,848)</u>	<u>(853,170)</u>
NET ASSETS		<u>17,692,721</u>	<u>16,227,493</u>
FUNDS			
Restricted income funds	18	3,984,449	3,516,506
Unrestricted income funds	19	13,708,273	12,710,987
TOTAL FUNDS		<u>17,692,722</u>	<u>16,227,493</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the members of the committee on the *6 July '11* and are signed on their behalf by

Heather Wright (Kelsang Dekyong)

Heather Wright (Kelsang Dekyong)

Company Registration Number 2758093

The notes on pages 20 to 31 form part of these financial statements

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

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 2006

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 398 of the Companies Act 2006 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES *(continued)*

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease

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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BUDDHIST UNION
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

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 2010 £	Total Funds 2009 £
Donations				
Donations General	53,693	97,699	151,392	93,444
Donations International Temple Project	—	328,038	328,038	164,272
Donations Rituals	—	17,702	17,702	33,583
Grants receivable				
Government Grants	6,550	—	6,550	10,308
	<u>60,243</u>	<u>443,439</u>	<u>503,682</u>	<u>301,607</u>

3 INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Bank interest receivable	<u>7,544</u>	<u>7,544</u>	<u>16,592</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Income from Festivals	1,206,281	—	1,206,281	1,751,123
Sales Tharpa Publications	228,274	169,216	397,490	517,362
Manjushri Centre Activities	506,468	—	506,468	480,476
Shop and World Peace Cafe Sales	165,916	—	165,916	180,163
Kadampa Art Studio & Hosting	33,817	—	33,817	42,304
	<u>2,140,756</u>	<u>169,216</u>	<u>2,309,972</u>	<u>2,971,428</u>

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Grants Payable	3,046	53,294	56,340	860,939
Festival Costs	338,727	7,458	346,185	502,173
Tharpa costs	206,300	–	206,300	289,547
MKMC Costs	459,594	33,284	492,878	550,469
Kadampa Art Studio & Hosting	77,468	10,129	87,597	62,559
Support Costs	103,688	40,547	144,235	138,509
	<u>1,188,823</u>	<u>144,712</u>	<u>1,333,535</u>	<u>2,404,196</u>

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Grant funding activities £	Support Costs £	Total Funds 2010 £	Total Funds 2009 £
Grants Payable	–	56,340	–	56,340	860,939
Festival Costs	346,185	–	–	346,185	502,173
Tharpa costs	206,300	–	2,625	208,925	290,631
MKMC Costs	492,878	–	–	492,878	550,469
Support Costs	–	–	141,610	141,610	137,425
Kadampa Art Studio & Hosting	87,598	–	–	87,598	62,559
	<u>1,132,961</u>	<u>56,340</u>	<u>144,235</u>	<u>1,333,536</u>	<u>2,404,196</u>

Grants were made during the year as teachers support £26.70 to help fund other centres to construct Buddhist Temples totalling £51,417, to help with various repairs £1,869 and for statues and robes etc £384

7. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Audit fees	11,201	11,201	11,300
Amounts written off investments	33,029	33,029	–
Foreign currency gain/loss	(21,796)	(21,796)	(128,097)
	<u>22,434</u>	<u>22,434</u>	<u>(116,797)</u>

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

8. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging/(crediting)

	2010	2009
	£	£
Depreciation	16,719	17,882
Auditors' remuneration		
- audit of the financial statements	9,500	9,950
- other fees (see below)	1,700	1,250
Exchange (gains)/losses	<u>(17,162)</u>	<u>(128,097)</u>

Auditor's fees

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

	2010	2009
	£	£
Audit	9,500	9,950
Accountancy	1,700	1,250
	<u>11,200</u>	<u>11,200</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2010	2009
	£	£
Wages and salaries	152,117	143,582
Social security costs	—	—
	<u>152,117</u>	<u>143,582</u>

Volunteers

Each resident at the Manjushri Centre at Conishead Priory as part of the regulations has to donate a few hours of their time to the running of the Centre and this together with the many other volunteers and the relatively low number of staff enables 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

	2010	2009
	No	No
Manjushri Centre	12	13
Tharpa Publications	5	4
Support & Administration	9	6
Kadampa Art Studio	6	9
	<u>32</u>	<u>32</u>

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

No employee received remuneration of more than £60,000 during the year (2009 - Nil)

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2010 and 31 December 2010	<u>355,764</u>
AMORTISATION	
At 1 January 2010 and 31 December 2010	<u>355,764</u>
NET BOOK VALUE	
At 31 December 2010	—
At 31 December 2009	—

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11. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1 January 2010	12,814,945	233,905	13,048,850
Additions	391,474	–	391,474
Disposals	(66,940)	–	(66,940)
At 31 December 2010	<u>13,139,479</u>	<u>233,905</u>	<u>13,373,384</u>
DEPRECIATION			
At 1 January 2010	–	132,571	132,571
Charge for the year	–	16,720	16,720
At 31 December 2010	<u>–</u>	<u>149,291</u>	<u>149,291</u>
NET BOOK VALUE			
At 31 December 2010	<u>13,139,479</u>	<u>84,614</u>	<u>13,224,093</u>
At 31 December 2009	<u>12,814,945</u>	<u>101,334</u>	<u>12,916,279</u>

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12 INVESTMENTS

Movement in market value

	2010 £	2009 £
Market value at 1 January 2010	1,398,876	1,398,876
Acquisitions at cost	24,196	-
Amounts written off in the year ended 31 December 2010	(33,029)	-
Market value at 31 December 2010	<u>1,390,043</u>	<u>1,398,876</u>
Historical cost at 31 December 2010	<u>-</u>	<u>1,370,875</u>

Analysis of investments at 31 December 2010 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Other investments				
Non-UK Group undertakings	<u>1,3871,164</u>	<u>19,169</u>	<u>1,390,043</u>	<u>1,398,876</u>

The charity owns all the issued share capital in three foreign companies at the balance sheet date. The Pensione Villa Splendor SL, in Italy costing £1,368,766. The New Kadampa Tradition KMC Spain SL in Spain costing £2,109. The Kadampa Holland B V in the Netherlands costing £2,879.

The Spanish company was formed by NKT – IKBU in 2005, and operates the hotel from premises which are owned by NKT – IKBU. The Spanish hotel has been converted to follow the NKT Tradition precepts, including the creation of meditation rooms and shrines. The Spanish company the income for the year was £304,124 with expenses of £247,246 making a profit of £56,878. Total assets amount to £495,319 and liabilities total £645,422. Total funds are in deficit by £150,103.

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 NKT Tradition precepts, including the creation of meditation rooms and shrines. The income for the year was £55,916 and expenditure was £107,014 making a loss of £51,098. The hotel ceased trading in July 2010 and has been rented out with a view of selling the hotel in the future.

The Dutch company was formed by NKT – IKBU in 2009 and operates a hotel from its premises which are owned by NKT – IKBU. The hotel has been converted to follow the NKT Tradition precepts, including the creation of meditation rooms and shrines. The income for the year was £95,104 with expenses of £87,776 making a profit of £7,328. Total assets amount to £209,992 and liabilities total £202,664 making total funds £7,328.

The Hong Kong Company was shut down in the year with a total loss of £33,029.

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Exchange rate used in the above conversions, Euro to British pound, Average for 2010 = 0.85

13. STOCKS

	2010	2009
	£	£
Stock	<u>300,956</u>	<u>272,693</u>

14. DEBTORS

	2010	2009
	£	£
Trade debtors	100,838	291,150
Loans to Centres	1,401,665	607,688
Other debtors	2,257	1,493
Prepayments	9,922	13,707
	<u>1,514,682</u>	<u>914,038</u>

15. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Bank loans and overdrafts	50,740	49,805
Trade creditors	29,311	52,401
Other creditors	134,141	102,594
	<u>214,192</u>	<u>204,800</u>

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

	2010	2009
	£	£
Bank loans and overdrafts	<u>50,740</u>	<u>49,842</u>

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

	2010 £	2009 £
Bank loans and overdrafts	610,513	661,272
Other creditors	<u>145,335</u>	<u>191,898</u>
	<u>755,848</u>	<u>853,170</u>

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

	2010 £	2009 £
Bank loans and overdrafts	<u>610,513</u>	<u>661,272</u>

Included within creditors falling due after more than one year is an amount of £398,240 (2009 - £452,290) 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 two quadrangles adjacent to the main building at MKMC and on the World Peace Café in Ulverston.

17 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010 the charity had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land and buildings	
	2010 £	2009 £
Operating leases which expire:		
Within 2 to 5 years	807	-
After more than 5 years	<u>7,080</u>	<u>7,080</u>
	<u>7,887</u>	<u>7,080</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

18. RESTRICTED INCOME FUNDS

	Balance at 1 Jan 2010 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Dec 2010 £
International Temple Projects Main Building Fund	2,479,151	497,255	(77,512)	13,267	2,912,161
Temple Fund	473,191	—	—	—	473,191
Statue Fund	503,456	—	—	—	503,456
Other Funds	39,649	—	—	—	39,649
	21,059	115,400	(67,200)	(13,267)	55,992
	<u>3,516,506</u>	<u>612,655</u>	<u>(144,712)</u>	<u>—</u>	<u>3,984,449</u>

International Temple Project

The International Temple 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

19 UNRESTRICTED INCOME FUNDS

	Balance at 1 Jan 2010 £	Incoming resources £	Outgoing resources £	Balance at 31 Dec 2010 £
Designated ITP Fund	2,871,507	—	—	2,871,507
General Funds	9,839,480	2,208,543	(1,211,257)	10,836,766
	<u>12,710,987</u>	<u>2,208,543</u>	<u>(1,211,257)</u>	<u>13,708,273</u>

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

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

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £
Restricted Income Funds:			
International Temple Projects	2,044,881	19,169	848,111
Main Building Fund	473,191	—	—
Temple Fund	503,456	—	—
Statue Fund	39,649	—	—
Other Funds	26,418	—	29,574
	<u>3,087,595</u>	<u>19,169</u>	<u>877,685</u>
Unrestricted Income Funds:			
Designated Funds	2,871,507	—	—
General Funds	7,264,992	1,370,874	2,956,748
	<u>10,136,499</u>	<u>1,370,874</u>	<u>2,956,748</u>
Total Funds	<u>13,224,093</u>	<u>1,390,043</u>	<u>3,834,433</u>
		Long term liabilities £	Total £
Restricted Income Funds:			
International Temple Projects		—	2,912,161
Main Building Fund		—	473,191
Temple Fund		—	503,456
Statue Fund		—	39,649
Other Funds		—	55,992
		<u>—</u>	<u>3,984,449</u>
Unrestricted Income Funds:			
Designated Funds		—	2,871,507
General Funds		755,848	10,836,766
		<u>755,848</u>	<u>13,708,273</u>
Total Funds		<u>755,848</u>	<u>17,692,721</u>

21. 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 £1

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YEAR ENDED 31 DECEMBER 2010**

22. RELATED PARTIES

During the year the following people were classed as been a related parties to the NKT – IKBU
The following people have a control relationship as they are the, none trustee members of the
management committee which takes charge of the day to day running of NKT – IKBU

Roy Tyson
Stephanie Atkinson
Ringyal - Lisa McGovern
Maitri – Linda Cay

None of these have any relatives with any ties to the NKT - IKBU