

COMPANY REGISTRATION NUMBER 2758093

**NEW KADAMPA TRADITION - INTERNATIONAL
KADAMPA BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 DECEMBER 2012**



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 2012

CONTENTS	PAGE
Trustees Annual Report	3
Independent auditor's report to the members	11
Statement of financial activities	13
Income and expenditure account	14
Balance sheet	15
Notes to the financial statements	16

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 DECEMBER 2012**

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 2012

Reference & Administrative Details of the Charity, its Trustees & Advisors

Registered charity name: New Kadampa Tradition - International Kadampa Buddhist Union

Company registration number: 2758093

Charity registration number: 1015054

Registered office: Comishead 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, first appointed on 01 July 2008, and
- Jennifer Jane Andrews (aka Kelsang Droljang), first appointed on 24 July 2012, 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 this period were,

- Sylvia W Stewart (aka Kelsang Shri), who was first appointed on 10 June 2009, and who retired on 24 July 2012

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 General Spiritual Director – Lisa McGovern (aka Kelsang Ringyal), and
- Treasurer - Linda Cay (aka Kelsang Maitri)

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; and
(2) HSBC, New Market Street, Ulverston, Cumbria, LA12 7LH, and
(3) CCLA Investment Management Ltd, COIF Charity Funds, 80 Cheapside, London, EC2V 6DZ

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

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.

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 ('GSD') 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.

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

Objectives and Activities

8 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

9 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

10 In furtherance of its aims, the charity also operates the residential Buddhist Centre 'Manjushri KMC' at its Comishead Priory premises, publishes printed and audio and e-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

11 In support of the activities of the International Temples Project, the charity makes grants and interest-free loans to NKT-IKBU Centres around the world. Requests for grants and loans 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 recipient Centre provides bi-monthly progress reports to the Secretary of the GSD of the charity, who then reports back to the finance committee.

12 Grants and loans are made only to NKT-IKBU Centres that are incorporated and registered as charities within their own countries.

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

Statement of public benefit

Identifiable benefits

13 In exercising their powers and duties, the trustees have 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.

14 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.

Benefit to the public

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

16 These same programmes of study and meditation are directly offered by the charity at Manjushri Kadampa Meditation Centre, which functions at the charity's main premises at Conishead Priory. All classes are accessible to the public. Both 'drop-in' classes and more advanced courses of Buddhist instruction are offered. Some are offered free of charge, whilst modest fees are charged for others. A year-round programme of services of prayer and meditation is also offered, once again open to the public.

17 The charity's main premises at Conishead Priory, including the Kadampa World Peace Temple and 70 acres of woodlands and gardens, are open to the public daily throughout the year, providing a peaceful environment for anyone who wishes to enjoy it. House and Temple tours are offered, and visitors are also welcomed to a gift shop and café, both staffed by community volunteers and showing the example of Kadampa Buddhist practice through service to the public.

Manjushri KMC also regularly hosts visits from school groups and other community groups, and the charity runs a 'World Peace Café' and meditation space in Ulverston itself, for the benefit of the local community.

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

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

Achievements & Performance

International Festivals

19 In 2012 the charity successfully hosted all three of the annual NKT-IKBU International Festivals, Spring, Summer and Fall

The NKT-IKBU International Spring Festival was held at Conishead Priory, and was attended by 1400 people from 28 countries over a period of five days

The International Summer Festival, also held at Conishead Priory, was attended by 2220 people from 33 countries over a period of two weeks

The International Fall Festival, hosted and organised by the charity, was held in Southern Spain in the town of Alhaurin el Grande near Malaga. Over 750 people representing 29 countries came for the seven-day programme of empowerment, teachings and retreat

Tharpa Publications

20 Tharpa Publications continued to make excellent progress in 2012, with a 19% increase in turnover on 2011. This exceptional increase was due to a number of factors, not least the launch of several new Tharpa products including new editions of the books *New Heart of Wisdom* and *New Guide to Dakini Land*, and the introduction of four children's books written by Venerable Geshe Kelsang Gyatso towards the end of the year

21 In 2012 there was a large increase in the number of new Tharpa e-products, and sales through the Tharpa website which was launched in the latter part of 2011 increased, and continue to do so

Manjushri Kadampa Meditation Centre, Conishead Priory

22 In addition to an increase in the number of people attending meditation courses and retreats, the number of day-visitors to Conishead Priory Temple, grounds and World Peace Cafe continued to increase in 2012, with almost 13,500 day visitors to the Temple alone (2011 - 10,000). The Priory was open to the public seven days a week, to meet this level of public interest

We also welcomed 2200 children and young people who came on educational visits throughout the year

Kadampa Art Studio

23 The principal focus of the Kadampa Art Studio in 2012 was the production of Buddha images and external and internal decorations for the Kadampa Buddhist Temple under construction in Sintra, near Lisbon in Portugal. New moulds and statues were also made for use in various commercial premises newly acquired for use as teaching venues by Centres in Australia, Austria, Mexico, Taiwan and the UK

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

Financial Review

24 Since 01 January 2011, the charity has followed financial guidelines set out in an internal guidance manual, called '*A Money Handbook*'. These guidelines recognise that all charity income is designated as ITP funds, and as such provides the funding for all of the charity's activities.

25 The aims of the ITP are in general to introduce the Buddhist Faith of the New Kadampa Tradition publicly, and in particular to exemplify Buddhist practice through public service.

To this end, in 2012 a total of £2,503,528 was given in grants and interest-free loans in support of ITP activities throughout the world, including the building of a new Kadampa Buddhist Temple in Portugal. Financial support for this project has continued in 2013. Interest-free loans were also given to KMC Tharpaland (Glasgow, UK) and KMC Montreal (Canada) to assist with property purchases. The ITP also funded the production of statues and other artwork for various other new city-centre Kadampa Meditation Centres and Temples around the world.

The trustees consider that providing interest-free loans rather than grants benefits the recipient NKT-IKBU Centres in a number of ways. While it provides safe funding for projects, and allows time for Centre activities to become established without undue financial pressure, it also helps create an attitude of financial independence and responsibility rather than dependence, and encourages an appreciation of the ITP through the recognition that repayment of the loan will ensure that funds are available for future ITP projects.

Reserves policy

26 The ITP accounts are reviewed at least monthly to ensure that sufficient funds are available to cover current running costs, and that there is a minimum of £75,000 available to replenish the funds in the charity's daily running account (as set out in *A Money Handbook*). 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.

Principal funding sources

27 The principal funding sources for the charity include the surplus from the NKT-IKBU International Spring and Summer Festivals held annually at Conishead Priory. In 2012 the charity also hosted the International Fall Festival in Spain. Other principal funding sources include the surpluses from Tharpa Publications, and the activities of Manjushri KMC.

The annual International Fall Festivals are not always hosted by the charity, whether or not to do so is decided each year in dependence upon the country where the Fall Festival is being held and the resources and skills available there.

28 In 2012 the charity also secured a loan against part of its fixed assets in order to provide funding for worldwide ITP activities in general and for the Temple construction in Portugal in particular.

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

Plans for the Future

29 The 2013 NKT-IKBU International Fall Festival in Portugal, celebrating the opening of the new Kadampa World Peace Temple near Sintra, will be co-hosted by the charity and Deuachen KMC in Portugal. The charity will also provide administrative support for the event. As this will be the first public teaching by Venerable Geshe Kelsang Gyatso since 2010, large numbers of people are expected to attend, which will make it the largest NKT-IKBU International Festival to date.

30 In early 2013 an interest-free loan from ITP funds was given to KMC California to assist with the purchase of a beautiful church property in the Hollywood area of Los Angeles, which will be transformed into a non-traditional Kadampa Temple to serve the heart of Los Angeles.

31 The Kadampa Art Studio will continue to work on completing the artwork and the large statues for the main shrine in the new Temple in Portugal. The studio will also continue to produce a range of smaller statues for the increasing number of city-centre Kadampa Buddhist Temples being created around the world.

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

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

Responsibilities of the Trustees

32 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

Small Company Provisions

33 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

Heather Wright

HEATHER WRIGHT, TRUSTEE

Date 25 July 2013

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

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

YEAR ENDED 31 DECEMBER 2012

I have audited the financial statements of New Kadampa Tradition - International Kadampa Buddhist Union for the year ended 31 December 2012 on pages 13 to 27 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 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 AUDITORS

As explained more fully in the Trustees Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements In addition, I read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report

OPINION ON FINANCIAL STATEMENTS

In my opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at year ended 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

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

YEAR ENDED 31 DECEMBER 2012

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In my opinion the information given in the Trustees Annual Report for the financial year for the which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by me, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- I have not received all the information and explanations we require for my audit, or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report



Anthony J Brown
Senior Statutory Auditor
For and on behalf of
A J BROWN
Chartered Accountants
& Statutory Auditor

91 Front Street
York
YO24 3BU

26/7/13

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

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	164,131	17,923	182,054	231,268
Investment income	3	7,454	—	7,454	9,081
Incoming resources from charitable activities	4	2,732,773	—	2,732,773	2,374,937
Other incoming resources	5	81,446	—	81,446	—
TOTAL INCOMING RESOURCES		2,985,804	17,923	3,003,727	2,615,286
RESOURCES EXPENDED					
Charitable activities	6/7	(1,317,424)	(231,328)	(1,548,752)	(1,477,737)
Governance costs	8	(537,590)	—	(537,590)	(11,850)
Exceptional governance costs	8	(11,848)	—	(11,848)	(441,150)
TOTAL RESOURCES EXPENDED		(1,866,862)	(231,328)	(2,098,190)	(1,930,737)
NET INCOMING RESOURCES FOR THE YEAR	9	1,118,942	(213,405)	905,537	684,549
RECONCILIATION OF FUNDS					
Total funds brought forward		14,715,660	3,661,611	18,377,271	17,692,722
TOTAL FUNDS CARRIED FORWARD		15,834,602	3,448,206	19,282,808	18,377,271

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 27 form part of these financial statements.

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
INCOME		2,996,273	2,606,206
TOTAL EXPENDITURE		(2,098,190)	(1,930,738)
OPERATING SURPLUS	9	898,083	675,468
OTHER INCOME			
Interest receivable and similar income	3	7,454	9,081
RETAINED SURPLUS FOR THE FINANCIAL YEAR		<u>905,537</u>	<u>684,549</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 27 form part of these financial statements

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

BALANCE SHEET

31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	11	—	—
Tangible assets	12	13,220,003	13,231,039
Investments	13	865,731	1,390,044
		<u>14,085,734</u>	<u>14,621,083</u>
CURRENT ASSETS			
Stocks	14	344,886	263,139
Debtors	15	5,861,935	3,383,373
Cash at bank		1,717,871	1,368,787
		<u>7,924,692</u>	<u>5,015,299</u>
CREDITORS: Amounts falling due within one year	16	<u>(357,068)</u>	<u>(212,518)</u>
NET CURRENT ASSETS		<u>7,567,624</u>	<u>4,802,781</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>21,653,357</u>	<u>19,423,864</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(2,370,550)</u>	<u>(1,046,593)</u>
NET ASSETS		<u>19,282,808</u>	<u>18,377,271</u>
FUNDS			
Restricted income funds	19	3,448,206	3,661,611
Unrestricted income funds	20	15,834,602	14,715,660
TOTAL FUNDS		<u>19,282,808</u>	<u>18,377,271</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 25.07.13 and are signed on their behalf by

Heather Wright.

Heather Wright
Director/trustee

Company Registration Number 2758093

The notes on pages 16 to 27 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 2012**

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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
Motor Vehicles	- 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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight line basis

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

Grants

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

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 2012 £	Total Funds 2011 £
Donations				
Donations General	14,447	14,987	29,434	43,584
Donations International Temple Project	146,718	-	146,718	166,162
Donations Rituals	-	2,936	2,936	16,222
Grants receivable				
Government Grants	2,966	-	2,966	5,300
	<u>164,131</u>	<u>17,923</u>	<u>182,054</u>	<u>231,268</u>

3. INVESTMENT INCOME

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Bank interest receivable	<u>7,454</u>	<u>7,454</u>	<u>9,081</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Income from Festivals	1,217,524	1,217,524	1,184,040
Sales Tharpa Publications	442,943	442,943	370,264
Manjushri Centre Activities	697,732	697,732	580,726
Shop and World Peace Cafe Sales	205,901	205,901	166,941
Kadampa Art Studio & Hosting	82,083	82,083	52,609
International Properties - Rental Income	86,590	86,590	20,357
	<u>2,732,773</u>	<u>2,732,773</u>	<u>2,374,937</u>

5. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Bank Loan Incentive scheme	81,446	81,446	—

6. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Grants Payable	745	101,511	102,256	241,503
Festival Costs	368,607	12,782	381,389	393,799
Tharpa costs	225,403	—	225,403	170,227
MKMC Costs	468,399	40,564	508,963	468,246
Kadampa Art Studio & Hosting	108,222	9,654	117,876	69,157
Support Costs	146,048	66,817	212,865	134,805
	<u>1,317,424</u>	<u>231,328</u>	<u>1,548,752</u>	<u>1,477,737</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

7. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Grant funding activities £	Support Costs £	Total Funds 2012 £	Total Funds 2011 £
Grants Payable	–	102,256	–	102,256	241,503
Festival Costs	381,389	–	–	381,389	393,799
Tharpa costs	225,403	–	3,200	228,603	172,635
MKMC Costs	508,963	–	–	508,963	468,246
Support Costs	–	–	209,665	209,665	132,397
Kadampa Art Studio & Hosting	117,876	–	–	117,876	69,157
	<u>1,233,631</u>	<u>102,056</u>	<u>212,865</u>	<u>1,548,752</u>	<u>1,477,737</u>

Grants totalling £85,008 were made during the year to Centres around the world with similar objects to ourselves. Of this, £68,642 were donated statues, artwork etc produced at the Kadampa Art Studio at Conishead Priory.

Of the total grants paid £16,503 was given to the subsidiary company in Italy to pay its liabilities prior to its sale and offerings totalling £745 were made to individuals during the two annual ordination ceremonies.

8. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Exceptional governance costs	11,848	11,848	441,150
Audit fees	16,055	16,055	12,780
Amounts written off investments	524,313	524,313	–
Foreign currency gain/loss	(2,778)	(2,778)	(930)
	<u>549,438</u>	<u>549,438</u>	<u>453,000</u>

9. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging

	2012 £	2011 £
Depreciation	15,102	14,340
Auditor's fees	16,055	12,780
Exchange (gains)/losses	<u>(2,778)</u>	<u>5,595</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

10. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2012	2011
	£	£
Wages and salaries	131,360	117,655
Social security costs	—	—
	<u>131,360</u>	<u>117,655</u>

Volunteers

Residents at Manjushri Kadampa Meditation Centre regularly offer their time to run the different activities of the Centre. This together with the help of 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

	2012	2011
	No	No
Manjushri Centre	8	9
Tharpa Publications	3	3
Support & Administration	11	7
Kadampa Art Studio	8	4
	<u>30</u>	<u>23</u>

The Trustees 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 (2011 - Nil)

11. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 January 2012 and 31 December 2012	<u>355,764</u>
AMORTISATION	
At 1 January 2012 and 31 December 2012	<u>355,764</u>
NET BOOK VALUE	
At 31 December 2012	<u>—</u>
At 31 December 2011	<u>—</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

12. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1 January 2012	13,147,579	247,090	13,394,669
Additions	—	4,066	4,066
At 31 December 2012	<u>13,147,579</u>	<u>251,156</u>	<u>13,398,735</u>
DEPRECIATION			
At 1 January 2012	—	163,630	163,630
Charge for the year	—	15,102	15,102
At 31 December 2012	<u>—</u>	<u>178,732</u>	<u>178,732</u>
NET BOOK VALUE			
At 31 December 2012	<u>13,147,579</u>	<u>72,424</u>	<u>13,220,003</u>
At 31 December 2011	<u>13,147,579</u>	<u>83,460</u>	<u>13,231,039</u>

Hire purchase agreements

Included within the net book value of £13,220,003 is £8,241 (2011 - £11,537) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £3,296 (2011 - £1,648).

13. INVESTMENTS

Movement in market value

	2012 £	2011 £
Market value at 1 January 2012	1,390,044	1,390,044
Net losses on revaluations in the year ended 31 December 2012	(524,313)	—
Market value at 31 December 2012	<u>865,731</u>	<u>1,390,044</u>
Historical cost at 31 December 2012	<u>1,390,044</u>	<u>1,390,044</u>

Analysis of investments at 31 December 2012 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Other investments				
Non-UK Group undertakings	<u>865,731</u>	<u>—</u>	<u>865,731</u>	<u>1,390,044</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

13. INVESTMENTS *(continued)*

The charity at the year- end owned all the issued share capital in three foreign companies, Pensione Villa Splendor SL in Italy costing £1,368,766, The New Kadampa Tradition SL in Spain, costing £2,109 and in Holland, Hotel Kadampa Holland BV costing £19,169

The charity is also the sole member of Kadampa School Project a registered company in England which is limited by guarantee with no share capital

The directors are of the opinion that apart from the Italian company the investments have a value of approximately equal to cost, whilst the Italian company has a value of £844,453 as detailed below

The Italian company was sold during the year under a provisional sale agreement and the directors have therefore valued the investment at the sale price of £844,453 hence the loss on investment of £524,313

The Spanish company during the year had a turnover of £34,007 with a loss of £43,394 and at the year- end had a total deficit (liabilities in excess of assets) of £176,705

The Dutch company during the year had a turnover of £73,197 with a loss of £20,161 and at the year-end had a deficit of £46,715

The Italian company during the year had a turnover of £23,594 with a loss of £47,902 and at the year-end had a deficit of £206,557

The school had a turnover of £33,003 with a profit/loss of nil and no net assets or liabilities at the year end

14 STOCKS

	2012	2011
	£	£
Stock	<u>344,886</u>	<u>263,139</u>

15. DEBTORS

	2012	2011
	£	£
Trade debtors	144,949	107,460
Amounts owed by group undertakings	7,907	3,401
Loans to Centres	5,665,046	3,249,598
Other debtors	9,937	1,072
Prepayments	34,096	21,842
	<u>5,861,935</u>	<u>3,383,373</u>

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012**

15. DEBTORS *(continued)*

The debtors above include the following amounts falling due after more than one year

	2012 £	2011 £
Loans to Centres	<u>4,707,732</u>	<u>2,759,004</u>

16. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	114,141	51,635
Trade creditors	47,834	17,916
Other creditors	195,093	142,967
	<u>357,068</u>	<u>212,518</u>

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

	2012 £	2011 £
Bank loans and overdrafts	<u>114,141</u>	<u>51,635</u>

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

	2012 £	2011 £
Bank loans and overdrafts	1,884,378	558,878
Other creditors	486,172	487,715
	<u>2,370,550</u>	<u>1,046,593</u>

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

	2012 £	2011 £
Bank loans and overdrafts	<u>1,884,378</u>	<u>558,878</u>

Included within creditors falling due after more than one year is an amount of £1,388,412 (2011 - £Nil) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the charity had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land and buildings	
	2012 £	2011 £
Operating leases which expire:		
Within 2 to 5 years	<u>7,080</u>	<u>7,080</u>

19. RESTRICTED INCOME FUNDS

	Balance at 1 Jan 2012 £	Incoming resources £	Outgoing resources £	Balance at 31 Dec 2012 £
International Temple Projects	2,595,402	—	(211,898)	2,383,504
Main Building Fund	473,191	—	—	473,191
Temple Fund	503,456	—	—	503,456
Statue Fund	39,649	—	—	39,649
Other Funds	49,913	17,923	(19,430)	48,406
	<u>3,661,611</u>	<u>17,923</u>	<u>(231,328)</u>	<u>3,448,206</u>

International Temple Project

The International Temple Project's 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

The Main Building Fund

The Main Building Fund accounts for monies received specifically for the restoration of the buildings at Conishead Priory

The Temple Fund

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

Other Funds

Other Funds account for monies received in respect of small projects

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

20. UNRESTRICTED INCOME FUNDS

	Balance at 1 Jan 2012 £	Incoming resources £	Outgoing resources £	Balance at 31 Dec 2012 £
Designated ITP Fund	2,871,507	—	—	2,871,507
General Funds	11,844,153	2,985,804	(1,866,862)	12,963,095
	<u>14,715,660</u>	<u>2,985,804</u>	<u>(1,866,862)</u>	<u>15,834,602</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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £
Restricted Income Funds:			
International Temple Projects	2,044,881	19,169	319,454
Main Building Fund	473,191	—	—
Temple Fund	503,456	—	—
Statue Fund	39,649	—	—
Other Funds	26,418	—	21,988
	<u>3,087,595</u>	<u>19,169</u>	<u>341,442</u>
Unrestricted Income Funds:			
Designated Funds	2,871,507	—	—
General Funds	7,260,901	846,562	7,226,182
	<u>10,132,408</u>	<u>846,562</u>	<u>7,226,182</u>
Total Funds	<u>13,220,003</u>	<u>865,731</u>	<u>7,567,624</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS *(continued)*

	Long term liabilities £	Total £
Restricted Income Funds:		
International Temple Projects	–	2,383,504
Main Building Fund	–	473,191
Temple Fund	–	503,456
Statue Fund	–	39,649
Other Funds	–	48,406
	–	<u>3,448,206</u>
Unrestricted Income Funds:		
Designated Funds	–	2,871,507
General Funds	(2,370,550)	12,963,095
	<u>(2,370,550)</u>	<u>15,834,602</u>
Total Funds	<u>(2,370,550)</u>	<u>19,282,808</u>

22. CONTINGENCIES

The charity has guaranteed the repayment of a bank loan for one of its subsidiaries if the subsidiary is in default which currently it is not. The amount outstanding on the loan at 31st December 2012 was £707,714. The Charity has guaranteed the payment of all the debts of the Kadampa School Project a wholly owned subsidiary if the company is in default. The total amount outstanding to creditors by the School at 31st December 2012 was £28,574.

23. 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.