

**NEW KADAMPA TRADITION - INTERNATIONAL
KADAMPA BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 DECEMBER 2009**

Charity Number 1015054

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



**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009**

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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 2009

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 2009

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

- Venerable Geshe Kelsang Gyatso who retired on 01 August 2009 and
- Linda V Cay (aka Kelsang Maitri) who was appointed on 01 July 2008 and who retired on 10 June 2009,
- Steven R Booth (aka Kelsang Khyenrab), who was appointed (*ex-officio*) on 16 April 2007 and who retired on 11 April 2010

Secretary (chief executive): Stephen P Cowing

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

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

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 2009

C. Financial review

8. *Reserves policy.* In accordance with Charity Commission guidelines, the charity has established a policy as to the appropriate level of free reserves. The policy is reviewed annually by the trustees and the level of reserves is monitored by them on a monthly basis.

The trustees consider that free reserves should be retained in the bank sufficient to cover between two and six months of overhead expenditure. These reserves are held in order to maintain the basic operations of the charity and to provide some surety against adverse financial events, such as unbudgeted expenditure, or failure to achieve income targets. During the year this reserve was maintained at £65 000.

9. *Principal funding sources.* In furtherance of the objects of the charity, the trustees principally designate surplus funds for use by the charity's International Temples Project (ITP) for which large sums are required for the purchase and development of suitable properties around the world for use as Kadampa Meditation Centres and so forth.

Donations to the ITP during the year totalled £164,272 (compared with £2,512,603 in 2008).

The surplus from the two main Buddhist Festivals held at Conishead Priory amounted to £1,248 949 in total (£770 242 in 2008).

Transfers to the ITP within the charity, from the activities of Tharpa Publications and Manjushri KMC, amounted to £180 251 in total (£254,575 in 2008).

General donations totalled £93 443 in the year (£84 310 in 2008).

10. *ITP Expenditure.* Total ITP spending in the year amounted to £2,122,959 (£726,776 in 2008) including £868 719 as capital expenditure. In January 2009 the charity paid slightly over £1 0m to complete the purchase of a property in Holland.

11. *Investment policy and performance.* The trustees consider that minimal risk should be taken regarding investments and consequently have a policy to place funds on deposit only. The interest earned in the year was £16,592 (£31,196 in 2008).

D. Statement of public benefit

12. *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.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

13. *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.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

E. Objectives & Activities

14. In the wording of the charity's Memorandum of Association the objects for which the charity is established are to increase the Buddhist Faith throughout the world under the spiritual guidance of the elected General Spiritual Director of the NKT-IKBU by promoting the activities of the union of Kadampa Buddhist Centres called the NKT-IKBU, the international association of study and meditation centres that follow the pure tradition of Mahayana Buddhism derived from the Buddhist meditators and scholars Atisha and Je Tsongkhapa introduced into the West by the Buddhist teacher Venerable Geshe Kelsang Gyatso, and that follow the three New Kadampa Tradition Study Programmes, and that are guided by the code of moral discipline called the *Internal Rules of the NKT-IKBU*

15. The charity maintains an International Temples Project (ITP), whose aim is in general to introduce the Buddhist Faith of the New Kadampa Tradition publicly, and in particular to exemplify Buddhist practice through public service

To further the objects of the ITP, the charity continually emphasises the development throughout the world of

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

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

17. 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 imprint "Tharpa Publications", holds annual Spring and Summer Festivals of teachings and meditation retreats, and maintains a 'Kadampa Art Studio' and a 'Kadampa Communications' (internet) office

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

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

F. Achievements & Performance in 2009

F1. Member Centres of the charity

19. 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

All Member Centres of the charity and their branches, continued to make available to the general public the teachings of Mahayana Buddhism derived from the Buddhist meditators and scholars Atisha and Je Tsongkhapa, under the spiritual guidance of the General Spiritual Director of the charity

20. On 01 August 2009 the founding General Spiritual Director Venerable Geshe Kelsang Gyatso formally retired. In accordance with the *Internal Rules* of the charity he was succeeded by his Deputy Spiritual Director, the English monk Kelsang Khyenrab (Steven R Booth) and a new Deputy was then elected by the Members. Unfortunately Kelsang Khyenrab was himself obliged by ill-health to retire in April 2010, and he was in turn succeeded by his Deputy, Kelsang Dekyong (Heather Wright)

F2 The International Temples Project

21. As reported in section 10 above, the total ITP expenditure in the year amounted to £2 122,959 (2008 £726,776)

Europe

22. At KMC France near Le Mans, all restoration work was completed on the main building of the chateau. Work on disabled facilities in the pavilion outhouses is planned next

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 a World Peace Cafe and Reception office for the Centre

23. At KMC Germany near Berlin, restoration of the main building façade was completed, largely funded by a loan from another NKT Centre. Other restoration work could proceed only slowly during the year because it was necessary to direct the charity's resources elsewhere. In January 2010 many German NKT practitioners participated in a major 'working retreat' at the Centre, and the charity plans to complete work on the main building during 2010

24. As reported last year a property suitable for use as a new Hotel Kadampa and KMC was located near Maastricht in Holland and negotiations to purchase it were completed in January 2009. The purchase price was €1.2m

The building was painted, and basic renovation was carried out. Hotel Kadampa Holland received the necessary municipal business licence in June and has functioned successfully since then

In the latter half of the year work concentrated on preparing the Temple room within the building, and KMC Netherlands was formally opened with a weekend Festival led by the General Spiritual Director in late February 2010

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

The Americas

25. Repair and development work at KMC Canada (Toronto, Ontario) was completed in the year. All relevant statutory licences were obtained, and the Centre is now fully open to the public every day.

26. In the USA, KMC New York bought a former bus station in Sarasota (FL), with the intention to transform this property into a city Temple to be used by KMC Florida. The property will eventually include a teaching/meditation room for 370 people, single-room accommodation for some 20 people, dormitories for short-term visitors, and a commercial kitchen. The charity contributed £713,000 towards the purchase of the property in the year and a further sum early in 2010 towards planned building costs.

27. KMC Texas (Arlington) completed work on their meditation hall in the year and prepared final architectural drawings for further proposed developments: two 16-bedroom accommodation buildings and a larger utility building. The drawings were submitted for planning approval in January 2010.

28. A suitable property for KMC Mexico was sought but without success. One particular property seemed promising at first, but negotiations revealed that it was offered for sale without clear legal title. The search will continue.

29. Work continued throughout the year on construction of the Temple at KMC Brazil near São Paulo, which is due for completion in August 2010.

Asia

30. Essential development of the premises of KMC Singapore was delayed as a consequence of fraudulent service by an architect, but after the problem was discovered the authorities were sympathetic and the last necessary building permit was received early in 2010. Construction work is scheduled to be completed in May 2010.

Australasia

31. Research carried out for a property in New Zealand culminated in a suitable property being identified for purchase near Palmerston North. Progress is currently underway (May 2010) for this accomplishment.

F3. International Festivals in 2009

32. The charity again held successful International Spring and Summer Festivals at Manjushri KMC Conishead Priory. Venerable Geshe Kelsang formally retired as General Spiritual Director (GSD) in August 2009, so the Summer Festival (the NKT's 18th, and sadly Venerable Geshe Kelsang's last as GSD) was particularly well attended.

Kelsang Khyenrab immediately succeeded Venerable Geshe Kelsang as the GSD of the charity, and Kelsang Dekyong was elected as the Deputy Spiritual Director. Then Kelsang Dekyong led a successful one-week International Fall Festival (30 October to 06 November) which was held at a rented venue near KMC Italy in Montecatini-Terme, Tuscany.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

F4 Tharpa Publications

33. 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 Spring and Summer Festivals in the UK. Overall sales to the trade remained flat, despite a challenging year for the publishing market nationally.

34. 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

F5. Manjushri Kadampa Meditation Centre, Conishead Priory

35. Manjushri KMC continued to offer residential accommodation to a community of approximately 90 students, and to welcome diverse visitors, from those wanting to stay simply as paying guests through to those participating in a wide range of courses and meditation retreats.

36. The charity was obliged during the year to withdraw a Heritage Lottery Fund grant application relating to the next planned stage of restoration of Conishead Priory. This was because it was recognised that international commitments would for the time being prevent the charity from achieving the considerable match funding required to progress the restoration project.

Nevertheless some improvements were made to a number of rooms in both the visitors' and residents' areas in the Priory, and a significant improvement and redecoration programme is still 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.

Considerable improvements to the estate infrastructure were made in the early part of the year, to better facilitate the large annual International Spring and Summer Festivals held at the Priory. This work included the laying of 100m of new drain and piped water supply, widening of walled entrances and provision of 70m of land drain.

37. The number of day-visitors to Conishead Priory increased in the year, with over 8 100 members of the general public visiting the Temple (an increase of 40%) over 2 600 people visiting in school, college or social groups, and 5,700 enjoying the Conservatory Cafe. Improved access was given to the public by extending the open season to mid December.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

F6 Kadampa Art Studio

38. The new Kadampa Art Studio completed its first full year of operation since opening in September 2008. Many Buddhist statues and decorations were sculpted, moulded, cast, finished, painted and filled in the Studio in the year, and were then shipped to various KMCs all over the world, to be installed in the main shrine at each of those Centres.

In particular, 2009 saw the completion of a new 'Five Lineage' statue set in time for the Dorje Shugden empowerment which was granted during the 2009 International Summer Festival. After the Festival, these statues were shipped to KMC Florida, to be installed in the main shrine there.

F7. Kadampa Communications

39. The NKT-IKBU internet sites were further augmented throughout the year, and visitors to the core sites increased in number to over three million worldwide.

40. During the year, the Kadampa Centres map (map.kadampa.org) was launched. The map displays the geographical location of over 1,100 NKT-IKBU Centres and branches worldwide, together with contact information and relevant links.

41. Kadampa Hosting migrated much of its global client base from a single server in the USA to a new worldwide network of servers in the USA, the UK and Asia, allowing for better search rankings and transfer speed in the different countries.

A new client management, support and billing system was set up to support this, along with a client knowledgebase. The launch of new products such as audio hosting and the Centre website template has led to an increase in the number of client Centres.

42. The Kadampa Centre website template released at the tail end of 2008 saw widespread adoption in 2009, helping many Centres to set up, maintain and develop their own website for the first time. An international support team of volunteers was set up to assist Centres in this development.

A "Print Publicity Sharing Center" was also created within the internal Kadampa image gallery, allowing centres to share print publicity with other centres not yet skilled enough to make their own.

43. The Kadampa Mediaplayer was released during the year, presenting video excerpts from teachings and Festival reviews, and promotional videos for Festivals, KMCs and Tharpa Publications. The Mediaplayer now serves over 50,000 views a month, and this number continues to increase.

44. The NKT Festival Booking system took bookings for the international Spring, Summer and Fall Festivals, and was expanded to include some national and Dharma celebrations.

45. Other work included the production of a DVD recording of the *Wheel of Life* NKT Festival play, which was released in 6 languages. The Kadampa Gallery (gallery.kadampa.org) was released, showcasing photo presentations from the hundreds of Kadampa Centres and events worldwide. And a global portal site was created from the three Hotel Kadampas (HotelKadampa.com).

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

F8 Administrative Developments

46. Throughout the year work was done to improve administrative procedures. The *Internal Rules* of the charity were revised in May 2009, introducing improvements to the executive structure of the charity.

In the charity's central office, the last remaining paper recording of financial transactions was transferred on to computer during the year.

A template was introduced to help standardise the annual internal financial reporting requested of all local Kadampa Buddhist Centres of the charity.

During the year the concept of agreed 'Annual Education Plans' was introduced for all KMCs, to help stabilise the education programme at each KMC. The managers and Teachers at each KMC will now formulate the Centre's Annual Education Plan together and then submit it for final approval by the Temple & KMC Development Director. The Plan will also serve as the basis of each KMC's annual business plan.

Work was also done to develop a generic 'Tharpa Annual Forecast' for all Tharpa Publications departments around the world, and to develop a manual of administrative policies and procedures, and to review translation agreements, publishing contracts and so forth.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

G Plans for Future Periods

47. Present repair and development projects around the world will continue as funds allow. These projects include KMC France and KMC Germany in Europe, KMC Florida, KMC Georgia and KMC Texas in the USA, and KMC Brazil.

The present phase of construction work at KMC Brazil will be completed in 2010, in time for inauguration of the Temple there in late October 2010, during this year's International Fall Festival, which will be led by Venerable Geshe Kelsang.

48. Work will begin on the property to be acquired in New Zealand, to create the first KMC in that country. The search will continue for suitable premises in which to develop KMC Mexico, 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.

49. Local fund-raising in support of all this work developed significantly in 2009 and will be encouraged continually. In 2010 the charity will work to raise the profile of the International Temples Project throughout the NKT international association, promoting eight annual NKT days' such as 'International Temples Day', 'Je Tsongkhapa Day', and *Work a Day for World Peace*.

50. Work to introduce recommended written administrative procedures will continue in order to preserve and disseminate practical experience throughout the association. A 'Business Manual' for management of the Hotel Kadampas is proposed, and a 'Finance and Administration Manual' for use by local Kadampa Buddhist Centres, and a manual for the organisation of NKT Dharma Festivals and Celebrations.

51. Work to up-date and improve the governing instruments (constitutions) of the charity itself and of all NKT Centres will also continue, with the aim to conclude this project during 2010.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

H Responsibilities of the Trustees

53 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.

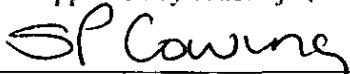
I. Auditor

54. A resolution to re-appoint A. J. Brown as auditor for the ensuing year will be proposed at the Annual General Meeting in 2010.

J. Small Company Provisions

55. 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 29-6-10

**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 2009

We have audited the financial statements of New Kadampa Tradition - International Kadampa Buddhist Union for the year ended 31 December 2009 on pages 17 to 29, which have been prepared on the basis of the accounting policies set out on pages 20 to 21

This report is made solely to the company's members as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of New Kadampa Tradition - International Kadampa Buddhist Union for the purposes of company law) for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Trustees on page 14.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 2006, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

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

We read the Trustees Annual Report and consider the implications for our report if we 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 2009

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act 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

2nd July 2010

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

YEAR ENDED 31 DECEMBER 2009

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Voluntary income	2	49,794	251,812	301,606	2,672,474
Investment income	3	11,762	4,830	16,592	31,196
Incoming resources from charitable activities	4	<u>1,084,516</u>	<u>1,886,912</u>	<u>2,971,428</u>	<u>2,080,455</u>
TOTAL INCOMING RESOURCES		<u>1,146,072</u>	<u>2,143,554</u>	<u>3,289,626</u>	<u>4,784,125</u>
RESOURCES EXPENDED					
Charitable activities	5/6	(1,026,171)	(1,378,025)	(2,404,196)	(1,883,751)
Governance costs	7	<u>116,798</u>	<u>—</u>	<u>116,798</u>	<u>(26,903)</u>
TOTAL RESOURCES EXPENDED		<u>(909,373)</u>	<u>(1,378,025)</u>	<u>(2,287,398)</u>	<u>(1,910,654)</u>
NET INCOMING RESOURCES FOR THE YEAR	8	236,699	765,529	1,002,228	2,873,471
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>12,474,288</u>	<u>2,750,977</u>	<u>15,225,265</u>	<u>12,351,795</u>
TOTAL FUNDS CARRIED FORWARD		<u>12,710,987</u>	<u>3,516,506</u>	<u>16,227,493</u>	<u>15,225,266</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 29 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 2009

	Note	2009 £	2008 £
INCOME		3,273,034	4,752,929
TOTAL EXPENDITURE		(2,287,398)	(1,910,654)
OPERATING SURPLUS	8	985,636	2,842,275
OTHER INCOME			
Interest receivable and similar income	3	16,592	31,196
		1,002,228	2,873,471
RETAINED SURPLUS FOR THE FINANCIAL YEAR		1,002,228	2,873,471

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 29 form part of these financial statements

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

BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Intangible assets	10	—	—
Tangible assets	11	12,916,279	11,709,345
Investments	12	1,398,876	1,370,875
		<u>14,315,155</u>	<u>13,080,220</u>
CURRENT ASSETS			
Stocks	13	272,693	257,880
Debtors	14	914,038	1,198,835
Cash at bank		1,783,577	1,811,553
		<u>2,970,308</u>	<u>3,268,268</u>
CREDITORS: Amounts falling due within one year	15	<u>(204,800)</u>	<u>(162,684)</u>
NET CURRENT ASSETS		<u>2,765,508</u>	<u>3,105,584</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,080,663</u>	<u>16,185,804</u>
CREDITORS: Amounts falling due after more than one year	16	<u>(853,170)</u>	<u>(960,538)</u>
NET ASSETS		<u>16,227,493</u>	<u>15,225,266</u>
FUNDS			
Restricted income funds	18	3,516,506	2,750,978
Unrestricted income funds	19	12,710,987	12,474,288
TOTAL FUNDS		<u>16,227,493</u>	<u>15,225,266</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 29th June 2010 and are signed on their behalf by

Heather Wright (aka Kelsang Dekyong)

Heather Wright (aka Kelsang Dekyong)
Director

The notes on pages 20 to 29 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 2009**

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
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009**

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

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

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

**NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA
BUDDHIST UNION**

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Donations				
Donations General	39,486	53,957	93,443	84,310
Donations International Temple Project	—	164,272	164,272	2,512,603
Donations Rituals	—	33,583	33,583	15,553
Grants receivable				
Government Grants	10,308	—	10,308	60,008
	<u>49,794</u>	<u>251,812</u>	<u>301,606</u>	<u>2,672,474</u>

3. INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Bank interest receivable	11,762	4,830	16,592	31,196

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Income from Festivals	147	1,750,976	1,751,123	1,054,396
Sales Tharpa Publications	381,426	135,936	517,362	397,925
Manjushri Centre Activities	480,476	—	480,476	446,265
Shop and World Peace Cafe Sales	180,163	—	180,163	171,291
Kadampa Art Studio & Hosting	42,304	—	42,304	10,578
	<u>1,084,516</u>	<u>1,886,912</u>	<u>2,971,428</u>	<u>2,080,455</u>

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Grants Payable	63,732	797,208	860,940	361,335
Festival Costs	—	502,174	502,174	284,154
Tharpa costs	289,547	—	289,547	226,604
MKMC Costs	487,988	62,481	550,469	521,187
Kadampa Art Studio & Hosting	55,987	6,570	62,557	32,819
Support Costs	128,917	9,592	138,509	457,653
	<u>1,026,171</u>	<u>1,378,025</u>	<u>2,404,196</u>	<u>1,883,751</u>

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

YEAR ENDED 31 DECEMBER 2009

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Grant funding activities £	Support Costs £	Total Funds 2009 £	Total Funds 2008 £
Grants Payable	–	860,939	–	860,939	361 335
Festival Costs	502,173	–	–	502,173	284 154
Tharpa costs	289,547	–	1,084	290,631	226,604
MKMC Costs	550,469	–	–	550,469	521,187
Support Costs	–	–	137,425	137,425	457,653
Kadampa Art Studio & Hosting	62,559	–	–	62,559	32,819
	<u>1,404,748</u>	<u>860,939</u>	<u>138,509</u>	<u>2,404,196</u>	<u>1,883,752</u>

Grants were made during the year as detailed in the trustees report to support of the teachers £1 022 To help fund other centres to construct Buddhist Temples totalling £859,533 and for statues and robes etc £384

7 GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Accountancy fees	1,250	1,250	4,000
Audit fees	10,050	10,050	12 100
Foreign currency gain/loss	(128,097)	(128,097)	10 803
	<u>(116,798)</u>	<u>(116,798)</u>	<u>26 903</u>

8. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging/(crediting)

	2009 £	2008 £
Amortisation of intangible assets	–	213,458
Depreciation	17,882	16,600
Auditors' remuneration		
- audit of the financial statements	10,050	12 100
- other fees (see below)	1,250	4,000
Exchange (gains)/losses	<u>(128,097)</u>	<u>10 803</u>

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

YEAR ENDED 31 DECEMBER 2009

8. NET INCOMING RESOURCES FOR THE YEAR *(continued)*

Auditor's fees

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

	2009	2008
	£	£
Audit	10,050	12,100
Accountancy	1,250	4,000
	<u>11,300</u>	<u>16,100</u>

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2009	2008
	£	£
Wages and salaries	143,582	123,392
Social security costs	—	—
	<u>143,582</u>	<u>123,392</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

	2009	2008
	No	No
Manjushri Centre	13	12
Tharpa Publications	4	4
Support & Administration	6	5
Kadampa Art Studio	9	8
	<u>32</u>	<u>29</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 (2008 - Nil)

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

YEAR ENDED 31 DECEMBER 2009

10. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2009 and 31 December 2009	<u>355,764</u>
AMORTISATION	
At 1 January 2009 and 31 December 2009	<u>355,764</u>
NET BOOK VALUE	
At 31 December 2009	<u>—</u>
At 31 December 2008	<u>—</u>

11 TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1 January 2009	11,608,841	215,193	11,824,034
Additions	1,206,104	18,712	1,224,816
At 31 December 2009	<u>12,814,945</u>	<u>233,905</u>	<u>13,048,850</u>
DEPRECIATION			
At 1 January 2009	—	114,689	114,689
Charge for the year	—	17,882	17,882
At 31 December 2009	<u>—</u>	<u>132,571</u>	<u>132,571</u>
NET BOOK VALUE			
At 31 December 2009	<u>12,814,945</u>	<u>101,334</u>	<u>12,916,279</u>
At 31 December 2008	<u>11,608,841</u>	<u>100,504</u>	<u>11,709,345</u>

12. INVESTMENTS

Movement in market value

	2009 £	2008 £
Market value at 1 January 2009	<u>1,398,876</u>	<u>1,370,875</u>
Market value at 31 December 2009	<u>1,398,876</u>	<u>1,370,875</u>
Historical cost at 31 December 2009	<u>1,370,875</u>	<u>1,370,875</u>

NEW KADAMPA TRADITION - INTERNATIONAL KADAMPA BUDDHIST UNION

COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

12. INVESTMENTS *(continued)*

Analysis of investments at 31 December 2009 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Other investments				
Non-UK Group undertakings	1,395,997	2,879	1,398,876	1 370 875

The charity owns all the issued share capital in four foreign companies. The Pensione Villa Splendor SL in Italy costing £1,368,766. The New Kadampa Tradition KMC Spain SL in Spain costing £2,109. Hotel Kadampa Holland B.V. in the Netherlands costing £2,879 and East Elite Ltd in Hong Kong, costing £12,583.

The Spanish company was formed by NKT - IKBU in 2005 and operates the hotel from its premises which are owned by NKT - IKBU. The income for the year was £253,932 with expenses of £213,175 including contributions to ITP of £24,897 which results in a profit of £15,889. Total assets amount to £516,490 and liabilities total £720,568. Total funds are in deficit by £204,078.

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 income for the year was £129,335 and the expenditure was £114,445 making a profit of £14,890. Total assets amount to £1,126,811 and liabilities total £692,890.

The Dutch company was formed by NKT - IKBU in the current year, and operates the hotel from its premises which are owned by NKT - IKBU. The income for the year was £67,743 with expenses of £72,893 which results in a loss of £5,150. Total assets amount to £146,674 and liabilities total £132,611 and total funds of £14,063.

All of the above hotels have been converted to follow the basic Buddhist precepts including the creation of meditation rooms and shrines.

The Hong Kong company was bought by NKT - IKBU in the current year. There has been very little activity during the year. total invested capital amounts to £25,123.

Exchange rates used in the above conversions

Euro British pound sterling

Average exchange rate for year ended 31 Dec 09 = 0.90 and a year end rate = 0.90

13. STOCKS

	2009 £	2008 £
Stock	<u>272,693</u>	<u>257,880</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

14. DEBTORS

	2009	2008
	£	£
Trade debtors	291,150	150,965
Loans to Centres	607,688	989,760
Other debtors	1,493	36,036
Prepayments	13,707	22,074
	<u>914,038</u>	<u>1,198,835</u>

15. CREDITORS. Amounts falling due within one year

	2009	2008
	£	£
Bank loans and overdrafts	117,890	42,000
Trade creditors	52,401	64,990
Other creditors	34,509	55,694
	<u>204,800</u>	<u>162,684</u>

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

	2009	2008
	£	£
Bank loans and overdrafts	<u>49,842</u>	<u>42,000</u>

16 CREDITORS. Amounts falling due after more than one year

	2009	2008
	£	£
Bank loans and overdrafts	846,272	718,110
Trade creditors	-	223,385
Other creditors	6,898	19,043
	<u>853,170</u>	<u>960,538</u>

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

	2009	2008
	£	£
Bank loans and overdrafts	<u>661,272</u>	<u>718,110</u>

Included within creditors falling due after more than one year is an amount of £452,920 (2008 - £506,386) in respect of liabilities which fall due for repayment after more than 5 years from the balance sheet date. The bank loan is secured on the two quadrangles adjacent to the main building at MKMC and on the World Peace Cafe in Ulverston.

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

YEAR ENDED 31 DECEMBER 2009

17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2009 the charity had annual commitments under non-cancellable operating leases as set out below

	Assets other than Land and buildings	
	2009	2008
	£	£
Operating leases which expire:		
After more than 5 years	<u>7,080</u>	<u>-</u>

18. RESTRICTED INCOME FUNDS

	Balance at 1 Jan 2009	Incoming resources	Outgoing resources	Transfers	Balance at 31 Dec 2009
	£	£	£	£	£
International Temple Projects Main Building Fund	1,644,755	2,056,014	(1,254,240)	32,622	2,479,151
Temple Fund	518,951	1,740	(47,500)	-	473,191
Statue Fund	503,456	-	-	-	503,456
Other Funds	39,649	-	-	-	39,649
	44,166	85,800	(76,285)	(32,622)	21,059
	<u>2,750,977</u>	<u>2,143,554</u>	<u>(1,378,025)</u>	<u>-</u>	<u>3,516,506</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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS *(continued)*

19. UNRESTRICTED INCOME FUNDS

	Balance at 1 Jan 2009 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Dec 2009 £
Designated ITP Fund	2,827,192	–	–	44,315	2,871,507
General Funds	9,647,096	1,146,072	(909,373)	(44,315)	9,839,480
	<u>12,474,288</u>	<u>1,146,072</u>	<u>(909,373)</u>	<u>–</u>	<u>12,710,987</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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Restricted Income Funds:					
International Temple Projects	1,939,748	2,879	536,524	–	2,479,151
Main Building Fund	473,191	–	–	–	473,191
Temple Fund	503,456	–	–	–	503,456
Statue Fund	39,649	–	–	–	39,649
Other Funds	–	–	21,059	–	21,059
	<u>2,956,044</u>	<u>2,879</u>	<u>557,583</u>	<u>–</u>	<u>3,516,506</u>
Unrestricted Income Funds:					
Designated Funds	2,871,507	–	–	–	2,871,507
General Funds	7,088,729	1,395,997	2,016,026	(661,272)	9,839,480
	<u>9,960,236</u>	<u>1,395,997</u>	<u>2,016,026</u>	<u>(661,272)</u>	<u>12,710,987</u>
Total Funds	<u>12,916,280</u>	<u>1,398,876</u>	<u>2,573,609</u>	<u>(661,272)</u>	<u>16,227,493</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