



The Boys' Brigade

(A company limited by guarantee)

Reports and Financial Statements

For the Year Ended 31 March 2006



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COMPANIES HOUSE 20/07/2006

Registered Charity Number - 305969

Company Number - 145122

The Boys' Brigade

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The Boys' Brigade

BRIGADE PARTICULARS

President:	J Neil OBE (resigned 31 August 2005) The Very Rev Prof A Main (appointed 1 October 2005)
Vice Presidents:	N W Batty C L Row The Rev T H Wilson J W Young MBE (Chairman of the Brigade Executive)
Treasurer:	J T H Williams
Members of the Brigade Executive:	Ms G Archer (resigned 31 August 2005) R L Buttimer R Dick (resigned 31 August 2005) T W P Donaldson M Elliott M Hopkins (resigned 31 August 2005) J E Johnston (resigned 31 August 2005) A Joss F Kyle A McIntosh A Pannell (resigned 31 August 2005) Rev Dr. R Reid D Richmond R J Thornberry J Winchester Ms S H Mackey (appointed 1 September 2005) J Eales (appointed 1 September 2005) I Freeland (appointed 1 September 2005) L Stein (appointed 1 September 2005) M Baron (appointed 1 September 2005)
Secretary:	S Dickinson
Registered Office:	Felden Lodge Hemel Hempstead Hertfordshire HP3 0BL
Principal Solicitors:	Butcher Burns 47 Mount Pleasant London WC1X 0AE
Principal Bankers:	Barclays Bank Plc 7th Floor, United Kingdom House 180 Oxford Street London W1D 1EA
Registered Auditors:	Whiting & Partners Chartered Accountants 41 St Mary's Street Ely Cambridgeshire CB7 4HF
Investment Managers:	Rathbone Investment Management Limited 159 New Bond Street London W1S 2UD

The Boys' Brigade

BRIGADE EXECUTIVE'S ANNUAL REPORT

The Brigade Executive, who are also directors of the charity for the purposes of the Companies Act, submit their report and audited accounts for the year ended 31 March 2006 to the members.

Status and Objects

The Boys' Brigade (BB) is incorporated under the Companies Acts 1908 and 1913 as a company limited by guarantee without a share capital and is accordingly governed by a Memorandum and Articles of Association, as amended subsequently by special resolution of the members in general meeting. The members of the Brigade have each guaranteed its liabilities up to £1. In addition, the Brigade is also registered with the Charity Commissioners.

The accounts disclose the operations of The Boys' Brigade, but do not consolidate the activities and net assets of the independently constituted battalions, districts and companies.

The Brigade's principal objective continues to be the advancement of Christ's kingdom among boys and the promotion of habits of obedience, reverence, discipline, self-respect and all that tends towards a true Christian manliness. The members of the Brigade appoint persons to Regional Committees in order to supervise and develop the Brigade at regional level. However, the overall management of the Brigade is by the Brigade Executive which is appointed by Regional Committees from their own membership on the basis of four members each from England, Scotland and Northern Ireland Regional Committees and one person from each of the Wales and Republic of Ireland Regional Committees. The Brigade Executive draws up the overall Development Plan in order to achieve the aforementioned object. Within this main objective various specific activities are undertaken, some of which are accounted for financially by the setting up of a separate fund.

As with all charitable organisations, the Brigade Executive is heavily dependent upon the services of unpaid members, and the Brigade in general is similarly dependent upon donations and legacies from the general public for a sizeable proportion of its income.

Results

The operating surplus for the year on the General Fund amounted to £ 7,917 (2005 - £ 42,358 surplus), whilst the Brigade in total reports a surplus of £ 270,805 (2005 - £391,828 surplus), as the movement on all funds.

The net assets of each Brigade fund are sufficient to meet the associated fund obligations.

Activities and Achievements

The Boys' Brigade has a mission to care for and challenge young people using a programme of informal education, which is underpinned by the Christian faith. Membership is open to boys and young men between the ages of 4 and 18 and young men and young women aged between 14 and 22 in our Amicus Groups. The programme is designed to assist churches reach young people, although membership is open to those of all faiths and none. In common with other youth work organisations, The Boys' Brigade aims to develop skills in its leaders to assist young people in the transition from childhood to adolescence and provide opportunities for their personal, social and spiritual development.

The current Development Plan for the Brigade emphasises a focus on supporting local BB companies in order to facilitate their growth in numbers and in quality of service. The Company Support Scheme has been piloted in a number of Battalions and a report will be given to Brigade Council in September. The emphasis has been on finding key local credible volunteers who can offer support to existing Companies on a range of subjects enhancing the quality of experience for our members.

The Brigade Executive realises that whilst support of our existing Companies is crucial, a major role in development is to explore new areas in which to work. The Executive has set a target of starting 125 new Companies by the time of the Brigade's 125th Anniversary in 2008. This campaign was launched under the heading of Engage a Generation and further develops our targeting of churches highlighting our supportive role in enabling the church to bridge into the community. The Brigade has been present at a number of Christian Resource Exhibitions throughout the regions receiving positive feedback and a number of enquiries to pursue.

In order to achieve our stated aim of delivering 'interesting, varied and challenging' programmes we have continued work on the new programme for the over 11's (Company and Senior sections) which will be ready for Spring 2007. This follows on from the successful material produced for Anchor Boys and Junior sections, which has been favourably received.

The other key aims of the Development Plan are to involve young people to a much greater extent in the decision-making processes of their organisation, and to achieve financial stability within the five-year life of the plan.

Greater participation and empowerment will be achieved at all levels by reviewing our systems of governance and introducing standards for committees. The review of the Brigade's constitution authorised by the Executive has started and a series of consultations have been held throughout the Brigade. Within this review, the role of young people at all levels of decision-making has been explored. The Brigade has appointed a participation worker who will help develop good practice models of empowerment throughout the organisation.

The Boys' Brigade

BRIGADE EXECUTIVE'S ANNUAL REPORT - continued

Activities and Achievements continued..

The Brigade Executive's commitment to achieving a balanced budget is being actively pursued and the Finance Committee has considered ways to generate income and to cut costs. Fees paid by the membership largely fund the Brigade, and our reducing numbers have funding implications. The Development Plan offers opportunities to use our resources in a more targeted way by concentrating on the core of our organisation - the local company - and aiming to reduce unnecessary bureaucracy and exploring structures and policies that achieve this sharper focus. The Executive has noted the concerns of smaller companies about the level of the registration fee and has implemented a per capita system of fees rather than the banding system. The Finance Committee will keep all aspects of the Brigade's finances under review.

Land and Buildings

The market value of the Brigade's freehold heritable properties is estimated to be in excess of the book value of £3,398,870 disclosed on the balance sheet.

Brigade Executive's Responsibilities

Company and charity law requires the Brigade Executive to prepare financial statements for each financial year, which give a true and fair view of the incoming resources and application of those resources and the Brigade's state of affairs at the end of the year and of its net movement in funds for the year then ended.

In preparing those accounts, the Brigade Executive is required to:

- Select suitable accounting policies and apply them on a consistent basis;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the accounts on the going concern basis unless it is inappropriate to assume that the Brigade will continue in operation.

The Brigade Executive is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Brigade, and to enable it to ensure that the accounts comply with the Companies Act 1985 and the Charities Act 1993. The Executive is also responsible for safeguarding the assets of the Brigade and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Brigade Secretary

The Brigade Secretary is responsible for the day-to-day management of the Brigade's affairs and for implementing policies agreed by the Executive.

Investment Policy and Performance

The Executive has agreed that the investment fund be managed by nominee brokers. The present investment policy is to maximise the long-term total return of the Brigade's investment fund subject to the risks normally associated with a balanced approach to portfolio management. There is a further proviso that as far as it is reasonably possible investments that conflict with the Brigade's beliefs and objectives will be excluded. The fund will be invested between growth-orientated securities and investment in income bearing securities - of which at least 25% to be in gilt edged or corporate bond securities. Inclusion of overseas direct equity investment is permitted where deemed appropriate. The performance of the fund is measured against the FTSE All Share Index and other relevant indices. Regular reports are provided by the fund manager detailing the progress and relative performance of the fund.

Risk Management

The Brigade Executive, as trustees, has introduced a process to assess risk and implement risk management strategies. This has involved identifying the types of risks the Brigade faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Brigade Executive has reviewed the adequacy of the Brigade's current internal controls.

In addition the Brigade Executive has:

- set policies on internal controls which cover the following:

Consideration of the type of risk the Brigade faces;
The level of risk it regards as acceptable;
The likelihood of the risk concerned materialising;

The Boys' Brigade

BRIGADE EXECUTIVE'S ANNUAL REPORT - continued

Risk Management continued..

The Brigade's ability to reduce the incidence and impact on the organisation of risks that do not materialise: and
The costs of operating particular controls relative to the benefits obtained:

- included procedures for reporting failings immediately to appropriate levels of management and to the Brigade Executive, together with details of corrective action being undertaken.

Free Reserves

Free reserves available for the use by the Brigade are deemed to be those that are readily realisable, less funds whose uses are restricted or designated for particular purposes. The calculation thus excludes property and other fixed assets which will continue to be used in the day-to-day running of the Brigade.

As a matter of policy, each year the Brigade Executive reviews the value of the reserves required to be held in investments, cash and cash equivalents not restricted to any particular purpose. The Executive considers the Brigade's exposure to the risk of any significant loss of income, and to the risk of unforeseen expenditure, which cannot be mitigated by executive action, and the degree of risk ascribed to each such event is assessed.

With income, the major risk is that of a decline in membership income, and any economic/stock market downturn or other factors leading to a decline in legacy values and reduced donations.

Budgetary and financial controls continue to be improved in order to reduce the risk of over-expenditure and to mitigate the effect of a drop in income in any one financial year. It is not the Brigade's policy to embark on major initiatives without committed funding.

At the year-end, and disregarding the transient deficit on the pension scheme as discussed in Note 21. Pension Scheme, the free reserves were at the lower end of the target range. However, the Brigade Executive has conducted its annual review of the level of reserves and considers it is adequate given the general economic conditions.

Grant Making

The Brigade makes an annual grant to the Northern Ireland District. This grant is based on 50% of the company fees and 30% of the officers fees collected by the Brigade as at 31 January. This grant is made to ensure the continued promotion of The Boys' Brigade within Northern Ireland.

Health and Safety Statement - Preamble

The Act and Regulations in this statement relate to England and Wales, but employees and volunteers in Scotland, Northern Ireland, Republic of Ireland, Channel Islands and Isle of Man are deemed to be bound by them for the purposes of this statement. The Brigade will also take account of similar Acts and Regulations in Scotland, Northern Ireland, Republic of Ireland, Channel Islands and Isle of Man in undertaking its responsibilities for Health and Safety.

Under the Health and Safety at Work Act 1974, an employer has the duty to prepare a written policy statement. In general, the same health and safety standards should be applied to voluntary workers as they would to employees exposed to the same risk.

Health and Safety Statement - May 2006

The Boys' Brigade recognises its duties under the Health and Safety at Work Act 1974. The Brigade seeks to indicate its responsibilities in its Health and Safety Policy, which will be reviewed annually. Ultimate responsibility for Health and Safety in its various undertakings rests with the Brigade Executive. Responsibilities have been delegated to a senior member of Brigade staff and line managers as indicated in the Staff Handbook have been given specific responsibilities within their area of operation.

This statement seeks to confirm the response to Health and Safety by The Boys' Brigade with regard to its various activities.

Health

The Brigade will, so far as is reasonably practical, seek to ensure that those who are employed by the organisation or who act as volunteers are fit for the tasks they will undertake. It will seek to ensure that any reasonable alterations, which can be made, are made to enable the Brigade to meet its duties as employers under the Disability Discrimination Act 1995 and as service providers under the Disability Discrimination Act 2000 with regard to people with disabilities.

The Boys' Brigade

BRIGADE EXECUTIVE'S ANNUAL REPORT - continued

Safety

The Brigade seeks to meet its duties under the Management of Health and Safety at Work Regulations 1999. For those tasks directly under the control of Brigade and Regional Headquarters, the Brigade will undertake the necessary risk assessments and will, where reasonably practical, implement any appropriate controls. Training and information will be provided to ensure that those at risk are made aware. Where Brigade and Regional Headquarters are not in direct control of Health and Safety matters, the Brigade will promote good practice by means of leader training, the Safety Handbook, the BB Gazette and advice and information.

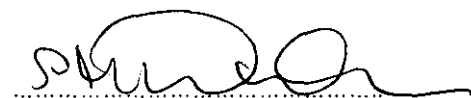
Accident Reporting

The Brigade will ensure that staff and volunteers are aware of the need to report all accidents and dangerous occurrences to Brigade Headquarters, without delay, following the accident or occurrence. The requirement for reporting accidents is set out in the Staff Handbook and the Safety Handbook section 6. Brigade Headquarters will, if required, report under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995.

Child Protection

The Boys' Brigade takes its duties under the Children Act 1989 seriously and has appropriate procedures and staff appointed to meet its duties under the 1989 Act. If a reasonable suspicion is raised about the protection of a child under the age of 18 years the Brigade will undertake its duties using its procedures. The Brigade vets all those who have the responsibilities for the care of children within areas of its responsibilities to comply with the Protection of Children Act 1999.

Approved on behalf of the Brigade Executive:



S Dickinson
Secretary

Dated: 7/7/06

The Boys' Brigade

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BOYS' BRIGADE

We have audited the accounts of The Boys' Brigade for the year ended 31st March 2006 which comprises of the Statement of Financial Activities, the Balance Sheet and the related notes. These accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the Brigade's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Brigade'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 Brigade and the Brigade's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Brigade Executive and Auditors

The Brigade Executive is responsible for preparing the Brigade Executive Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards as set out in the Statement of Brigade Executive Responsibilities.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Brigade Executive's Annual Report is not consistent with the accounts, if the Brigade 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 executives' remuneration and transactions with the Brigade is not disclosed.

We read other information contained in the Brigade Executive's Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Executive in the preparation of the accounts, and of whether the accounting policies are appropriate to the Brigade'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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of the Brigade's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Dated:

10 July 2006


WHITING & PARTNERS

Chartered Accountants
and
Registered Auditors

Ely

The Boys' Brigade

STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income and Expenditure Account) FOR THE YEAR ENDED 31 MARCH 2006

		2006					
		Unrestricted					
		General	Designated	Restricted	Endowment		2005
		Fund	Funds	Funds	Funds	Total	£
	Note	£	£	£	£	£	£
Incoming Resources from Generated Funds							
Incoming Resources from Charitable Activities							
Annual capitation contributions		743,462	-	-	-	743,462	727,147
Supplies sales	2	578,369	-	-	-	578,369	587,545
Activities for generating funds							
Training centres and other rental income		436,497	-	-	-	436,497	467,381
Grants receivable	3	156,364	-	205,727	-	362,091	224,017
Voluntary income							
Donations and gifts		7,395	471	47,237	-	55,103	102,061
Legacies	7	112,250	-	-	-	112,250	115,200
Investment income							
Investment income and interest	5	9,864	493	1,807	2,336	14,500	19,565
Total Incoming Resources		<u>2,044,201</u>	<u>964</u>	<u>254,771</u>	<u>2,336</u>	<u>2,302,272</u>	<u>2,242,916</u>
Resources Expended							
Costs of Generating Funds							
Supplies cost of sales	2	348,716	-	-	-	348,716	340,276
Administration - Supplies	8	91,615	-	-	-	91,615	97,885
- General	8	682,728	-	-	-	682,728	653,909
Training centres (Non Brigade use)		307,400	-	-	-	307,400	300,052
		<u>1,430,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,459</u>	<u>1,392,122</u>
Net Resources available for Charitable Application		<u>613,742</u>	<u>964</u>	<u>254,771</u>	<u>2,336</u>	<u>871,813</u>	<u>850,794</u>
Charitable Expenditure							
Grants to battalions and districts	6	80,379	-	-	-	80,379	69,855
Subscription to Global Fellowship		2,748	-	-	-	2,748	7,500
Training centres (Brigade use)		101,556	-	-	-	101,556	85,535
Management and delivery of the charity's purpose	8	384,035	-	-	-	384,035	367,824
Cost of governance	8	36,616	-	-	-	36,616	53,392
Investments - fund management fees		491	228	13	436	1,168	-
Other fund expenditure		-	1,734	172,831	-	174,565	148,496
		<u>605,825</u>	<u>1,962</u>	<u>172,844</u>	<u>436</u>	<u>781,067</u>	<u>732,602</u>
Total Resources Expended		<u>2,036,284</u>	<u>1,962</u>	<u>172,844</u>	<u>436</u>	<u>2,211,526</u>	<u>2,124,724</u>
Net Incoming Resources Before Transfers							
		<u>7,917</u>	<u>(998)</u>	<u>81,927</u>	<u>1,900</u>	<u>90,746</u>	<u>118,192</u>
Transfers between funds	9	<u>494,763</u>	<u>(341,742)</u>	<u>(153,664)</u>	<u>643</u>	<u>-</u>	<u>16,293</u>
Net Incoming Resources before other Recognised Gains and Losses		<u>502,680</u>	<u>(342,740)</u>	<u>(71,737)</u>	<u>2,543</u>	<u>90,746</u>	<u>134,485</u>
Unrealised gains on investments	12	(2,838)	(284)	(318)	(12,978)	(16,418)	24,831
Realised (losses)/gains on investments	4	68,736	6,993	2,786	33,962	112,477	(488)
Net Movement in Funds for the Year		<u>568,578</u>	<u>(336,031)</u>	<u>(69,269)</u>	<u>23,527</u>	<u>186,805</u>	<u>158,828</u>
Total funds brought forward		<u>3,184,716</u>	<u>424,645</u>	<u>273,053</u>	<u>134,366</u>	<u>4,016,780</u>	<u>3,857,952</u>
Total Funds Carried Forward		<u>3,753,294</u>	<u>88,614</u>	<u>203,784</u>	<u>157,893</u>	<u>4,203,585</u>	<u>4,016,780</u>

All activities are continuing, except those disclosed in notes 18 to 20 as relating to individual funds which have either been acquired or discontinued during the year.

The notes on pages 10 to 18 form part of these accounts.

The Boys' Brigade

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2006

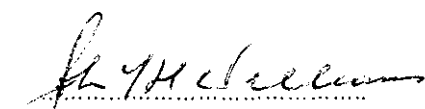
	Per SOFA £	2006 Pensions Reserve £	TOTAL £	2005 TOTAL £
Net movement in funds for the year	186,805	-	186,805	158,828
Movement in Pension Reserve (see note 21)				
Current service cost	-	(34,000)	(34,000)	(44,000)
Contributions - normal (incl sub-employers)	-	33,400	33,400	80,000
- special	-	123,600	123,600	103,000
Pension finance costs	-	(6,000)	(6,000)	(16,000)
Actuarial (loss)/gain	-	(33,000)	(33,000)	110,000
Net movement in funds for the year	186,805	84,000	270,805	391,828
Total funds brought forward	4,016,780	(821,000)	3,195,780	2,803,952
Total funds carried forward	4,203,585	(737,000)	3,466,585	3,195,780

The Boys' Brigade

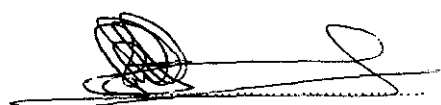
BALANCE SHEET AS AT 31 MARCH 2006

	Note	2006		2005	
		£	£	£	£
Fixed Assets					
Intangible assets	10		9,525		-
Tangible assets	11		3,450,028		3,289,349
Investments	12		423,079		273,068
			<u>3,882,632</u>		<u>3,562,417</u>
Current Assets					
Stocks	13	179,385		138,755	
Debtors	14	189,641		185,284	
Cash at bank, in hand and on deposit	15	<u>526,905</u>		<u>678,218</u>	
		<u>895,931</u>		<u>1,002,257</u>	
Creditors: Amounts Falling due within One Year					
Payments received on account		4,168		7,022	
Trade creditors		109,833		85,737	
Taxes and social security costs		34,647		36,070	
Other creditors	16	32,178		30,013	
Accruals		67,320		91,523	
Loans	17	<u>14,500</u>		<u>14,500</u>	
		<u>262,646</u>		<u>264,865</u>	
Net Current Assets			<u>633,285</u>		<u>737,392</u>
Total Assets Less Current Liabilities			<u>4,515,917</u>		<u>4,299,809</u>
Deferred Income and Provisions					
Annual contributions received in advance		288,852		277,081	
Brigade and festival funds received in advance		<u>23,480</u>		<u>5,948</u>	
			<u>(312,332)</u>		<u>(283,029)</u>
Net Assets Excluding Pension Scheme Liabilities			<u>4,203,585</u>		<u>4,016,780</u>
Pension scheme deficit	21		(737,000)		(821,000)
Net Assets			<u>£3,466,585</u>		<u>£3,195,780</u>
Capital Funds					
Endowment funds	18		157,893		134,366
Income Funds					
Restricted funds	19	203,784		273,053	
Unrestricted funds:	20				
Designated funds		88,614		424,645	
General fund		<u>3,753,294</u>		<u>3,184,716</u>	
			<u>4,045,692</u>		<u>3,882,414</u>
			<u>4,203,585</u>		<u>4,016,780</u>
Pension reserve	21		(737,000)		(821,000)
Total Members' Funds			<u>£3,466,585</u>		<u>£3,195,780</u>

Approved on behalf of the Brigade Executive:


J T H Williams
Brigade Treasurer

Dated: 10 July '06


J W Young MBE
Chairman of the Brigade Executive

The notes on pages 10 to 18 form part of these accounts

The Boys' Brigade

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

1. Accounting Policies

a) Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, modified to reflect the revaluation of investments at the balance sheet date, and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities', which was revised by the Charity Commissioners in 2005, and in accordance with the Brigade's governing documents, the Companies Act 1985 and the Charities Act 1993.

The Executive has taken advantage of the exemption provided by Financial Reporting Standard 1 and hence has not prepared a Cash Flow Statement as the Brigade qualifies as a small entity.

b) Annual Capitation Contributions

Contributions from companies are recognised on an accruals basis. The capitation year runs from 1 September to 31 August, and hence 5/12 of the income received after 1 September is treated as deferred income.

c) Donations, Gifts and Legacies

Donations, Gifts and Legacies are all recognised on a receivable basis.

d) Taxation

As a registered charity, the Brigade is exempt from corporation tax on income and gains which are applied for charitable purposes. No provision is therefore made for deferred tax. The Brigade has a considerable amount of income which is treated as exempt for value added tax purposes, resulting in only a proportion of value added tax suffered on expenditure being recoverable.

e) Fixed Assets

Tangible and intangible fixed assets are stated at cost. Donations and legacies received to enable the acquisition of such assets are recognised in the statement of financial activities. These, unless expended within the financial year in which received, are credited to a special designated fund until such time as the appropriate asset has been acquired, after which an appropriate transfer is made to the general fund.

f) Amortisation

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

Access rights	- amortised straight line over 20 year
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g) Depreciation

Depreciation is charged to write off the cost of fixed assets over their expected useful economic lives as follows:

Freehold heritable property	Nil
Furniture, equipment and vehicles	
Office furniture and equipment	10%
Computer equipment	20%
Vehicles	20%

No depreciation is charged on freehold heritable property. In accordance with FRS 15, an impairment review under FRS 11 is performed annually on these properties. The Brigade is of the opinion that the remaining useful economic life of the properties are so long, and the residual value so high, that such depreciation charges would be deemed to be immaterial.

h) Lease Payments

Lease payments are charges against income in the year in which they are payable.

i) Investments

Investments are stated at open market value at the balance sheet date, with unrealised gains and losses being recognised in the appropriate funds. Investment income is brought into account on a receivable basis.

j) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the average purchase price during the year.

k) Pension Scheme

The Brigade operates a defined benefit pension scheme for eligible permanent employees, the assets of which are funded separately. Employer contributions into this scheme are calculated triennially by an actuary so as to spread this cost over the working lives of the employees. The Brigade has fully adopted the new Pensions Accounting Standard, FRS 17, early, and all pension contributions are now recognised in the statement of financial activities on an accruals basis, with the overall actuarial funding surplus or deficit being disclosed separately on the face of the balance sheet and as a separate reserve.

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

2. Supplies	2006 £	2005 £
Sales	578,369	587,545
Cost of Sales	(348,716)	(340,276)
Gross Surplus - absolute	229,653	247,269
- margin	40%	42%
Administration (note 8)	(91,615)	(97,885)
Net Surplus	138,038	149,384

3. Grants Receivable	2006 £	2005 £
For general purposes		
Department of Education and Skills (Girls Brigade and Training)	100,324	57,637
For activities and training		
Scottish Executive Education Department	42,740	42,740
Department of Education and Skills (Millennium Volunteers)	193,727	97,740
BBC Children in Need	13,000	25,600
Protection of Children Act	12,000	-
For services to districts		
Local Education Authorities - Scotland	300	300
	362,091	224,017

4. Realised Gains/(Losses) on Disposal of Investments	2006 £	2005 £
General fund	68,736	-
Designated funds	6,993	-
Restricted fund		
8th Grimsby Funds	2,786	(351)
Permanent endowment funds	33,962	(137)
	112,477	(488)

5. Investment Income and Interest	2006			2005
	Interest £	Listed Investments £	Total £	£
General fund	4,633	5,231	9,864	12,185
Designated funds	-	493	493	3,293
Restricted funds	1,748	59	1,807	1,914
Endowment funds	-	2,336	2,336	2,173
	6,381	8,119	14,500	19,565

6. Grants Payable	2006 £	2005 £
General fund		
Northern Ireland District	79,369	69,855
Southern Ireland	1,010	-
	80,379	69,855

All of the above grants are Charitable Donations.

7. Legacies

At the balance sheet date no notification had been received in relation to legacies due to the Brigade.

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

8. Administration

	Supplies £	2006 General £	Total £	2005 £
Staff costs	39,856	614,097	653,953	631,006
Staff training	-	40	40	971
Outsourcing management fee	22,367	-	22,367	-
Training/development officers' expenses	-	8,373	8,373	1,956
Travelling	-	25,752	25,752	27,084
Development	-	58,500	58,500	69,843
Training courses	-	27,634	27,634	29,843
Rent and office services	(4,830)	27,609	22,779	20,092
Insurance	-	145,068	145,068	153,611
Printing and stationery	3,661	16,048	19,709	25,424
Computer charges	2,266	16,867	19,133	10,785
Postage and carriage	22,916	15,386	38,302	47,745
Repairs and maintenance	1,512	2,577	4,089	10,167
Leasing	2,611	31,274	33,885	30,157
Depreciation	-	18,888	18,888	8,282
Auditors' remuneration	-	14,675	14,675	13,000
Legal and professional fees	-	4,818	4,818	18,167
Committee expenses	-	10,787	10,787	16,498
Annual meeting	-	4,816	4,816	3,137
Annual report	-	1,520	1,520	2,590
Company mailing	-	19,682	19,682	26,120
Sundries	1,256	13,536	14,792	7,177
Irrecoverable VAT	-	11,752	11,752	6,807
Bank charges	-	13,680	13,680	12,548
	<u>91,615</u>	<u>1,103,379</u>	<u>1,194,994</u>	<u>1,173,010</u>
Analysed as				
Cost of generating funds	91,615	682,728	774,343	751,794
Management and delivery of the charity's purpose	-	384,035	384,035	367,824
Cost of governance	-	36,616	36,616	53,392
	<u>91,615</u>	<u>1,103,379</u>	<u>1,194,994</u>	<u>1,173,010</u>

Auditors' Remuneration includes £980 (2005 - £945) in respect of services in relation to the audit of the pension scheme. Legal and Professional Fees include fees of £3,489 (2005 - £3,133) to the Auditors for administering the payroll. Included within Insurance costs above of £145,068 (2005 - £153,661), are costs in relation to Trustee and Officer Indemnity Insurance totalling £3,369 (2005 - £3,062).

Total staff costs, comprises:

	2006 £	2005 £
Wages and Salaries	648,609	625,965
National insurance contributions	52,521	50,836
Other pension costs (note 20) - Contributions payable - normal	33,400	54,192
- special	123,600	103,000
Health insurance	3,809	3,013
	<u>861,939</u>	<u>837,006</u>

The average number employed during the year, excluding members of the Brigade Executive, totalled 26 (2005 - 26) full time and 17 (2005 - 18) part time. Members of the Brigade Executive do not receive any remuneration. No employee received remuneration in excess of the £50,000 threshold at which separate disclosure is required.

9. Transfers between Funds

	General Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £
Transfer to/(from) in respect of				
Notional interest on opening balances	(11,394)	6,157	4,594	643
According to fund restrictions	<u>506,157</u>	<u>(347,899)</u>	<u>(158,258)</u>	<u>-</u>
	<u>494,763</u>	<u>(341,742)</u>	<u>(153,664)</u>	<u>643</u>

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

9. Transfers between Funds (continued..)

Notional interest is provided on opening fund balances based on an average of interest rates applicable to BB bank deposits during the year.

Other transfers are made based on restrictions imposed on various designated, restricted and endowment funds.

10. Intangible Fixed Assets

	Access Rights £
Cost	
1 April 2005	-
Additions	9,525
31 March 2006	9,525
Amortisation	
1 April 2005	-
Amortisation for year	-
31 March 2006	-
Net book value	
31 March 2006	9,525
31 March 2005	-

No amortisation has been charged in the year due to the ongoing negotiations in relation to the lease at the year end.

11. Tangible Assets

	Freehold Heritable Property £	Furniture, Equipment & Vehicles £	Total £
Cost			
1 April 2005	3,251,373	219,436	3,470,809
Additions	168,542	11,025	179,567
Disposals	-	-	-
31 March 2006	3,419,915	230,461	3,650,376
Depreciation			
1 April 2005	21,045	160,415	181,460
Eliminated on disposal	-	-	-
Charged during year	-	18,888	18,888
31 March 2006	21,045	179,303	200,348
Net book value			
31 March 2006	3,398,870	51,158	3,450,028
31 March 2005	3,230,328	59,021	3,289,349

12. Investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Listed on the UK stock exchange:				
Market value				
1 April 2005	177,579	11,119	84,370	273,068
Additions	179,328	14,726	128,517	322,571
Disposals	(166,788)	(13,975)	(73,919)	(254,682)
Net unrealised gain on revaluation	47,063	15,142	19,917	82,122
31 March 2006	237,182	27,012	158,885	423,079
Cost				
31 March 2006	182,590	14,725	134,784	332,099
31 March 2005	137,047	7,198	52,695	196,940

In addition to the above, the Brigade holds and administers, as custodian trustee, investments for various battalions, districts and companies. As these funds, and their corresponding income, are not the property of the Brigade, they are not consolidated into these accounts.

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

13. Stocks	2006	2005
	£	£
Consumables	7,049	9,211
Supplies for resale	172,336	129,544
	<u>179,385</u>	<u>138,755</u>
14. Debtors	2006	2005
	£	£
Sums due within one year:		
Trade debtors	91,412	82,753
Other debtors	3,518	9,599
Prepayments and accrued income	94,711	92,932
	<u>189,641</u>	<u>185,284</u>
15. Cash at Bank, in Hand and on Deposit	2006	2005
	£	£
Attributable to Funds:		
Unrestricted funds	350,133	366,288
Restricted funds	176,772	261,934
Endowment funds	-	49,996
	<u>526,905</u>	<u>678,218</u>
16. Other Creditors	2006	2005
	£	£
General fund	16,951	18,542
Restricted and endowment funds	15,227	11,471
	<u>32,178</u>	<u>30,013</u>
17. Loans	2006	2005
	£	£
Interest free, repayable on demand	14,500	14,500

18. Endowment Funds (with expendable income)

Donors have directed that capital should be held, with investment income arising therefrom to be applied specifically, as follows:

Cave Allan Legacy - Upkeep of grave, with balance to be split 50:50 between the London District and The Boys' Brigade.

1st London Company - To be split 50:50 between the London District and The Boys' Brigade.

MacRobert Trust - Towards Brigade training.

	Balance 1 April 2005	Income/ Gain on Revaluation	Expenses/ Transfers	Balance 31 March 2006	Total Accumulated Investment Gains/(Losses)
	£	£	£	£	£
Movements on expendable endowments:					
Cave Allan Legacy	26,501	6,957	6	33,464	17,008
1st London Company	50,468	6,812	119	57,399	23,356
MacRobert Trust	57,397	9,551	82	67,030	14,930
	<u>134,366</u>	<u>23,320</u>	<u>207</u>	<u>157,893</u>	<u>55,294</u>
Represented by - Investments (market value)	84,370			157,893	
- Cash at bank	49,996			-	
	<u>134,366</u>			<u>157,893</u>	

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

19. Restricted Funds

Donors have directed, or the terms of an appeal have specified, that income arising on these funds should be applied as follows:

- Bickley Bequest - annual contributions for special consideration.
- Sir William Smith Memorial - for free uniform grants.
- E L Taylor Bequest - £60 to 6th London Company and balance to the Brigade.
- National Training Appeal - for Brigade training.
- Disability Network - BBC Children in Need - challenging behaviour and disability awareness.
- Burke Memorial Fund - for outdoor activity.
- Felden Appeal - for ongoing development of Felden.
- Felden Development - special development of Felden.
- KJC Fund - HQ Music Group.
- Millennium Volunteers - to provide young people the opportunity to take a positive and visible role in the community (100% grant funded by DfES)
- Edith Blanche Bevis Fund - for Methodist companies within the area of Clacton-on-Sea.
- Friends of Carronvale - to be applied towards Carronvale House.
- Friends of Felden - to be applied towards Felden Lodge.
- 8th Grimsby Funds - for Anglican companies in formation.
- International Forum - Un-Covered - for overseas work in Brazil.
- Protection of Children Act (Scotland) - for the deliverance of child protection training in Scotland.
- Carronvale Appeal - to be applied towards the refurbishment of Carronvale House.

	Balance 1 April 2005 £	Income £	(Loss)/Gain on Revaluation/ Expenses £	Transfers £	Balance 31 March 2006 £
Movements during the year:					
Bickley Bequest	2,069	-	-	30	2,099
Sir William Smith Memorial	12,773	-	(50)	185	12,908
E L Taylor Bequest	3,397	-	(60)	49	3,386
National Training Appeal	23,094	-	-	335	23,429
Disability Network - BBC Children in Need	25,292	6,400	(15,096)	367	16,963
Burke Memorial Fund	9,840	1,043	(220)	143	10,806
Felden Appeal	3,425	400	(3,428)	50	447
Felden Development	70,473	2,200	(265)	1,022	73,430
KJC Fund	860	437	(778)	12	531
Millennium Volunteers (* see below)	(43,760)	193,727	(150,339)	-	(372)
Edith Blanche Bevis Fund	4,391	-	-	64	4,455
Friends of Carronvale	889	1,275	(1,903)	13	274
Friends of Felden	-	108	-	-	108
8th Grimsby Funds	22,416	326	1,933	325	25,000
International Forum - Un-Covered	4,924	-	(70)	71	4,925
Protection of Children Act (Scotland)	-	12,000	(100)	-	11,900
Carronvale Appeal	132,970	36,855	-	(156,330)	13,495
	<u>273,053</u>	<u>254,771</u>	<u>(170,376)</u>	<u>(153,664)</u>	<u>203,784</u>
Funds represented by:					
Cash at bank	261,934				176,772
Investments	11,119				27,012
	<u>273,053</u>				<u>203,784</u>

* This fund is only temporarily overdrawn, due to the normal timing differences in matching income against expenditure.

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

20. Unrestricted Funds

Designated funds have arisen where the Brigade has set aside capital sums, with the income derived therefrom to be applied as follows:

Special Appeal Fund - the further development of the Brigade.

Centenary Appeal Fund - to grant aid to districts, battalions or companies for special projects.

Souness Trust - provision of sports trophies.

Staff Pension and Benefit - for additional payments to pensioners.

David White Memorial Fund - young officer training.

George Walker Memorial Fund - for use at the discretion of Wormley company.

Jubilee Fund - for commemorative events.

Judge Lockett Special Fund - for work with King George VI officer training.

Brigade Secretary Reserve Fund - to be used at the Brigade Secretary's discretion for the benefit of the Brigade.

	Balance 1 April 2005 £	Gain on Revaluation/ Income £	Expenses £	Transfers £	Balance 31 March 2006 £
Movements during the year:					
General Fund	3,184,716	2,110,099	(2,036,284)	494,763	3,753,294
Designated Funds					
Special Appeal Fund	195,070	-	-	(195,070)	-
Centenary Appeal Fund	209,040	7,202	(1,102)	(146,969)	68,171
Souness Trust	367	-	-	5	372
Staff Pension and Benefit	752	-	(300)	11	463
David White Memorial Fund	3,123	-	(45)	45	3,123
George Walker Memorial Fund	1,747	-	-	25	1,772
Jubilee Fund	5,262	-	-	76	5,338
Judge Lockett Special Fund	1,079	208	-	16	1,303
Brigade Secretary Reserve Fund	8,205	263	(515)	119	8,072
	424,645	7,673	(1,962)	(341,742)	88,614
	3,609,361	2,117,772	(2,038,246)	153,021	3,841,908

21. Pension Scheme

The Brigade operates a defined benefit scheme. An actuarial valuation was carried out at 31 March 2006 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2006	At 31 March 2005
Rate of increase in salaries	3.0%	3.0%
Rate of increase in pensions in payment	3.0%	3.0%
Discount rate	4.9%	5.4%
Inflation assumption	3.0%	3.0%

The assets in the scheme and the expected rate of return were:

	Long-term rate of return expected	Value at 31 March 2006 £	Long-term rate of return expected	Value at 31 March 2005 £
Annuities	4.9%	862,000	5.4%	870,000
Bonds	4.8%	1,085,000	4.8%	842,000
Equities	8.0%	2,022,000	8.0%	1,614,000
Cash	4.0%	56,000	4.0%	39,000
Total market value of assets		4,025,000		3,365,000
Present value of scheme liabilities		(4,762,000)		(4,186,000)
Net pension deficit		(737,000)		(821,000)

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

21. Pension Scheme (continued..)

Analysis of amount charged to operating surplus:

	31 March 2006 £	31 March 2005 £
Current service cost	34,000	44,000

During the accounting year, no past service benefit improvements have been implemented.

Analysis of amount debited to other finance costs

	31 March 2006 £	31 March 2005 £
Expected return on pension scheme assets	218,000	199,000
Interest on pension scheme liabilities	(224,000)	(215,000)
Net deficit	(6,000)	(16,000)

Analysis of amount to be recognised in statement of total recognised gains and losses

	31 March 2006 £	31 March 2005 £
Actual return less expected return on pension scheme assets	426,000	59,000
Experience gains and losses arising on the scheme liabilities	(1,000)	(7,000)
Changes in assumptions underlying the present value of the scheme liabilities	(458,000)	58,000
Actuarial (loss)/gain recognised	(33,000)	110,000

Movement in surplus during the year:

	31 March 2006 £	31 March 2005 £
Deficit in scheme at beginning of year	(821,000)	(1,054,000)
Movement in year:		
Current service cost	(34,000)	(44,000)
Contributions	157,000	183,000
Other finance costs	(6,000)	(16,000)
Actuarial (loss)/gain	(33,000)	110,000
Deficit in scheme at end of year	(737,000)	(821,000)

The Brigade intends to make good this shortfall by increasing future contributions into the pension scheme. A substantial amount of this deficit is attributable to pension commitments arising from individual districts and battalions of the Brigade.

The scheme has been closed to new members since November 2000.

22. Capital Commitments

	2006 £	2005 £
Authorised expenditure - Carronvale Accommodation	3,500	130,000

The Boys' Brigade

NOTES TO THE ACCOUNTS - continued FOR THE YEAR ENDED 31 MARCH 2006

23. Leasing Commitments

The Brigade is committed to make annual payments under operating and premises leases which expire as follows:

	2006 £	2005 £
Land and Buildings		
In over five years	8,700	7,300
Others		
Within one year	5,345	3,914
In two to five years	16,822	20,497
	<u>30,867</u>	<u>31,711</u>

24. Contingent Liability

Since the 2000 accounting period, the Brigade received grants from the Sports Foundation, totalling £168,931 in respect of the Carronvale recreation centre. These are repayable in full if the property is sold within 12 years, and a fixed charge, totalling £16,000, has accordingly been given by the Brigade over this property. The Brigade Executive does not believe this contingent liability will ever crystallise and has accordingly not made any balance sheet provision for repayment of this grant in these accounts.

25. Related Party Disclosures

The Brigade is ultimately controlled by the members collectively. No single party is able to exercise control.

A material proportion of the interest free loans, totalling £14,500 (2005 - £14,500), which the Brigade originally received and has not yet repaid, were from related parties.

Expenses reimbursed to Executive members totalled £11,578 (2005 - £11,780) during the year. No single Executive member received more than £4,500 of this total.