

**THE EUROPEAN ASSOCIATION OF JEHOVAH'S
CHRISTIAN WITNESSES**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2006**

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

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THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2006

CHARITY NAME AND NUMBER

The European Association of Jehovah's Christian Witnesses
Charity No. 1085157

TRUSTEES

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Rollo Michael Trevor Clive Burgess
David John Carpenter
Marcel Gillet
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PROFESSIONAL ADVISERS

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LEGAL ADVISER

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Solicitor
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INDEPENDENT EXAMINER

Paul Owen FCCA
28 Richmond Court
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THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

TRUSTEES' ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2006

History, Objectives and activities of the Association

The objects of the Association, contained in its Memorandum, the governing document of the charity, are to advance from the continent of Europe, the Christian religion as practised by that body of Christians called Jehovah's Christian Witnesses (more commonly known as Jehovah's Witnesses) by:

Promoting the preaching, teaching and dissemination of the gospel of God's Kingdom under Jesus Christ to all nations as a witness to the name, word and supremacy of Almighty God, Jehovah.

Promoting Christian missionary work.

Providing, maintaining and building places of meeting for public Christian worship.

Advancing religious education.

Providing and promoting spiritual assistance anywhere in the world, in particular to the poor, the homeless and the sick and to those suffering from the effects of natural or manmade disasters and in other times of need.

The Association appointed a Religious Freedom Subcommittee in November 2003 whose purpose is to promote the objects of the Association, primarily by researching and considering threats or apparent threats to religious freedom in Europe. Where, in the opinion of the Religious Freedom Subcommittee, such threats to religious freedom may inhibit the pursuit of the Association's objects, the Religious Freedom Subcommittee will, subject to the policy approved by the trustees, take steps as considered to be appropriate. The achievements of the Religious Freedom Subcommittee are reviewed later in the report.

Our grant making policy is as follows: From time to time, the Management Committee receives requests from the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. The Committee will first satisfy itself that the expenditure will further the objects of the Association and, after confirming that it has sufficient funds available, the Committee will agree to the grant.

The charity does not engage in fund-raising activities but relies on unsolicited grants from persons interested in promoting the work of the charity. Historically, the charity has received donations from associations located on the European continent, and it is expected that this will continue.

The year has been eventful and much has been accomplished due to the work of the charity volunteers. The trustees wish to express their appreciation for the support given the Association by many volunteers. The trustees are gratified by the willingness of the many volunteers who continue to support the Association's objects and activities.

Management and Governance arrangements

The charity is UK based, with its registered address in London. The trustees act as a Management Committee having responsibility for the administration and decision making for the charity. The Committee meets whenever required, but not less than twice a year. Two trustees are in daily contact with the charities representing Jehovah's Witnesses in the United Kingdom and by this means, are kept informed of the current needs of Jehovah's Witnesses worldwide.

The trustees in office during the period and at the date of this report are set out on page 2.

Trustees are elected annually at the Annual General Meeting of the charity held in the month of January each year, or as soon as practical thereafter. Nominations for the election of trustees are made by members of the charity. Should nominations exceed vacancies, election shall be by ballot.

The recruitment and induction of a new trustee is arranged as follows: On an annual basis, the trustees review potential candidates, if appropriate. These are required to be appointed elders in congregations of Jehovah's Witnesses. Their abilities are evaluated by means of the trustees' personal knowledge of the candidates, or by a personal qualifications report provided by elders with the knowledge of the individuals. Training is arranged as part of the meetings of the trustees, and this will include the charity's policies when appropriate. This is supplemented by an annual training session provided by the independent examiner.

The Association works closely with other legally registered charities used to promote the activities of Jehovah's Witnesses. These charities will inform the Association of their needs, and if funds are available and the request conforms to the stated charitable objects, the Management Committee will consider the request.

The risks facing the Association are reviewed on an ongoing basis and the trustees believe that by maintaining the free reserves at levels stated in the reserves policy, this will provide sufficient resources in the event of adverse conditions. The trustees have also examined other operational and business risks that it faces and confirm that systems are in place to mitigate the significant risks. This includes an ongoing internal audit programme designed to review controls over key financial systems. The internal auditor has a set agenda to pursue throughout the year. The internal financial controls ensure that financial reports accurately represent all transactions, provide reasonable assurance the finances have been used for their intended purpose, and verify that proper controls and procedures are in place and have been adhered to so that the figures are recorded accurately and the accounts are in balance.

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

Achievements and performance of the Association

One of the objects of the Association is to promote religious education by supporting the activities of Jehovah's Witnesses. The trustees were therefore pleased to be able, in June 2006, to financially assist the Administrative Office of Jehovah's Witnesses in the Republic of Kazakhstan, specifically to help cover the ongoing administrative expenses of Jehovah's Witnesses and the planned construction of an educational facility in Kazakhstan. The above donation will also enable local congregations of Jehovah's Witnesses in that country to share fully in promoting and preaching the good news of God's Kingdom and teaching principles of Christian living which include respect for secular authority, persons and property and the maintenance of personal morality and family values and other facets of Christianity.

During the year, the Religious Freedom Subcommittee was very active in supporting the human rights of Jehovah's Witnesses with respect to the freedom of religion. In particular, the Religious Freedom Subcommittee concerned itself with the problem of freedom of religion for Jehovah's Witnesses in the countries of Eritrea, Uzbekistan, Russia, Turkmenistan, Armenia and Turkey. On behalf of Jehovah's Witnesses in those countries, the Subcommittee made contact with the OSCE, the Council of Europe, the European Parliament and the European Court of Human Rights and government officials responsible for the administration of human rights in the countries concerned. The Subcommittee has been pro-active in assuring representatives of these governments and institutions that Jehovah's Witnesses do not represent any danger to state institutions. Around the world, Jehovah's Witnesses are known as peaceful citizens, conscientious and law-abiding people whose worship is based on the sacred Bible and the love of Christ and is designed to promote peaceful relationships with fellow citizens and the state in which they live. Authorities of many countries acknowledge the fact that Jehovah's Witnesses are a religion in the fullest sense of the term and this actively contributes to the development of society. The European Court of Human Rights has confirmed that the religion of Jehovah's Witnesses constitutes a "known religion". It is hoped that the ongoing contact and dialogue with the institutions of the European Community and the relevant governmental institutions of the states involved will lead to a greater understanding of the position of Jehovah's Witnesses and encourage the relevant states to defend the fundamental freedoms and protect the human rights of Jehovah's Witnesses.

In supporting the religious freedoms of Jehovah's Witnesses, the Association, through the work of Jehovah's Witnesses in the community, continues to promote practical advice on law-abiding citizenship, targeted workable family values for modern living and Christian tolerance in a multi-cultural society.

Financial Review, Investment policy and reserves

During the year the Association continued to receive support from Jehovah's Witnesses in Portugal. The sum of £59,640 was received specifically for the purpose of assisting Jehovah's Witnesses in Eastern Europe. The total income, including investment income, was £61,569.

During the year the Association has been pleased to make the following donation: In June 2006 the sum of US\$221,109.10 (£120,310) was sent to the Administrative Offices of Jehovah's Witnesses in the Republic of Kazakhstan, specifically to help cover the ongoing administrative expenses of Jehovah's Witnesses and the planned construction of an educational facility in Kazakhstan.

At the end of the financial year, the funds of the charity were £22,321. The trustees of the Association continue to keep in contact with the Governing Body of Jehovah's Witnesses and will inform them of the Association's ability to make further modest donations in line with the charity's charitable objects.

In June 2006, the trustees were informed by the office of Jehovah's Witnesses in Portugal, that the fund to assist Jehovah's Witnesses in Eastern Europe was being wound-up and that further donations to the Association from that fund would cease. The trustees made a grant to the Administrative Office of Jehovah's Witnesses in the Republic of Kazakhstan representing the balance in the restricted fund known as the Eastern Europe Fund. It was agreed that this fund would be wound-up and any future donors to the work of the Association would be advised that the donations would be held for the general purposes of the Association which would include not only the work of Jehovah's Witnesses in Eastern Europe, but also for the benefit of Jehovah's Witnesses worldwide.

The trustees have examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets designated for specific purposes or otherwise committed. The trustees consider that the method of carrying out the objects of the charity will be principally by means of one-off grants rather than long-term or short-term grant funded projects. The reserves can be kept to a minimum. The trustees will retain the sum of £5,000 as an unrestricted free reserve.

Funds will be invested diversely between several major financial institutions using Money Market instruments. Any donated Stocks and Shares will be managed or sold according to professional advice on the soundness of the institution and in harmony with our Christian principles.

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

TRUSTEES' ANNUAL REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

Future Plans

The trustees intend to keep providing grants to further the charity's objects as funds build up. Although the charity has a policy of not engaging in fund-raising, it will indicate its financial position, from time to time, to other charities representing Jehovah's Witnesses in the United Kingdom. If there is a need for funds in order to carry out the charity's objects, the Association will request assistance from the charities mentioned.

The Religious Freedom Subcommittee continues to be busy and it is expected that the Association will need to continue an ongoing dialogue on behalf of Jehovah's Witnesses in the countries referred to previously. The Subcommittee has confirmed that its volunteers continue to be available to the Association and are able to handle the present workload.

Statement of trustees' responsibilities

Charity law requires the trustees to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the charity and its financial activities for that period. In preparing those 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;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. They 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.

Independent Examiner

The trustees intend to ask the existing independent examiner to undertake the independent examination of the Association in the following year.

Declaration

I declare, in my capacity of charity trustee, that the trustees have approved the report above and have authorised me to sign it on their behalf.

DAVID CARPENTER

7 November 2006

DATE

SECRETARY

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

INDEPENDENT EXAMINER'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2006

Report to the trustees of The European Association of Jehovah's Christian Witnesses on the financial statements for the year ended 31 August 2006, set out on pages 7 to 9.

Respective Responsibilities of Trustees and Examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year (under section 43(2) of the Charities Act 1993 (the Act)) and that an independent examination is needed.

It is my responsibility to:

- Examine the accounts (under section 43 of the Act);
- To follow the procedures laid down in the General Directions given by the Charity Commissioners (under section 43(7)(b) of the Act); and
- To state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination was carried out in accordance with General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the accounts.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the trustees have not met the requirements to ensure that:
 - proper accounting records are kept (in accordance with section 41 of the Act); and
 - accounts are prepared which agree with the accounting records and comply with the accounting requirements of the Act; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

PAUL OWEN FCCA
28 Richmond Court
Pickering Gardens
London
N11 3QJ

7 November 2006

DATE

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 AUGUST 2006

| | NOTE | Unrestricted funds (£) | Restricted funds (£) | Total this year (£) | Total to 31.08.2005 (£) |
|--|------|------------------------------|----------------------------|---------------------------|----------------------------------|
| INCOMING RESOURCES | 1 | | | | |
| Voluntary income | | - | 59,640 | 59,640 | 111,878 |
| Investment income | | 972 | 957 | 1,929 | 850 |
| Other incoming resources | | - | - | - | 1,388 |
| Total incoming resources | | <u>972</u> | <u>60,597</u> | <u>61,569</u> | <u>114,116</u> |
| RESOURCES EXPENDED | | | | | |
| Charitable expenditure | | - | 120,310 | 120,310 | 89,911 |
| Governance costs | | 147 | - | 147 | 58 |
| Total resources expended | | <u>147</u> | <u>120,310</u> | <u>120,457</u> | <u>89,969</u> |
| Net incoming / (outgoing) resources | | 825 | (59,713) | (58,888) | 24,147 |
| Total funds brought forward | | <u>21,496</u> | <u>59,713</u> | <u>81,209</u> | <u>57,062</u> |
| Total funds carried forward | | <u>22,321</u> | <u>-</u> | <u>22,321</u> | <u>81,209</u> |

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

BALANCE SHEET

FOR THE YEAR ENDED 31 AUGUST 2006

| | NOTE | Unrestricted funds (£) | As at 31.08.2005 (£) |
|-----------------------------|------|------------------------------|----------------------------|
| CURRENT ASSETS | | | |
| Cash at bank and in hand | | <u>22,321</u> | <u>81,209</u> |
| NET ASSETS | | <u>22,321</u> | <u>81,209</u> |
| FUNDS OF THE CHARITY | | | |
| Unrestricted funds | | 22,321 | 21,496 |
| Restricted funds | 2 | <u>-</u> | <u>59,713</u> |
| TOTAL FUNDS | | <u>22,321</u> | <u>81,209</u> |

The financial statements on pages 7 to 9 were approved by the trustees on 7 November 2006 and signed on their behalf by:

CHAIRMAN

TREASURER

THE EUROPEAN ASSOCIATION OF JEHOVAH'S CHRISTIAN WITNESSES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2006

1) ACCOUNTING POLICIES

a) Basis of accounting

These accounts have been prepared on the basis of historic cost in accordance with:

- Accounting and Reporting by Charities – Statement of Recommended Practice (SORP 2005);
- and with Accounting Standards;
- and with the Charities Act 1993.

b) Change in basis

There has been no change to the accounting policies.

c) Recognition of incoming resources

These are included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the resources;
- the trustees are virtually certain they will receive the resources; and
- the monetary value can be measured with sufficient reliability.

d) Investment Income

This is included in the accounts when receivable.

e) Liability Recognition

Generally liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure.

f) Governance costs

These include costs of running the charity and costs associated with constitutional and statutory requirements.

2) RESTRICTED FUNDS

The Eastern Europe Fund was established to help with the work of Jehovah's Witnesses in Eastern Europe. The whole of the expenditure from this restricted fund was for the specific purposes of this restricted fund. This fund was wound up in June 2006, therefore all funds on hand as at 31 August 2006 are unrestricted.

| | Eastern Europe Fund (£) |
|------------------------------|--|
| Fund balance brought forward | 59,713 |
| Incoming resources | 60,597 |
| Outgoing resources | <u>(120,310)</u> |
| Closing balance | <u><u>-</u></u> |