

**Annual Report and financial statements
Year ended 31 August 2008**

International Bible Students Association

International Bible Students Association

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For the year ended 31st August 2008

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International Bible Students Association

Report of the trustees

For the year ended 31st August 2008

The trustees who are also directors of the charity for the purposes of the Companies Act 1985, present their report with the financial statements of the charity for the year ended 31 August 2008. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

Reference and administrative details

Registered Company number

136726

Registered Charity number

216647

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

Trustees

S A Hardy
J S Andrews
J D Dutton
P P Bell
S Papps

Auditors

Calcutt Matthews
Chartered Accountants and Registered Auditors
2nd Floor Cardine House
30 North Street
Ashford
Kent
TN24 8JR

Bankers

Barclays Bank plc
PO Box 12820
London
BX3 2BB

Investment Advisers

Merrill Lynch International Bank Ltd
2 King Edward Street
London
EC1A 1HQ

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Structure, governance and management

Governing document

The charity was incorporated on 30th June 1914 and is governed by the Memorandum and Articles of Association of that date as amended by special resolutions on 20th April 1951, 10th January 1958 and 28th November 2005 and 4th January 2006.

Recruitment and appointment of new trustees

The Trustees of the Association who held office during the year, and at the date of this report, are set out above. These trustees have key managerial roles at the charity's headquarters. They meet weekly and are in regular contact from day to day. Trustees are elected annually by a simple majority of the members present at the AGM.

The recruitment and induction of new Trustees is arranged as follows. On an annual basis the Trustees review potential candidates. These are required to be appointed as 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 knowledge of the individuals. Training is arranged as part of the meetings of the Trustees when the charity's policies are discussed. This is supplemented by an annual training session provided by the auditors.

International Bible Students Association

Report of the trustees

For the year ended 31st August 2008

Structure, governance and management

Induction and training of new trustees

Trustees are given Charity Commission publications and are sent on a two month course which includes training in legal and financial matters.

Organisational structure

The charity is constituted as a company limited by guarantee.

The trustees organise the running of the charity through a number of departments. Each department is headed up by a trained and experience department overseer who will make regular reports to the Trustees.

Wider network

Charities with similar objects exist in many countries around the world. Co-ordination is through the Governing Body of Jehovah's Witnesses, located at their headquarters in the United States.

Related parties

The Association works closely with Watch Tower Bible and Tract Society of Britain (Watch Tower). It provides volunteers for Watch Tower to use in its activities. It permits Watch Tower to use its facilities for the Watch Tower's charitable work and provides accommodation for the volunteers. A service and maintenance charge is made which includes the cost of the volunteers. The Association purchases religious material from Watch Tower and donates this to congregations of Jehovah's Witnesses.

Risk management

The major risks to which the charity is exposed have been formally reviewed, with particular focus on events that would seriously impede the operations of the charity. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks. The risk register was updated most recently in August 2007. The principal risks addressed were Disaster recovery and planning; Failure to comply with legal requirements on health and safety, fire, environment, waste; Construction projects; Contamination of food.

Objectives and activities

Objectives and aims

The object of the Association is to promote the Christian religion by supporting congregations of Jehovah's Witnesses and others in connection with their spiritual and material welfare in Britain and abroad within the charitable purposes of the Association. This is achieved mainly by the provision of facilities for the printing and distribution of Bibles and Bible based literature and the housing of the volunteers engaged in this activity. In addition, religious literature is purchased and distributed free of charge. Conventions for Christian education are arranged on an annual basis.

Significant activities

There is an increasing demand for the religious literature we purchase from Watch Tower Society, hence the cost of our providing this has risen. The decision to close our farm operations on economic grounds has been implemented. In this connection having considered the guidance from the Charity Commission, the Trustees' powers in the memorandum of association, the history of the tenancy and the intention of the parties, the probable outcome and the balance of likely advantage to the charity in the light of the legal strength of our claim, the cost of pursuing it and the ability of the other party to pay, it was decided, in the best interests of the charity, not to seek to enforce our potential legal entitlements (1) under the 1989 agreement or (2) to compensation for surrender of subsidies, in the total sum of £52,000.

Grantmaking

Our grant making policy is as follows. From time to time we are asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. We first consider whether the budget permits. If this is the case we satisfy ourselves that the expenditure will further the religious work of Jehovah's Witnesses and we then send the money to the organisation caring for Jehovah's Witnesses in that country. Finally, we obtain reports to confirm the money was properly used.

Volunteers

The charity is run entirely by trained, unpaid volunteers and it is appropriate that we here express appreciation for their tireless efforts, resulting in a significant financial benefit to the charity. The basis for the care of their material needs is explained in note 9 of the accounts.

Achievement and performance

Charitable activities

Provision of literature for Bible education

The literature we donate to congregations of Jehovah's Witnesses plays a pivotal role in their Bible teaching activity. This activity reached out to the communities in the area covered by the congregations resulting in families and individuals receiving instruction in their own homes. It was pleasing to learn that during the year under review, 2,918 individuals made the decision to become baptised members of the congregation, and the result was a net increase of 1% in those actively involved in the evangelising work. A special effort is being made to provide literature and teaching facilities for ones who learn better in another language.

International Bible Students Association

Report of the trustees

For the year ended 31st August 2008

Conventions for Bible education

These summer conventions were again well attended; the total of almost 153,451 was up on last year. 245,000 copies of new Bible study aid "Keep Yourselves in God's Love" were distributed without charge at the conventions. A similar number of the book "Questions Young People Ask - Answers that Work" (volume 2) were likewise distributed, and eagerly received.

Achievement and performance

Overseas aid

We had adequate funds to be able to respond to all of the requests received from the Governing Body of Jehovah's Witnesses, in connection with lands where the economy is poor. The total was £1,089,000.

Fundraising activities

Because of the consistent support we enjoy from congregations of Jehovah's Witnesses, we do not engage in fundraising activities as such. We include a reminder about methods of donating, either in our monthly letter of thanks to congregations, or in our internal newsletter prior to the annual conventions. We find this to be adequate. We do make an "at-cost" charge to Watch Tower Society for giving them printery, warehouse and domestic accommodation, which does generate funds of course.

Investment performance

The trustees are satisfied with the results for the year. Money is held in first class banks, with the bulk in liquidity funds that are protected or "ring fenced" in the event of bank failure.

Internal factors

These controls ensure that the monthly financial reports accurately represent all transactions, provide reasonable assurance that finances are being used for their intended purpose and verify that proper controls and procedures are in place and adhered to, so that the figures are recorded accurately and accounts are in balance. The internal audit programme has been achieved. The internal auditor and his assistant, both drawn from the volunteer workforce, have a set agenda to pursue through the year and reported again in writing to the Trustees in October 2008. Approved recommendations were implemented.

Financial review

Reserves policy

The Association has free reserves of approximately £7.9 million. The Association has a reliable donation base, being primarily the 1,517 congregations of Jehovah's Witnesses in the UK. Hence, we can plan confidently with relatively small reserves, having in mind that we charge Watch Tower Society for the cost of running the HQ complex and we respond to the needs for funds overseas only after filling our domestic requirements. Our established policy is to ensure that we have on hand in liquid funds at least three months' working expenditure. At the year end, liquid assets on hand equate to 7 months of expenditure (2007: 6 months).

Principal funding sources

The charity is funded by donations and legacies. Also payments from Watch Tower Society cover the cost of operating the headquarters complex.

Future developments

We are planning to enhance our office facilities to allow more space for Watch Tower Society to expand its work of translating religious literature.

Statement of trustees' responsibilities

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 the 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 charitable company and of the surplus or deficit of the charitable company 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

International Bible Students Association

Report of the trustees

For the year ended 31st August 2008

Statement of trustees' responsibilities...*continued*

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the trustees are aware, there is no relevant information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

On behalf of the board:

Stephen A Hardy

Trustee

Date: January 7, 2009

International Bible Students Association

Report of the Independent Auditors to the Members of International Bible Students Association

For the year ended 31st August 2008

We have audited the financial statements of International Bible Students Association for the year ended 31 August 2008 on pages six to fourteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company'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 charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 1985. We also report to you whether in our opinion the information given in the Report of the Trustees 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 trustees' remuneration and other transactions is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

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 August 2008 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 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.

Calcutt Matthews

Calcutt Matthews
Chartered Accountants and Registered Auditors
2nd Floor Cardine House
30 North Street
Ashford
Kent
TN24 8JR

Date: 8 January 2009

International Bible Students Association

Statement of financial activities

For the year ended 31st August 2008

	Notes	31.8.08 Total funds £'000	31.8.07 Total funds £'000
Incoming resources			
Incoming resources from generated funds			
Voluntary income	2	7,747	8,789
Investment income	3	434	307
Incoming resources from charitable activities			
Provision of working and residential accommodation	4	3,782	3,916
Other incoming resources	5	<u>1,474</u>	<u>3,501</u>
Total incoming resources		13,437	16,513
Resources expended			
Charitable activities			
Provision of literature for Bible education	6	7,033	6,574
Provision of conventions for Bible education		643	653
Donations and aid overseas		1,089	3,945
Provision of working and residential accommodation		3,684	3,819
Governance costs	7	<u>13</u>	<u>21</u>
Total resources expended		12,462	15,012
		————	————
Net incoming resources		975	1,501
Other recognised gains/losses			
Gains/(losses) on investment assets		<u>1</u>	<u>657</u>
Net movement in funds		976	2,158
Reconciliation of funds			
Total funds brought forward		49,467	47,309
		————	————
Total funds carried forward		<u>50,443</u>	<u>49,467</u>

Continuing operations

All incoming resources and resources expended arise from continuing activities.

None of the charity's activities were acquired or discontinued during the current and previous years. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming resources for the year together with the realised gains on investments of £976,382 (2007: £2,157,995).

International Bible Students Association

Balance sheet

For the year ended 31st August 2008

		31.8.08 Total funds £'000	31.8.07 Total funds £'000
	Notes		
Fixed assets			
Tangible assets	10	52,671	53,540
Current assets			
Stocks	11	115	141
Debtors: amounts falling due within one year	12	319	343
Investments	13	188	-
Cash at bank and in hand		<u>7,801</u>	<u>6,217</u>
		8,423	6,701
Creditors			
Amounts falling due within one year	14	(482)	(605)
		<u>7,941</u>	<u>6,096</u>
Net current assets			
Total assets less current liabilities		60,612	59,636
Creditors			
Amounts falling due after more than one year	15	(10,169)	(10,169)
		<u>50,443</u>	<u>49,467</u>
Net assets			
Funds	16		
Unrestricted funds		<u>50,443</u>	<u>49,467</u>
Total funds		<u>50,443</u>	<u>49,467</u>

The financial statements were approved by the Board of Trustees on January 7, 2009 and were signed on its behalf by:

Stephen A Hardy
Trustee

John Andrews
Trustee

International Bible Students Association

Cash flow statement

For the year ended 31st August 2008

	Notes	31.8.08 £'000	31.8.07 £'000
Net cash (outflow)/inflow from operating activities	1	(312)	3,945
Returns on investments and servicing of finance	2	434	(8,674)
Capital expenditure and financial investment	2	1,462	9,150
		<u> </u>	<u> </u>
Increase in cash in the period		<u>1,584</u>	<u>4,421</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		1,584	4,421
Cash (outflow)/inflow from increase/(decrease) in liquid resources		188	(4,922)
Cash outflow from decrease in debt		<u>-</u>	<u>483</u>
Change in net debt resulting from cash flows		<u>1,772</u>	<u>(18)</u>
Movement in net debt in the period		1,772	(18)
Net debt at 1 September		<u>6,217</u>	<u>6,235</u>
Net debt at 31 August		<u>7,989</u>	<u>6,217</u>

International Bible Students Association

Notes to the cash flow statement

For the year ended 31st August 2008

1. Reconciliation of net incoming resources to net cash (outflow)/inflow from operating activities

	31.8.08	31.8.07
	£'000	£'000
Net incoming resources	975	1,501
Depreciation charges	882	1,141
Surplus on disposal of tangible fixed assets	(1,474)	(3,501)
Interest received	(434)	(307)
(Increase)/ Decrease in investments	(188)	4,922
Decrease in stocks	26	6
Decrease in debtors	24	318
Decrease in creditors	<u>(123)</u>	<u>(135)</u>
Net cash (outflow)/inflow from operating activities	<u>(312)</u>	<u>3,945</u>

2. Analysis of cash flows for headings netted in the Cash Flow statement

	31.8.08	31.8.07
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	434	307
Loan repaid	-	(8,981)
	<u>434</u>	<u>(8,674)</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance	<u>434</u>	<u>(8,674)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(757)	(3,614)
Sale of tangible fixed assets	2,218	12,107
Sale of investment property	<u>1</u>	<u>657</u>
Net cash inflow for capital expenditure and financial investment	<u>1,462</u>	<u>9,150</u>

3. Analysis of changes in net debt

	At 1.9.07	Cash flow	At 31.8.08
	£'000	£'000	£'000
Net cash:			
Cash at bank and in hand	6,217	1,584	7,801
Liquid resources:			
Current asset investments	-	188	188
	<u>6,217</u>	<u>1,772</u>	<u>7,989</u>
Total	<u>6,217</u>	<u>1,772</u>	<u>7,989</u>

International Bible Students Association

Notes to the financial statements

For the year ended 31st August 2008

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards the Companies Act 1985 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Donations receivable

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No income is deferred. Donations are from the public, congregations and other connected charities.

Legacies

The value of legacies is brought into the accounts at the earlier of the charity being notified of an impending distribution or the legacy being received.

Provision of working and residential accommodation

Service charge income received from a connected charity Watch Tower Bible and Tract Society of Britain (Watch Tower) on a cost basis. Watch Tower occupies the residential accommodation and the printery which is maintained by the charity.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs

Governance costs comprise external audit fees and other fees from Consultants. All other administrative costs are re-charged.

Tangible fixed assets

Fixed assets are valued at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land & Buildings	-2% on cost
Plant and machinery	-10% on cost
Motor vehicles	-25% on reducing balance

Stocks

Stocks comprise Electrical, Maintenance, Home and Farm supplies are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

The charity has no restricted funds.

Other recognised gains and losses

These comprise unrealised and realised gains and losses on investments.

2. Voluntary income

	31.8.08	31.8.07
	£'000	£'000
Cash Donations	7,147	7,586
Legacies	<u>600</u>	<u>1,203</u>
	<u>7,747</u>	<u>8,789</u>

International Bible Students Association

Notes to the financial statements

For the year ended 31st August 2008

3. Investment income

	31.8.08	31.8.07
	£'000	£'000
Current asset investment income	<u>434</u>	<u>307</u>

4. Incoming resources from charitable activities

	2008	2007
	£'000	£'000
Provision of working and residential accommodation	<u>3,782</u>	<u>3,916</u>

5. Other incoming resources

	31.8.08	31.8.07
	£'000	£'000
Surplus on disposal of tangible fixed assets	<u>1,474</u>	<u>3,501</u>

During 2008 the charity made a surplus on the sale of flats at Brecon Court of £1,473,806. In 2007 the charity made a surplus of £3,501.321 on the sale of Daniel Court and Grenville Place properties. All of these properties had been used to house volunteers.

6. Charitable activities costs

	Direct costs	Totals
	£'000	£'000
Provision of literature for Bible education	7,033	7,033
Provision of conventions for Bible education	643	643
Donations and aid overseas	1,089	1,089
Provision of working and residential accommodation	<u>3,684</u>	<u>3,684</u>
	<u>12,449</u>	<u>12,449</u>

The charity does not incur any support costs.

7. Governance costs

	31.8.08	31.8.07
	£'000	£'000
Other professional fees	5	13
Auditors' remuneration	4	4
Other services provided by external auditors	<u>4</u>	<u>4</u>
	<u>13</u>	<u>21</u>

8. Net incoming/(outgoing) resources

Net resources are state after charging/(crediting):

	31.8.08	31.8.07
	£'000	£'000
Auditors' remuneration	4	4
Other services provided by the external auditors	4	4
Depreciation	882	1,141
Surplus on disposal of tangible fixed assets	<u>(1,474)</u>	<u>(3,501)</u>

International Bible Students Association

Notes to the financial statements

For the year ended 31st August 2008

9. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2008 nor for the year ended 31 August 2007.

The trustees confirm that they have not been involved with any transactions of the charity. The Association has close connections with Watch Tower Bible & Tract Society of Britain, referred to as "Watch Tower", which prints Bible based literature and which is a registered charity with similar objects. This charity also has the same registered office as that of the Association.

The trustees of IBSA receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers at the Association's premises, they receive personal expense allowances of £82 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers. These expenses are paid by the Watch Tower Bible and Tract Society of Britain (charity registration number 1077961) a connected charity as explained in note 10 above.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 August 2008 nor for the year ended 31 August 2007.

10. Tangible fixed assets

	Land & Buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
Cost				
At 1 September 2007	61,400	1,602	383	63,385
Additions	317	279	161	757
Disposals	<u>(862)</u>	<u>(157)</u>	<u>(102)</u>	<u>(1,121)</u>
At 31 August 2008	<u>60,855</u>	<u>1,724</u>	<u>442</u>	<u>63,021</u>
Depreciation				
At 1 September 2007	8,898	729	218	9,845
Charge for year	709	118	55	882
Eliminated on disposal	<u>(158)</u>	<u>(134)</u>	<u>(85)</u>	<u>(377)</u>
At 31 August 2008	<u>9,449</u>	<u>713</u>	<u>188</u>	<u>10,350</u>
Net book value				
At 31 August 2008	<u>51,406</u>	<u>1,011</u>	<u>254</u>	<u>52,671</u>
At 31 August 2007	<u>52,502</u>	<u>873</u>	<u>165</u>	<u>53,540</u>

The trustees are of the opinion that the market value of land and building was in the order £76.6 million. This figure is based on the trustees knowledge of the value of comparative properties held locally.

11. Stocks

	31.8.08 £'000	31.8.07 £'000
Stocks - Electrical, Maintenance, Home and Farm supplies	<u>115</u>	<u>141</u>

International Bible Students Association

Notes to the financial statements

For the year ended 31st August 2008

12. Debtors: amounts falling due within one year

	31.8.08	31.8.07
	£'000	£'000
Trade debtors	4	10
Other debtors	131	149
Due from connected charity	<u>184</u>	<u>184</u>
	<u>319</u>	<u>343</u>

13. Current asset investments

	2008	2007
	£'000	£'000
UK Listed investments at market value	<u>188</u>	<u>-</u>

14. Creditors: amounts falling due within one year

	31.8.08	31.8.07
	£'000	£'000
Trade creditors	37	61
Social security and other taxes	59	81
Other creditors	107	134
Due to connected charity	<u>279</u>	<u>329</u>
	<u>482</u>	<u>605</u>

15. Creditors: amounts falling due after more than one year

	31.8.08	31.8.07
	£'000	£'000
Loan from connected charity*	<u>10,169</u>	<u>10,169</u>

* The loan is from Watch Tower, a connected charity identified in note 9. The loan was made to assist the charity with the purchase of buildings. After the year end IBSA repaid £2 million of this loan.

The trustees wish to express their indebtedness to Watch Tower trustees for providing the loan interest free. The trustees of Watch Tower are of the opinion that in view of the fact that the objectives of Watch Tower are similar to those of IBSA, they can treat the waived interest element as a donation.

International Bible Students Association

Notes to the financial statements

For the year ended 31st August 2008

16. Movement in funds

	At 1.9.07 £'000	Net movement in funds £'000	At 31.8.08 £'000
Unrestricted funds			
General fund	49,467	976	50,443
	<u> </u>	<u> </u>	<u> </u>
Total funds	<u>49,467</u>	<u>976</u>	<u>50,443</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
General fund	13,437	(12,462)	1	976
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total funds	<u>13,437</u>	<u>(12,462)</u>	<u>1</u>	<u>976</u>

17. Post balance sheet events

In October 2008 the charity made a £2 million repayment on the loan from Watch Tower (described in note 15)

The trustees are pleased to be able to report that at the date of approving the accounts, none of the charity's bankers have failed. The trustees are very much aware of the global financial crisis and have made an assessment of the charity's current exposure. The trustees believe that the charity will be able to continue to carry out its current projects and meet its obligations in the light of the assessment they have made.

18. Related party transactions

The Association has close connections with Watch Tower Bible & Tract Society of Britain, referred to as "Watch Tower", which prints Bible based literature and which is a registered charity with similar objects. This charity also has the same registered office as that of the Association.