

registered company number: 136726
registered charity number: 216647

Annual report and financial statements
Year ended 31 August 2009

International Bible Students Association

International Bible Students Association
Contents of the Financial Statements
For the Year Ended 31st August 2009

	Page
Report of the Trustees	3 to 6
Report of the Independent Auditors	7
Statement of Financial Activities	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11 to 16

International Bible Students Association

Report of the Trustees

For the Year Ended 31st August 2009

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2009. 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

Statutory 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

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, 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 2009

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 experienced 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 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.

Public Benefit

The Trustees confirm that they taken into consideration Charity Commission guidance on public benefit in exercising their powers and duties, and this is amply demonstrated in the report that follows, in particular:

1. Bible literature we have supplied without charge to congregations of Jehovah's Witnesses in the UK, has been distributed, gratis, by those congregations, to interested members of the public in their local communities, in the following quantities:
16,800,000 copies of Watchtower and Awake! and 1,244,000 Bibles and Bible study aids.
2. Our conventions for Bible education were widely advertised by personal invitations delivered to the public nationwide.

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 continues to be an increasing demand for the religious literature we purchase from Watch Tower, hence the cost of our providing this has risen. At the same time, the scope of Watch Tower's printing for international distribution has widened. Hence, we have purchased another warehouse to accommodate this enlarged activity.

Grant making

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 free instruction in their own homes. An average of over 55,000 home Bible study courses were provided each month. It was pleasing to learn that during the year under review, 2,932 individuals made the decision to become baptised members of the congregation, and

International Bible Students Association

Report of the Trustees

For the Year Ended 31st August 2009

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.

Conventions for Bible education

These summer conventions were again well attended; the total of 159,618 was well up on last year. All sessions are open to the public, and there is no charge for admission. Almost 236,000 copies of the new Bible study aid “ ‘Bearing Thorough Witness’ About God’s Kingdom” were distributed without charge at the conventions. Also, 310,000 copies of a new brochure for use in the public ministry, “The Bible—What is its Message?” were given out for immediate use in the community. Finally, over 105,000 copies of a DVD, “The Wonders of Creation Reveal God’s Glory” were made available without charge. These Bible teaching aids were 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 £1,617,000.

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. It is good to see that in spite of the recession, donations remained level, and voluntary income increased by over £1 million due to generous legacies. We do make an "at-cost" charge to Watch Tower for giving them office, printery, warehouse and domestic accommodation.

Investment performance

The trustees are satisfied with the results for the year, taking into account interest rates generally. 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 controls

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 2009. Approved recommendations were implemented.

Financial review

Net Movement in Funds

There was a reduction of £1.7 million in available funds during the year. Our reserves remained adequate, permitting us to respond to requests for overseas funding for Jehovah’s Witnesses.

Reserves policy

The Association has free reserves of approximately £5.6 million. The Association has a reliable donation base, being primarily the 1,539 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 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 4 months of expenditure (2008: 7 months).

Principal funding sources

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

Ex-gratia payments

During the year, the Charity Commission approved two ex-gratia payments totalling £10,000. The details are explained in note 18 to the accounts.

Future developments

We anticipate an even greater demand for Bible literature in the year ahead, for Jehovah’s Witnesses and their public ministry, and we are planning our financial resources accordingly. We also stand ready to provide whatever further facilities will be needed by Watch Tower.

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

**International Bible Students Association
Report of the Trustees
For the Year Ended 31st August 2009**

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.

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 2006. 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 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 themselves 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: February 11, 2010

Independent Auditors' Report to the Members of International Bible Students Association For the Year Ended 31st August 2009

We have audited the financial statements of International Bible Students Association for the year ended 31 August 2009 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. 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 Sections 495 and 496 of the Companies Act 2006. 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 United Kingdom Generally Accepted Accounting Principles and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees Annual Report 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 2009 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees Annual Report is consistent with the financial statements.

N. M. Hume

Senior Statutory Auditor
For and on behalf of Calcutt Matthews, Statutory Auditors
Chartered Accountants and Registered Auditors
2nd Floor Cardine House
30 North Street
Ashford
Kent
TN24 8JR

Date: February 11, 2010

International Bible Students Association
Statement of Financial Activities (incorporating an income and expenditure account)
For the Year Ended 31st August 2009

	Notes	2009 Unrestricted Funds £'000	2008 Total Funds As restated £'000
Incoming resources			
Incoming resources from generated funds			
Voluntary income	2	8,796	8,347
Investment income	3	157	434
Incoming resources from charitable activities			
Provision of working and residential accommodation	4	4,177	3,782
Other incoming resources	5	<u>297</u>	<u>1,474</u>
Total incoming resources		13,427	14,037
Resources expended			
Charitable activities			
Provision of literature for Bible education	6	8,183	7,033
Provision of conventions for Bible education		798	643
Donations and aid overseas		1,617	1,089
Provision of working and residential accommodation		4,540	4,284
Governance costs	7	<u>4</u>	<u>13</u>
Total resources expended		15,142	13,062
Net incoming resources before other recognised gains and losses		<u>(1,715)</u>	<u>975</u>
Other recognised gains/losses			
Realised gains on investment assets		9	-
Unrealised (losses)/gains on investment assets		<u>(18)</u>	<u>1</u>
Net movement in funds		(1,724)	976
Reconciliation of funds			
Total funds brought forward		50,443	49,467
Total funds carried forward		<u><u>48,719</u></u>	<u><u>50,443</u></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, other than the closing of the farm operation in 2008. All gains and losses recognised in the year are included above. The deficit for the year for Companies Act purposes comprising the net incoming resources for the year together with the realised gains on investments was £1,707,499 (2008: Surplus £976,382).

International Bible Students Association
Balance Sheet
As at 31st August 2009

	Notes	2009 Total funds £'000	2008 Total funds £'000
Fixed assets			
Tangible assets	10	53,985	52,671
Current assets			
Stocks	11	112	115
Debtors: amounts falling due within one year	12	506	319
Investments	13	24	188
Cash at bank and in hand		<u>5,598</u>	<u>7,801</u>
		6,240	8,423
Creditors			
Amounts falling due within one year	14	(637)	(482)
		<u>5,603</u>	<u>7,941</u>
Net current assets			
		59,588	60,612
Total assets less current liabilities			
Creditors			
Amounts falling due after more than one year	15	(10,869)	(10,169)
		<u>48,719</u>	<u>50,443</u>
Net assets			
Funds			
Unrestricted funds	16	<u>48,719</u>	<u>50,443</u>
Total funds			
		<u>48,719</u>	<u>50,443</u>

The financial statements were approved by the Board of Trustees on February 11, 2010 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 2009

	Notes	2009 £'000	2008 £'000
Net cash (outflow)/inflow from operating activities	19	(1,165)	(312)
Returns on investments and servicing of finance	20	157	434
Capital expenditure and financial investment	20	(2,278)	1,462
Financing	20	700	-
Management of liquid resources	20	<u>383</u>	<u>-</u>
Increase in cash in the period		<u>(2,203)</u>	<u>1,584</u>

Reconciliation of net cash flow to movement in net debt (note 21)

	2009 £'000	2008 (as restated) £'000
(Decrease)/Increase in cash in the period	(2,203)	1,584
(Decrease)/increase in liquid resources	(164)	188
Increase in debt	<u>(700)</u>	<u>-</u>
Change in net debt resulting from cash flows	<u>(3,067)</u>	<u>1,772</u>
Movement in net debt in the period	(3,067)	1,772
Net debt at 1 September	<u>(2,180)</u>	<u>(3,952)</u>
Net debt at 31 August	<u>(5,247)</u>	<u>(2,180)</u>

International Bible Students Association

Notes to the Financial Statements

For the Year Ended 31st August 2009

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities (March 2005).

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. Donations in the form of assets are included at the market value on the date of the gift.

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 is 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 that is maintained by the charity.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs 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. Assets costing less than £1,000 are not capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Land	- not depreciated
Buildings	- 2% on cost
Plant and Machinery	- 10% on cost
Motor Vehicles	- 25% on reducing balance
Assets in the Course of Construction	- not depreciated

Impairment reviews are carried out on individual assets when there is some indication that the recoverable amount of a fixed asset is below its net book value.

Stocks

Stocks comprise Electrical, Maintenance and Home supplies, and 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.

Foreign exchange gains and losses

Foreign currency balances have been translated at the prevailing rate on the balance sheet date. Income and expenditures during the year have been translated at the prevailing rate on the day of the transaction.

Grants payable

Grants payable to other institutions are recognised at the point when their payment has been approved by the trustees.

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2009

Beneficial Loans

The charity has benefited from an interest free loan from Watch Tower, which is a related party. The estimated interest that the charity would have paid on the open market for such a loan has been included as income and deducted as an expense.

2. Voluntary income

	2009	2008
	£'000	As restated £'000
Cash donations	7,145	7,147
Legacies	1,251	600
Interest waived on beneficial loan	<u>400</u>	<u>600</u>
	<u>8,796</u>	<u>8,347</u>

3. Investment income

	2009	2008
	£'000	£'000
Current asset investment income	<u>157</u>	<u>434</u>

4. Incoming resources from charitable activities

	2009	2008
	£'000	£'000
Provision of working and residential accommodation	<u>4,177</u>	<u>3,782</u>

5. Other incoming resources

	2009	2008
	£'000	£'000
Surplus on disposal of tangible fixed assets	<u>297</u>	<u>1,474</u>

6. Charitable activities costs

	Direct costs	Totals
	£'000	£'000
Provision of literature for Bible education	8,183	8,183
Provision of conventions for Bible education	798	798
Donations and aid overseas	1,617	1,617
Provision of working and residential accommodation	<u>4,540</u>	<u>4,540</u>
	<u>15,138</u>	<u>15,138</u>

The charity does not incur any support costs.

7. Governance costs

	2009	2008
	£'000	£'000
Other professional fees	-	5
Auditors' remuneration	4	4
Other services provided by external auditors	<u>-</u>	<u>4</u>
	<u>4</u>	<u>13</u>

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2009

8. Net incoming/(outgoing) resources

Net resources are state after charging/(crediting):

	2009	2008
	£'000	£'000
Auditors' remuneration	4	4
Other services provided by the external auditors	-	4
Depreciation	1,260	882
Surplus on disposal of tangible fixed assets	<u>(297)</u>	<u>(1,474)</u>

9. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2009 nor for the year ended 31 August 2008.

The trustees confirm that they have not been involved with any transactions of the charity. The Association has close connections with 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 salary in their capacity as trustees. The trustees are also volunteer workers of the Association and they receive a fixed reimbursement for personal expenses of £82 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31 August 2009 nor for the year ended 31 August 2008.

10. Tangible Fixed Assets

	Assets in Course of Construction	Land & Buildings	Plant and Machinery	Motor Vehicles	Totals
	£000s	£000s	£000s	£000s	£000s
Cost					
At 1 st September 2008	-	60,855	1,724	442	63,021
Additions	174	2,551	37	78	2,840
Disposals	<u>-</u>	<u>(613)</u>	<u>(154)</u>	<u>(50)</u>	<u>(817)</u>
At 31 st August 2009	<u>174</u>	<u>62,793</u>	<u>1,607</u>	<u>470</u>	<u>65,044</u>
Depreciation					
At 1 st September 2008	-	9,449	713	188	10,350
Charge for year	-	1,075	131	54	1,260
Disposals	<u>-</u>	<u>(403)</u>	<u>(114)</u>	<u>(34)</u>	<u>(551)</u>
At 31 st August 2009	<u>-</u>	<u>10,121</u>	<u>730</u>	<u>208</u>	<u>11,059</u>
Net Book Value					
At 31 st August 2009	<u>174</u>	<u>52,672</u>	<u>877</u>	<u>262</u>	<u>53,985</u>
At 31 st August 2008	<u>-</u>	<u>51,406</u>	<u>1,011</u>	<u>254</u>	<u>52,671</u>

The trustees are of the opinion that the market value of land and building was in the order £75.4 million. This figure is based on the trustees knowledge of the value of comparative properties held locally.

11. Stocks

	2009	2008
	£'000	£'000
Stocks - Electrical, Maintenance and Home supplies	<u>112</u>	<u>115</u>

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2009

12. Debtors: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade debtors	2	4
Other debtors	504	315
	<u>506</u>	<u>319</u>

13. Current asset investments

	UK Listed investments at market value
	£'000
Market value at 1 st September 2008	188
Additions	226
Disposals	(372)
Net loss on revaluation	<u>(18)</u>
At 31 st August 2009	<u>24</u>

14. Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	37	37
Social security and other taxes	34	59
Other creditors	294	107
Due to connected charity	<u>272</u>	<u>279</u>
	<u>637</u>	<u>482</u>

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

	2009	2008
	£'000	£'000
Loan from connected charity	<u>10,869</u>	<u>10,169</u>

The loan is from Watch Tower, a connected charity identified in note 1. The loan was made to assist the charity with the purchase of buildings.

The trustees wish to express their indebtedness to the trustees of Watch Tower 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.

16. Movement in funds

	At 1.9.08	Net movement in funds	At 31.8.09
	£'000	£'000	£'000
Unrestricted funds			
General fund	50,443	(1,724)	48,719
Total funds	<u>50,443</u>	<u>(1,724)</u>	<u>48,719</u>

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2009

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	13,427	15,142	(9)	(1,724)
Total funds	<u>13,427</u>	<u>15,142</u>	<u>(9)</u>	<u>(1,724)</u>

17. Related party transactions

The Association has close connections with 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.

During the year, the Association purchased literature from Watch Tower amounting to £8,183,461. As an integral part of the charitable activities of the Association, it allowed Watch Tower to use the Association's fixed assets and supplied volunteer workers to enable Watch Tower to carry out its charitable activities. All services were provided at cost. During the year, the Association charged Watch Tower £4,176,521 for these services.

At the year end, the Association owed Watch Tower £271,541 in respect of the above transactions.

During the year, the Association carried out work on a property on behalf of Watch Tower, with costs amounting to £141,526. The costs were paid in full by Watch Tower to the Association. No balance was outstanding at the year end in respect of this transaction.

The Association also has a beneficial loan from Watch Tower to assist it in achieving its objectives. At the year end the balance stood at £10,869,474. This loan is on an interest free basis, with no pay back date. The interest that would be due under normal, commercial rates has been estimated at £400,000, and this has been provided for in the accounts as both an expense and an incoming resource.

18. Ex gratia payments

In the estate of Ernest Edward Heffer deceased, the Trustees requested approval from the Charity Commission to make two ex-gratia payments of £5,000.00 each, and this was approved in a sealed order from the Commission dated December 19, 2008, case No. 689890 and sealing No. 1375/0809.

19. Reconciliation of net incoming resources to net cash outflow from operating activities

	2009 £'000	2008 £'000
Net incoming resources before other recognised gains and losses	(1,715)	975
Depreciation charges	1,260	882
Surplus on disposal of tangible fixed assets	(297)	(1,474)
Interest received	(157)	(434)
Investments received	(227)	(188)
Decrease in stocks	3	26
(Increase)/Decrease in debtors	(187)	24
Increase/(Decrease) in creditors	<u>155</u>	<u>(123)</u>
Net cash outflow from operating activities	<u>(1,165)</u>	<u>(312)</u>

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2009

20. Analysis of cash flows for headings netted in the Cash Flow Statement

	2009 £'000	2008 £'000
Returns on investments and servicing of finance		
Interest received	157	434
	<u>157</u>	<u>434</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance		
	<u>157</u>	<u>434</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,840)	(757)
Sale of tangible fixed assets	562	2,218
Sale of investment property	-	1
	<u>(2,278)</u>	<u>1,462</u>
Net cash (outflow)/inflow for capital expenditure and financial investment		
	<u>(2,278)</u>	<u>1,462</u>
Financing		
Repayment of loan	(2,000)	-
Drawdown of loan	2,700	-
	<u>700</u>	<u>-</u>
Net cash inflow for financing		
	<u>700</u>	<u>-</u>
Management of liquid resources		
Cash inflows from disposal or redemption of investments	383	-
	<u>383</u>	<u>-</u>
Net cash inflow for management of liquid resources		
	<u>383</u>	<u>-</u>

21. Analysis of changes in net debt

	At 1.9.08 (as restated) £'000	Cash flow £'000	At 31.8.09 £'000
Net cash:			
Cash at bank and in hand	7,801	(2,203)	5,598
Liquid resources:			
Current asset investments	188	(164)	24
Financing			
Debt due after one year	(10,169)	(700)	(10,869)
	<u>(2,180)</u>	<u>(3,067)</u>	<u>(5,247)</u>
Total			
	<u>(2,180)</u>	<u>(3,067)</u>	<u>(5,247)</u>

22. Prior year adjustments

Net debt

The net debt position from the previous year has been adjusted to include borrowings less cash and liquid resources, as defined by FRS 1, "Cash Flow Statements".

Beneficial loans

In the current year the charity adopted a policy of recognising the gift in kind implicit in the interest free loan from Watch Tower. The comparative figures have been adjusted to show a donation received and interest payable of £600,000. This has not affected the surplus for the prior year.