

registered company number: 136726
registered charity number: 216647

Annual report and financial statements
Year ended 31 August 2010

International Bible Students Association

International Bible Students Association
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For the Year Ended 31st August 2010

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International Bible Students Association

Report of the Trustees

For the Year Ended 31st August 2010

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 2010. 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 a periodic training session provided by the auditors, whenever there is significant new legislation affecting the charity.

International Bible Students Association

Report of the Trustees

For the Year Ended 31st August 2010

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:
17,180,000 copies of Watchtower and Awake! and 1,180,000 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 by:

1. The purchase and distribution of religious literature, free of charge.
2. The provision of facilities for the printing of religious literature and the housing of volunteers engaged in this and in related activities.
3. The arranging of conventions for Bible education.

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 continues to widen. More translation of the Bible and related publications is being done in London. Hence, we are embarking on projects to provide more living accommodation for the volunteers engaged in these activities.

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 10 of the accounts.

International Bible Students Association

Report of the Trustees

For the Year Ended 31st August 2010

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, 2,611 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, in particular British Sign Language.

Conventions for Bible education

These summer conventions were again well attended; the total of 159,031 was gratifying. All sessions are open to the public, and there is no charge for admission. 237,000 copies of the new Bible study aid "God's Word For Us Through Jeremiah" were distributed without charge at the conventions. Also, 315,000 copies of a new brochure for use in the public ministry, "Was Life Created?" and 315,000 copies of the new brochure "The Origin of Life – Five Questions Worth Asking" were given out for immediate use in the community. Finally, over 103,000 copies of a DVD, "Faith In Action (Part 1) Out of Darkness" 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 £1,010,000.

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, voluntary income increased again. To fund the property developments described elsewhere in this report, we sought and received grants provided by Jehovah's Witnesses in other countries. 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 November 2010. All was found to be in order.

Financial review

Net Movement in Funds

There was a reduction of £2.86 million in cash during the year. Our reserves remained adequate, permitting us to respond to requests for overseas funding for Jehovah's Witnesses at a reduced level.

Reserves policy

The Association has cash of approximately £2.7 million. The Association has a reliable donation base, being primarily the 1,543 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 two months' working expenditure. At the year end, liquid assets on hand equate to 2.3 months of expenditure (2009: 4.4 months).

Principal funding sources

The charity is funded by donations and legacies. Also, grants are received from Jehovah's Witnesses in other countries. £12.2 million was received by way of grants, through a charity in Germany, Jehovas Zeugen in Deutschland. Also payments from Watch Tower cover the cost of operating the headquarters complex.

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. Plans are in hand to provide further residential accommodation for Watch Tower volunteers.

International Bible Students Association
Report of the Trustees
For the Year Ended 31st August 2010

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.

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 17, 2011

Independent Auditors' Report to the Members of International Bible Students Association For the Year Ended 31st August 2010

We have audited the financial statements of International Bible Students Association for the year ended 31 August 2010, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

N. M. Hume

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 18, 2011

International Bible Students Association
Statement of Financial Activities
(incorporating an income and expenditure account and statement of total recognised gains and losses)
For the Year Ended 31st August 2010

	Notes	Unrestricted funds £'000	Restricted funds £'000	2010 Total funds £'000	2009 Total funds £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	15,419	5,990	21,409	8,796
Investment income	3	20	-	20	157
Incoming resources from charitable activities	4	4,330	-	4,330	4,177
Other incoming resources	5	<u>9</u>	<u>-</u>	<u>9</u>	<u>297</u>
Total incoming resources		19,778	5,990	25,768	13,427
Resources expended					
Charitable activities					
Provision of literature for Bible education	6	11,540	-	11,540	7,783
Provision of conventions for Bible education		710	-	710	798
Donations and aid overseas		1,010	-	1,010	1,617
Provision of working and residential accommodation		4,298	-	4,298	4,540
Governance costs	8	11	-	11	4
Other resources expended	19	<u>400</u>	<u>-</u>	<u>400</u>	<u>400</u>
Total resources expended		17,969	-	17,969	15,142
Net incoming/(outgoing) resources before transfers	9	<u>1,809</u>	<u>5,990</u>	<u>7,799</u>	<u>(1,715)</u>
Transfers					
Gross transfers between funds		<u>5,975</u>	<u>(5,975)</u>	<u>-</u>	<u>-</u>
Net incoming resources before other recognised gains and losses		7,784	15	7,799	(1,715)
Other recognised gains/losses					
Realised gains/(losses) on investment assets		(1)	-	(1)	9
Unrealised gains/(losses) on investment assets		<u>3</u>	<u>-</u>	<u>3</u>	<u>(18)</u>
Net movement in funds		7,786	15	7,801	(1,724)
Reconciliation of funds					
Total funds brought forward		48,719	-	48,719	50,443
Total funds carried forward		<u>56,505</u>	<u>15</u>	<u>56,520</u>	<u>48,719</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 comprising the net incoming resources for the year together with the realised losses on investments was £7,798,279 (2009: Deficit £1,707,499).

International Bible Students Association
Balance Sheet
As at 31st August 2010

	Notes	Unrestricted funds £'000	Restricted funds £'000	2010 Total funds £'000	2009 Total funds £'000
Fixed assets					
Tangible assets	12	59,196	-	59,196	53,985
Current assets					
Stocks	13	112	-	112	112
Debtors: amounts falling due within one year	14	2,232	-	2,232	506
Investments	15	48	-	48	24
Cash at bank		<u>2,714</u>	<u>15</u>	<u>2,729</u>	<u>5,598</u>
		5,106	15	5,121	6,240
Creditors					
Amounts falling due within one year	16	(1,672)	-	(1,672)	(637)
		<u>3,434</u>	<u>15</u>	<u>3,449</u>	<u>5,603</u>
Net current assets					
		62,630	15	62,645	59,588
Total assets less current liabilities					
Creditors					
Amounts falling due after more than one year	17	(6,125)	-	(6,125)	(10,869)
		<u>56,505</u>	<u>15</u>	<u>56,520</u>	<u>48,719</u>
Net assets					
Funds					
Unrestricted funds	18			56,505	48,719
Restricted funds				<u>15</u>	<u>-</u>
Total funds				<u>56,520</u>	<u>48,719</u>

The financial statements were approved by the Board of Trustees on February 17, 2011 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 2010

	Notes	2010 £'000	2009 £'000
Net cash (outflow)/inflow from operating activities	20	8,010	(1,165)
Returns on investments and servicing of finance	21	20	157
Capital expenditure and financial investment	21	(6,166)	(2,278)
Financing	21	(4,744)	700
Management of liquid resources	21	<u>11</u>	<u>383</u>
Decrease in cash in the period		<u>(2,869)</u>	<u>(2,203)</u>

Reconciliation of net cash flow to movement in net debt (note 22)

	2010 £'000	2009 £'000
Decrease in cash in the period	(2,869)	(2,203)
Increase/(Decrease) in liquid resources	24	(164)
Increase/(Decrease) in debt	<u>4,744</u>	<u>(700)</u>
Change in net debt resulting from cash flows	<u>1,899</u>	<u>(3,067)</u>
Movement in net debt in the period	1,899	(3,067)
Net debt at 1 September	<u>(5,247)</u>	<u>(2,180)</u>
Net debt at 31 August	<u>(3,348)</u>	<u>(5,247)</u>

International Bible Students Association

Notes to the Financial Statements

For the Year Ended 31st August 2010

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.

Grants receivable

Unrestricted grants receivable are recognised when they are received. They represent amounts received to contribute towards the running expenses of IBSA and to assist in repaying the loan owed to Watch Tower.

Restricted grants receivable represent amounts received to finance the purchase of fixed assets. They have been recognised when received. The purchase of fixed assets discharges the restriction on these funds, therefore a transfer to unrestricted funds has been made as and when fixed assets have been purchased.

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

Income from the provision of working and residential accommodation 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, the printery and the offices that are 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.

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.

Investments

Investments are included in the balance sheet at market 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.

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2010

Fund accounting

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

The charity has received capital grants this year that comprise a restricted fund. Please see the “grants receivable” policy above for information about how this fund has arisen and been discharged.

Other recognised gains and losses

These comprise unrealised and realised gains and losses on investments. Unrealised gains and losses represent the difference between the market value brought forward (or cost, for assets bought within this financial year) and the market value at the balance sheet date. Realised gains and losses represent the difference between sales proceeds and market value brought forward (or cost, for assets bought within this financial year.)

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.

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.

Irrecoverable VAT

Irrecoverable VAT is included in the relevant cost headings on the face of the Statement of Financial Activities and is not shown as a separate item.

2. Voluntary income

	2010	2009
	£'000	£'000
Cash donations	7,487	7,145
Legacies	1,070	1,251
Interest waived on beneficial loan	400	400
Assets donated	222	-
Grants receivable	<u>12,230</u>	<u>-</u>
	<u>21,409</u>	<u>8,796</u>

All grants receivable were from “Jehovas Zeugen in Deutschland”, a charity in Germany with similar objectives.

3. Investment income

	2010	2009
	£'000	£'000
Current asset investment income	1	157
Interest receivable	<u>19</u>	<u>-</u>
	<u>20</u>	<u>157</u>

4. Incoming resources from charitable activities

	2010	2009
	£'000	£'000
Provision of working and residential accommodation	<u><u>4,330</u></u>	<u><u>4,177</u></u>

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2010

5. Other incoming resources

	2010	2009
	£'000	£'000
Surplus on disposal of fixed assets	-	297
Resource recovery	6	-
Currency translation gains	<u>3</u>	<u>-</u>
	<u>9</u>	<u>297</u>

6. Charitable activities costs

	Direct	Grant	Totals
	£'000	£'000	£'000
Provision of literature for Bible education	-	11,540	11,540
Provision of conventions for Bible education	710	-	710
Donations and aid overseas	201	809	1,010
Provision of working and residential accommodation	<u>4,298</u>	<u>-</u>	<u>4,298</u>
	<u>5,209</u>	<u>12,349</u>	<u>17,558</u>

As all of the charity's general running costs are reimbursed completely by Watch Tower, all such costs are, in effect, direct costs. All human resources, IT, finance and management costs are included in the "provision of working and residential accommodation" above or in "governance costs". These have been fully reimbursed by Watch Tower.

7. Grants

During the year, grants paid to institutions with congruous objectives can be analysed as follows:

By continent:

	Cash	Goods	Literature	Totals
	£'000	£'000	£'000	£'000
Europe	122	5	11,528	11,655
Asia	585	2	19	606
Africa	72	-	-	72
Americas	<u>-</u>	<u>-</u>	<u>16</u>	<u>16</u>
	<u>779</u>	<u>7</u>	<u>11,563</u>	<u>12,349</u>

By activity:

	Cash	Goods	Literature	Totals
	£'000	£'000	£'000	£'000
Distribution of Bibles and Bible-based literature	-	-	11,563	11,563
Supporting regional headquarters' in their administration of Christian missionary work	<u>779</u>	<u>7</u>	<u>-</u>	<u>786</u>
	<u>779</u>	<u>7</u>	<u>11,563</u>	<u>12,349</u>

Material grants (in the context of grant-making) were made to the following institutions:

Communauté Chrétienne des Bethelites (France)
 Jehovas Zeugen (Germany)
 Associação das Testemunhas de Jehová (Portugal)
 Testigos Christianos de Jehová (Spain)
 Towarzystwo Biblijne I Traktatowe ul. (Poland)

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2010

8. Governance costs

	2010	2009
	£'000	£'000
Auditors' remuneration	10	4
Other services provided by external auditors	<u>1</u>	<u>-</u>
	<u><u>11</u></u>	<u><u>4</u></u>

9. Net incoming/(outgoing) resources

Net resources are stated after charging/(crediting):

	2010	2009
	£'000	£'000
Auditors' remuneration	10	4
Other services provided by the external auditors	1	-
Depreciation	1,101	1,260
Fixed assets donated overseas	72	-
(Loss)/Gain on disposal of tangible fixed assets	<u>4</u>	<u>(297)</u>

10. Staff costs

The charity is fully staffed by volunteers, and therefore does not incur staff costs in the form of wages and salaries.

11. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2010 nor for the year ended 31 August 2009.

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 £95 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 2010 nor for the year ended 31 August 2009.

International Bible Students Association
Notes to the Financial Statements
For the Year Ended 31st August 2010

12. Tangible Fixed Assets

	Assets in Course of Construction £000	Land & Buildings £000	Plant & Machinery £000	Motor Vehicles £000	Total £000
Cost					
At 1 st September 2009	174	62,793	1,607	470	65,044
Additions	104	6,198	34	56	6,392
Disposals	-	(90)	(32)	(22)	(144)
Transfers	(101)	88	13	-	-
At 31 st August 2010	<u>177</u>	<u>68,989</u>	<u>1,622</u>	<u>504</u>	<u>71,292</u>
Depreciation					
At 1 st September 2009	-	10,121	730	208	11,059
Charge for year	-	925	121	55	1,101
Disposals	-	(18)	(29)	(17)	(64)
At 31 st August 2010	<u>-</u>	<u>11,028</u>	<u>822</u>	<u>246</u>	<u>12,096</u>
Net Book Value					
At 31 st August 2010	<u>177</u>	<u>57,961</u>	<u>800</u>	<u>258</u>	<u>59,196</u>
At 31 st August 2009	<u>174</u>	<u>52,672</u>	<u>877</u>	<u>262</u>	<u>53,985</u>

The trustees are of the opinion that the market value of land and building was in the order £79 million. This figure is based on the trustees' knowledge of the value of comparative properties held locally.

13. Stocks

	2010 £'000	2009 £'000
Stocks - Electrical, Maintenance and Home supplies	<u>112</u>	<u>112</u>

14. Debtors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade debtors	9	2
Other debtors	<u>2,223</u>	<u>504</u>
	<u>2,232</u>	<u>506</u>

15. Current asset investments

	UK Listed investments at market value £'000
Market value at 1 st September 2009	24
Additions	34
Disposals	(11)
Net gain on revaluation	<u>1</u>
At 31 st August 2010	<u>48</u>
<i>Historical cost at 31st August 2010</i>	<u>65</u>

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16. Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	1,234	37
Other creditors	<u>438</u>	<u>600</u>
	<u>1,672</u>	<u>637</u>

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

	2010	2009
	£'000	£'000
Loan	<u>6,125</u>	<u>10,869</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. There is no schedule of repayment in place, but the entire debt is repayable on one year's notice.

The trustees wish to express their indebtedness to the trustees of Watch Tower for providing the loan interest free.

18. Movement in funds

	At 1.9.09	Net movement	At 31.8.10
	£'000	in funds	£'000
		£'000	
Unrestricted funds			
General fund	48,719	7,786	56,505
Restricted funds			
Capital grants fund	<u>-</u>	<u>15</u>	<u>15</u>
Total funds	<u>48,719</u>	<u>7,801</u>	<u>56,520</u>

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

	Incoming	Resources	Gains and	Transfers	Movement in
	resources	expended	losses		funds
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds					
General fund	19,778	(17,969)	2	5,975	7,786
Restricted funds					
Capital grants fund	<u>5,990</u>	<u>-</u>	<u>-</u>	<u>(5,975)</u>	<u>15</u>
Total funds	<u>25,768</u>	<u>(17,969)</u>	<u>2</u>	<u>-</u>	<u>7,801</u>

Capital grants fund

This has arisen due to capital grants being received this year to enable the purchase of certain new fixed assets. As the purchase of fixed assets discharges the restriction on these funds, a transfer to unrestricted funds is made as new fixed assets are bought.

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19. 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 £11,340,917 (2009:£8,037,143). At the year end, IBSA owed Watch Tower £1,204,150 (2009: £271,451), being the invoice for August 2010. An administrative error has led to IBSA being overcharged for literature over the last two years. An estimate of the overcharge (£1.4 million) has been included as a debtor on the balance sheet (2009: £nil).

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 £4,330,053 (2009: £4,176,521) for these services. At the year end, Watch Tower owed IBSA £391,556 (2009: £nil) in respect of these transactions.

During the prior year, IBSA 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 IBSA. 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 £6,125,000 (2009: £10,869,474). This loan is on an interest free basis, with no pay back date. It is repayable with one year's notice. The interest that would be due under normal, commercial rates has been estimated at £400,000 (2009:£400,000), and this has been provided for in the accounts as both an expense and an incoming resource.

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

	2010	2009
	£'000	£'000
Net incoming resources before other recognised gains and losses	7,799	(1,715)
Fixed assets donated	(221)	-
Depreciation charges	1,101	1,260
Fixed assets donated overseas	72	-
Loss/(Gain) on disposal of tangible fixed assets	4	(297)
Interest and dividends received	(20)	(157)
Investments received	(34)	(227)
Decrease in stocks	-	3
Increase in debtors	(1,726)	(187)
Increase in creditors	<u>1,035</u>	<u>155</u>
Net cash outflow from operating activities	<u><u>8,010</u></u>	<u><u>(1,165)</u></u>

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

	2010 £'000	2009 £'000
Returns on investments and servicing of finance		
Interest received	20	157
	<u>20</u>	<u>157</u>
Net cash inflow/(outflow) for returns on investments and servicing of finance		
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(6,170)	(2,840)
Sale of tangible fixed assets	4	562
	<u>(6,166)</u>	<u>(2,278)</u>
Net cash (outflow)/inflow for capital expenditure and financial investment		
Financing		
Repayment of loan	(4,744)	(2,000)
Drawdown of loan	-	2,700
	<u>(4,744)</u>	<u>700</u>
Net cash inflow for financing		
Management of liquid resources		
Cash inflows from disposal or redemption of investments	11	383
	<u>11</u>	<u>383</u>
Net cash inflow for management of liquid resources		

22. Analysis of changes in net debt

	At 1.9.09 £'000	Cash flow £'000	At 31.8.10 £'000
Net cash:			
Cash at bank and in hand	5,598	(2,869)	2,729
Liquid resources:			
Current asset investments	24	24	48
Financing			
Debt due after one year	(10,869)	4,744	(6,125)
	<u>(5,247)</u>	<u>1,899</u>	<u>(3,348)</u>
Total			

23. Going concern

Following the banking crisis in 2008, the trustees have carried out a review of the stability of assets held with banks and other financial institutions at the year end. They are satisfied that assets are held in institutions with only the highest ratings, and no provisions other than those made in the accounts are required.

The trustees are satisfied that they have sufficient liquid funds to run the charity for the foreseeable future.