

REGISTERED COMPANY NUMBER: 136726 (England and Wales)
REGISTERED CHARITY NUMBER: 216647

**Report of the Trustees and
Financial Statements For The Year Ended 31st August 2011
for
International Bible Students Association**

International Bible Students Association

**Contents of the Financial Statements
for the Year Ended 31st August 2011**

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International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2011

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 31st August 2011. 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 (England and Wales)

Registered Charity number

216647

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

Trustees

P S Gillies	- appointed 2.11.11
S A Hardy	
J S Andrews	
J D Dutton	
P P Bell	- resigned 2.11.11
S Papps	

Auditors

Calcutt Matthews Ltd
Chartered Accountants and Statutory Auditor
19 North Street
Ashford
Kent
TN24 8LF

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. When necessary, 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.

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

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT

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. Coordination 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 serviced facilities for Watch Tower to use in its charitable activities. The Association purchases religious material from Watch Tower and donates this to congregations of Jehovah's Witnesses. The coordinating role of the Governing Body of Jehovah's Witnesses means we have ready access to surplus funds held by Jehovah's Witnesses in other countries.

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 reviewed and updated most recently on October 26, 2011. 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 have 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: 17,336,000 copies of Watchtower and Awake! and 1,189,000 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 serviced facilities for the printing of religious literature and the housing of workers 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 workers engaged in these activities. Specifically, another block of flats was purchased to enhance our residential accommodation. Land was bought to build more flats, and these are now in course of construction.

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.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2011

OBJECTIVES AND ACTIVITIES

Workers

The charity is run entirely by trained workers who receive just a small allowance 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 56,000 home Bible study courses were provided each month. It was pleasing to learn that during the year under review, 2,739 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.

Conventions for Bible education

These summer conventions were again well attended; the total of 161,243 was gratifying. All sessions are open to the public, and there is no charge for admission. 236,000 copies of "Questions Young People Ask - Answers That Work, volume 1 (revised) were distributed without charge at the conventions. Also, 320,000 copies of a new brochure for use in the public ministry, "Listen to God and Live Forever" and 316,000 of the simplified version "Listen to God" were given out for immediate use in the community. Finally, over 103,000 copies of a DVD, "Faith In Action (Part 2) Let the Light Shine" were made available without charge. These Bible teaching aids were eagerly received.

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 £956,000.

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 a charge to Watch Tower for providing serviced facilities for its use.

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 2011. All was found to be in order.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2011

FINANCIAL REVIEW

Net Movement in Funds

There was a reduction of £971,000 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 £3.3 million. The Association has a reliable donation base, being primarily the resources of Jehovah's Witnesses, pooled in Germany, and the 1,537 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 provision of serviced facilities 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 3 months of expenditure (2010: 2.3 months).

Principal funding sources

The charity is funded by donations and legacies. Also, grants are received from Jehovah's Witnesses in other countries. £15.2 million was received by way of grants, through a charity in Germany, Jehovas Zeugen in Deutschland. Also sizeable payments are received from Watch Tower for providing it with serviced facilities.

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 our workers.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of International Bible Students Association for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, 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;
- observe the methods and principles in the Charity SORP;
- 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 (as defined by Section 418 of the Companies Act 2006) 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.

International Bible Students Association

**Report of the Trustees
for the Year Ended 31st August 2011**

ON BEHALF OF THE BOARD:

Stephen A. Hardy
Trustee

Date: February 16, 2012

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

We have audited the financial statements of International Bible Students Association for the year ended 31st August 2011 on pages seven to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, 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'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. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2011 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 Report of the Trustees 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

Nicholas Hume FCA (Senior Statutory Auditor)
for and on behalf of Calcutt Matthews Ltd
Chartered Accountants and Statutory Auditor
19 North Street
Ashford
Kent
TN24 8LF

Date: February 16, 2012

International Bible Students Association

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2011**

	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	23,366,359	5,437,000	28,803,359	21,408,751
Investment income	3	20,844	-	20,844	19,912
Incoming resources from charitable activities 4					
Provision of working and residential accommodation		4,425,669	-	4,425,669	4,330,053
Other incoming resources		<u>7,970</u>	<u>-</u>	<u>7,970</u>	<u>8,848</u>
Total incoming resources		27,820,842	5,437,000	33,257,842	25,767,564
RESOURCES EXPENDED					
Charitable activities 5					
Provision of literature for Bible education		11,742,371	-	11,742,371	11,540,494
Provision of conventions for Bible education		844,529	-	844,529	709,993
Donations and aid overseas		956,308	-	956,308	1,009,773
Provision of working and residential accommodation		4,428,675	-	4,428,675	4,297,053
Governance costs	7	<u>7,365</u>	<u>-</u>	<u>7,365</u>	<u>11,296</u>
Other resources expended		<u>112,000</u>	<u>-</u>	<u>112,000</u>	<u>400,000</u>
Total resources expended		18,091,248	-	18,091,248	17,968,609
NET INCOMING RESOURCES before transfers					
		9,729,594	5,437,000	15,166,594	7,798,955
Gross transfers between funds	17	<u>5,451,602</u>	<u>(5,451,602)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		15,181,196	(14,602)	15,166,594	7,798,955
Other recognised gains/losses					
Gains/losses on fixed asset investments		(288)	-	(288)	(930)
Unrealised gains/(losses) on investment assets		<u>3,464</u>	<u>-</u>	<u>3,464</u>	<u>2,627</u>
Net movement in funds		15,184,372	(14,602)	15,169,770	7,800,652
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>56,505,303</u>	<u>14,602</u>	<u>56,519,905</u>	<u>48,719,253</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>71,689,675</u></u>	<u><u>-</u></u>	<u><u>71,689,675</u></u>	<u><u>56,519,905</u></u>

The notes form part of these financial statements

International Bible Students Association

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2011**

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

The notes form part of these financial statements

International Bible Students Association

**Balance Sheet
At 31st August 2011**

	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
FIXED ASSETS					
Tangible assets	10	69,213,857	-	69,213,857	59,196,426
CURRENT ASSETS					
Stocks	11	136,521	-	136,521	111,603
Debtors: amounts falling due within one year	12	509,289	-	509,289	2,232,053
Investments	13	54,078	-	54,078	48,515
Cash at bank and in hand		<u>3,213,935</u>	<u>-</u>	<u>3,213,935</u>	<u>2,728,691</u>
		3,913,823	-	3,913,823	5,120,862
CREDITORS					
Amounts falling due within one year	14	<u>(1,438,005)</u>	<u>-</u>	<u>(1,438,005)</u>	<u>(1,672,383)</u>
NET CURRENT ASSETS		<u>2,475,818</u>	<u>-</u>	<u>2,475,818</u>	<u>3,448,479</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		71,689,675	-	71,689,675	62,644,905
CREDITORS					
Amounts falling due after more than one year	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,125,000)</u>
NET ASSETS		<u>71,689,675</u>	<u>-</u>	<u>71,689,675</u>	<u>56,519,905</u>
FUNDS					
Unrestricted funds	17			71,689,675	56,505,303
Restricted funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>14,602</u>
TOTAL FUNDS		<u>-</u>	<u>-</u>	<u>71,689,675</u>	<u>56,519,905</u>

The financial statements were approved by the Board of Trustees on February 16, 2012 and were signed on its behalf by:

Stephen A. Hardy
Trustee

John Andrews
Trustee

The notes form part of these financial statements

International Bible Students Association

**Cash Flow Statement
for the Year Ended 31st August 2011**

	Notes	2011 £	2010 £
Net cash inflow from operating activities	20	12,862,015	8,010,086
Returns on investments and servicing of finance	21	21,281	18,746
Capital expenditure and financial investment	21	(6,275,536)	(6,165,351)
		<hr/>	<hr/>
		6,607,760	1,863,481
Management of liquid resources	21	2,484	11,866
Financing	21	(6,125,000)	(4,744,474)
		<hr/>	<hr/>
Increase/(decrease) in cash in the period		<u>485,244</u>	<u>(2,869,127)</u>

Reconciliation of net cash flow to movement in net debt

22

Increase/(decrease) in cash in the period	485,244	(2,869,127)
Cash outflow from increase in liquid resources	2,484	22,048
Cash outflow from decrease in debt and lease financing	<u>6,125,000</u>	<u>4,744,474</u>
Change in net debt resulting from cash flows	<u>6,612,728</u>	<u>1,897,395</u>
Movement in net debt in the period	6,612,728	1,897,395
Net debt at 1st September	<u>(3,347,794)</u>	<u>(5,247,816)</u>
Net debt at 31st August	<u>3,264,934</u>	<u>(3,350,421)</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31st August 2011**

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 2006 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. 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 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. Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

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.

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 - continued for the Year Ended 31st August 2011

1. ACCOUNTING POLICIES - continued

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.

Foreign currencies

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.

Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the period of the lease.

Investments

Investments are included in the balance sheet at market value.

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.)

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

	2011	2010
	£	£
Legacies	945,259	1,069,488
Grants	15,230,779	12,230,000
Assets donated	4,997,786	221,657
Cash donations	7,517,535	7,487,606
Interest waived on beneficial loan	<u>112,000</u>	<u>400,000</u>
	<u>28,803,359</u>	<u>21,408,751</u>

Grants received, included in the above, are as follows:

	2011	2010
	£	£
Grants from "Jehovas Zeugen in Deutschland"	<u>15,230,779</u>	<u>12,230,000</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

3. INVESTMENT INCOME

	2011 £	2010 £
Deposit account interest	19,556	19,080
Current asset investment income	<u>1,288</u>	<u>832</u>
	<u>20,844</u>	<u>19,912</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2011 £	2010 £
Provision of serviced facilities	<u>4,425,669</u>	<u>4,330,053</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Grant funding of activities (See note 6) £	Totals £
Provision of conventions for Bible education	844,529	-	844,529
Donations and aid overseas	305,006	651,302	956,308
Provision of working and residential accommodation	4,428,675	-	4,428,675
Provision of literature for Bible education	<u>-</u>	<u>11,742,371</u>	<u>11,742,371</u>
	<u>5,578,210</u>	<u>12,393,673</u>	<u>17,971,883</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.

6. GRANTS PAYABLE

	2011 £	2010 £
Provision of literature for Bible education	11,742,371	11,540,494
Donations and aid overseas	<u>651,302</u>	<u>808,769</u>
	<u>12,393,673</u>	<u>12,349,263</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

6. GRANTS PAYABLE - continued

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

By continent:

	Cash £	Goods £	Literature £	Totals £
Europe	140,441	202,376	11,727,743	12,070,560
Asia	260,934	30,951	579	292,464
Africa	-	191	2,859	3,050
Americas	-	743	11,190	11,933
Other	-	15,666	-	15,666
	<u>401,375</u>	<u>249,927</u>	<u>11,742,371</u>	<u>12,393,673</u>

By activity:

	Cash £	Goods £	Literature £	Totals £
Distribution of Bibles and Bible-based literature	-	-	11,742,371	11,742,371
Supporting regional headquarters in their administration of Christian missionary work	<u>401,375</u>	<u>249,927</u>	-	<u>651,302</u>
	<u>401,375</u>	<u>249,927</u>	<u>11,742,371</u>	<u>12,393,673</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 Jehovah (Portugal)
 Testigos Christianos de Jehovah (Spain)
 Towarzystwo Biblijne I Traktatowe ul. (Poland)

The equivalent figures for the 2010 year end were as follows:

By continent:

	Cash £	Goods £	Literature £	Totals £
Europe	121,993	4,783	11,528,025	11,654,801
Asia	585,418	1,654	19,031	606,103
Africa	72,000	506	2	72,508
Americas	-	-	15,851	15,851
	<u>779,411</u>	<u>6,943</u>	<u>11,562,909</u>	<u>12,349,263</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

6. GRANTS PAYABLE - continued

By activity:

	Cash £	Goods £	Literature £	Totals £
Distribution of Bibles and Bible-based literature	-	-	11,562,909	11,562,909
Supporting regional headquarters in their administration of Christian missionary work	<u>779,411</u>	<u>6,943</u>	<u>-</u>	<u>786,354</u>
	<u><u>779,411</u></u>	<u><u>6,943</u></u>	<u><u>11,562,909</u></u>	<u><u>12,349,263</u></u>

7. GOVERNANCE COSTS

	2011 £	2010 £
Auditors' remuneration	7,365	10,000
Auditors' remuneration for non-audit work	<u>-</u>	<u>1,296</u>
	<u><u>7,365</u></u>	<u><u>11,296</u></u>

8. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2011 £	2010 £
Auditors' remuneration	7,365	10,000
Auditors' remuneration for non-audit work	-	1,296
Depreciation - owned assets	1,240,701	1,101,274
Other operating leases	757,490	667,514
(Surplus)\deficit on disposal of fixed asset	(464)	3,748
Fixed assets donated overseas	<u>15,666</u>	<u>71,840</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st August 2011 nor for the year ended 31st August 2010.

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 workers and they receive a fixed allowance for personal expenses of £96 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all workers, including any close family members where they are also working for the charity.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31st August 2011 nor for the year ended 31st August 2010.

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

10. TANGIBLE FIXED ASSETS

	Freehold property £	Assets in the course of construction £	Plant and machinery £
COST			
At 1st September 2010	68,988,976	176,873	1,611,384
Additions	10,854,324	238,262	79,823
Disposals	(19,911)	-	(3,161)
	<u>79,823,389</u>	<u>415,135</u>	<u>1,688,046</u>
At 31st August 2011			
DEPRECIATION			
At 1st September 2010	11,027,959	-	812,422
Charge for year	1,061,459	-	120,386
Eliminated on disposal	(4,245)	-	(2,845)
	<u>12,085,173</u>	<u>-</u>	<u>929,963</u>
At 31st August 2011			
NET BOOK VALUE			
At 31st August 2011	<u>67,738,216</u>	<u>415,135</u>	<u>758,083</u>
At 31st August 2010	<u>57,961,017</u>	<u>176,873</u>	<u>798,962</u>

	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1st September 2010	10,337	504,545	71,292,115
Additions	1,010	101,695	11,275,114
Disposals	-	(10,000)	(33,072)
	<u>11,347</u>	<u>596,240</u>	<u>82,534,157</u>
At 31st August 2011			
DEPRECIATION			
At 1st September 2010	9,303	246,005	12,095,689
Charge for year	91	58,765	1,240,701
Eliminated on disposal	-	(9,000)	(16,090)
	<u>9,394</u>	<u>295,770</u>	<u>13,320,300</u>
At 31st August 2011			
NET BOOK VALUE			
At 31st August 2011	<u>1,953</u>	<u>300,470</u>	<u>69,213,857</u>
At 31st August 2010	<u>1,034</u>	<u>258,540</u>	<u>59,196,426</u>

11. STOCKS

	2011 £	2010 £
Stocks - Electrical, Maintenance and Home supplies	<u>136,521</u>	<u>111,603</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade debtors	561	8,918
Other debtors	112,708	246,363
Due from associated charities	395,291	1,975,606
Prepayments and accrued income	<u>729</u>	<u>1,166</u>
	<u><u>509,289</u></u>	<u><u>2,232,053</u></u>

13. CURRENT ASSET INVESTMENTS

	2011	2010
	£	£
Listed investments	<u>54,078</u>	<u>48,515</u>
		£
Market value at 1 September 2010		48,515
Additions		4,884
Disposals		(2,400)
Net gain on revaluation		<u>3,079</u>
Market value at 31 August 2011		<u><u>54,078</u></u>
Historical cost at 31st August 2011		<u><u>66,831</u></u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade creditors	991,582	1,234,029
Other creditors	437,473	428,354
Accrued expenses	<u>8,950</u>	<u>10,000</u>
	<u><u>1,438,005</u></u>	<u><u>1,672,383</u></u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£	£
Other loans (see note 16)	<u>-</u>	<u>6,125,000</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2011	2010
	£	£
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>-</u>	<u>6,125,000</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

17. MOVEMENT IN FUNDS

	At 1.9.10 £	Net movement in funds £	Transfers between funds £	At 31.8.11 £
Unrestricted funds				
General fund	56,505,303	9,732,770	5,451,602	71,689,675
Restricted funds				
Capital grants fund	14,602	5,437,000	(5,451,602)	-
TOTAL FUNDS	<u>56,519,905</u>	<u>15,169,770</u>	<u>-</u>	<u>71,689,675</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	27,820,842	(18,091,248)	3,176	9,732,770
Restricted funds				
Capital grants fund	5,437,000	-	-	5,437,000
TOTAL FUNDS	<u>33,257,842</u>	<u>(18,091,248)</u>	<u>3,176</u>	<u>15,169,770</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.

18. RELATED PARTY DISCLOSURES

The Association has close connections with Watch Tower Bible and Tract Society of Britain ("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 £11,742,370 (2010: £11,340,917). At the year end, IBSA owed Watch Tower £867,833 (2010: £1,204,150), being the invoice for August 2011. In the prior year, an administrative error was discovered that had led to IBSA being overcharged for literature for two years. An estimate of the overcharge (£1.4 million) was included as a debtor on the balance sheet for 2010. This was fully settled during the current year, therefore no amounts were outstanding at the year-end in relation to this transaction (2011: £nil).

As an integral part of the charitable activities of IBSA, it provided Watch Tower with serviced facilities to enable Watch Tower to carry out its charitable activities. During the year, the Association charged Watch Tower £4,425,669 (2010: £4,330,053) for these services. At the year end, Watch Tower owed the Association £387,404 (2010: £391,556) in respect of these transactions.

The Association also had a beneficial loan from Watch Tower to assist it in achieving its objectives. The loan was made on an interest free basis, with no pay back date. The loan was fully paid back during the year and at the year-end the balance stood at £nil (2010: £6,125,000). The interest that would be due under normal, commercial rates has been estimated at £112,000 (2010: £400,000), and this has been provided for in the accounts as both an expense and an incoming resource.

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

19. GOING CONCERN

In view of current economic uncertainties, 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.

20. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Net incoming resources	15,166,594	7,798,955
Depreciation charges	1,240,702	1,101,273
(Profit)/loss on disposal of fixed assets	(464)	3,748
Interest received	(21,281)	(18,746)
Donated fixed assets received	(4,997,786)	(221,657)
Donated fixed assets	15,666	71,840
Investments received	(4,884)	(34,844)
(Increase)/decrease in stocks	(24,918)	733
Decrease/(increase) in debtors	1,722,764	(1,726,350)
(Decrease)/increase in creditors	<u>(234,378)</u>	<u>1,035,134</u>
Net cash inflow from operating activities	<u><u>12,862,015</u></u>	<u><u>8,010,086</u></u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	<u>21,281</u>	<u>18,746</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>21,281</u></u>	<u><u>18,746</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(6,277,316)	(6,169,375)
Sale of tangible fixed assets	<u>1,780</u>	<u>4,024</u>
Net cash outflow for capital expenditure and financial investment	<u><u>(6,275,536)</u></u>	<u><u>(6,165,351)</u></u>
Management of liquid resources		
Cash inflows from investments received	2,484	11,866
Net cash inflow from management of liquid resources	<u><u>2,484</u></u>	<u><u>11,866</u></u>
Financing		
New loans in year	3,000,000	-
Loan repayments in year	<u>(9,125,000)</u>	<u>(4,744,474)</u>
Net cash outflow from financing	<u><u>(6,125,000)</u></u>	<u><u>(4,744,474)</u></u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2011**

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.10 £	Cash flow £	Revaluation s £	At 31.8.11 £
Net cash:				
Cash at bank and in hand	2,728,691	485,244	-	3,213,935
Liquid resources:				
Current asset investments	48,515	2,484	3,079	54,078
Debt:				
Debts falling due after one year	(6,125,000)	6,125,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>(3,347,794)</u>	<u>6,612,728</u>	<u>3,079</u>	<u>3,268,013</u>