

registered company number: 3858051  
registered charity number: 1077961

**Report of the trustees and financial statements  
Year Ended 31 August 2008**

**Watch Tower Bible and Tract Society of Britain**

# Watch Tower Bible and Tract Society of Britain

## Contents of the financial statements

For the year ended 31<sup>st</sup> August 2008

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# Watch Tower Bible and Tract Society of Britain

## Report of the trustees

For the year ended 31<sup>st</sup> August 2008

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

### Reference and administrative details

#### Registered Company number

3858051 (England and Wales)

#### Registered Charity number

1077961

#### Registered office

IBSA House  
The Ridgeway  
London  
NW7 1RN

#### Trustees

R Drage  
J Dowson  
P Ellis  
B Vigo  
P S Gillies

#### Auditors

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

#### Bankers

Barclays Bank plc  
PO Box 12820  
London  
BX3 2BB

#### Investment Advisers

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

### Events since the end of the year

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

### Structure, governance and management

#### Governing document

The charity is controlled by its governing document, the memorandum and articles of the company dated 25th October 1999.

#### Recruitment and appointment, induction and training of trustees

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. Trustees are given appropriate Charity Commission publications and 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 Calcutt Matthews. Additionally, arrangements are made for new trustees to attend a comprehensive course that includes training in legal, organisational, and financial matters.

The trustees of the charity also have key managerial roles at the charity headquarters. They meet several times each month, and are in regular contact from day to day. Trustees are elected annually, by a simple majority of the members present at the AGM.

# Watch Tower Bible and Tract Society of Britain

## Report of the trustees

For the year ended 31<sup>st</sup> August 2008

### Structure, governance and management

#### Organisational structure

The charity is a UK Company limited by guarantee.

The trustees organise the charity into a number of departments. Each department has an experienced, trained overseer who makes 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

Watch Tower Bible and Tract Society of Britain (the Society) works closely with International Bible Students Association (IBSA), which permits the Society to use its facilities for the Society's charitable activities, and provides accommodation for volunteers. IBSA makes a monthly service and maintenance charge to the Society for the facilities it uses and for providing accommodation for volunteers connected with the Society's activities. The Society passes to IBSA the cost incurred in printing and distributing the Bible-based religious literature manufactured and delivered to destinations on its behalf, and all other overhead costs.

#### Risk management

The major risks to which the charity is exposed have been 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. Serious risks include catastrophic loss and failure of internal controls.

### Objectives and activities

#### Objectives and aims

The objects of the Society, contained in its Memorandum and Governing document, are to advance the Christian religion as practiced by the body of Christians known as Jehovah's Witnesses. This is accomplished by the following specific sub-objects:

- a. promoting the preaching of the gospel of God's Kingdom under Jesus Christ in all nations as a witness to the name, word and supremacy of the Almighty God, JEHOVAH;
- b. producing and distributing Bibles and other religious literature, in any medium, and educating the public in respect thereof;
- c. promoting religious worship;
- d. promoting Christian missionary work;
- e. advancing religious education;
- f. maintaining one or more religious orders or communities of special ministers of Jehovah's Witnesses.

The major areas of activities for the year in question have been:

1. printing and distributing Bibles and Bible-based literature in several languages, which has served to advance religious education and educate the general public in spiritual and moral values.
2. supporting congregations of Jehovah's Witnesses and others in Britain with their spiritual and material welfare, by advancing the Christian missionary work, which has promoted religious worship in local communities.
3. supporting congregations of Jehovah's Witnesses and others abroad, primarily in developing countries, with their spiritual and material welfare, by making donations to local associations of Jehovah's Witnesses. The donations have been in the form of literature, goods, and services, as well as of funding for the construction of places of worship. All such donations have promoted religious education overseas.

#### Grantmaking

The charity's grant making policy is as follows: From time to time the charity is asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. The charity first satisfies itself that the expenditure will further the religious work of Jehovah's Witnesses, and after confirming that sufficient funds are available, it then sends the money to the organisation caring for Jehovah's Witnesses in that country. Finally, reports are obtained to confirm the money was properly used.

#### Volunteers

The charity is run entirely by volunteers kindly provided by IBSA.

# Watch Tower Bible and Tract Society of Britain

## Report of the trustees

For the year ended 31<sup>st</sup> August 2008

### Achievement and performance

#### Charitable activities - Producing and distributing Bible literature

The charity's rotary presses have continued to produce The Watchtower and Awake! magazines, as well as other items of Bible-based literature. In the year, 300 million publications were printed. These included 130 million copies of The Watchtower and Awake! magazines, which were printed in 30 and 12 languages respectively. In total, the charity has sent Bible-based literature to 69 countries in 72 languages. Machines run at approximately 80% capacity. A Heidelberg Saddle Stitcher was purchased this year at a cost of £45,000 as a replacement for the previous stitcher that could no longer be repaired. All of the literature produced is used to advance religious education and educate the general public in spiritual and moral values.

With increasing awareness of local and global environmental issues the charity has been taking steps to improve the sustainability of its operations. As a result in July 2008 the charity was granted the "EcoStep Award--for environmental commitment" which offers recognition for organisations improving their environmental performance.

#### Charitable activities - Promoting Christian Missionary work

In assisting congregations of Jehovah's Witnesses and others in Britain with their spiritual and material welfare, the charity supports over 80 travelling ministers. These visit the congregations on a regular basis, usually twice a year, during which they provide pastoral care. One of the primary objectives of these visits is for the travelling minister to promote the Christian missionary work by providing leadership in the public ministry of Jehovah's Witnesses. Additionally, the charity supports over 130 full-time ministers who assist congregations to which the charity has assigned them. The assistance provided by these ministers enables local congregations of Jehovah's Witnesses to share fully in promoting and preaching the good news of God's Kingdom and teaching principles of Christian living. Such principles include respect for secular authority, persons, and property, and the maintenance of personal morality and family values and other facets of Christianity.

The charity also runs a training school for qualified ministers to better equip them to render spiritual and pastoral care in the community. This school, the Ministerial Training School, gives instruction in Bible teachings and in organisational matters. As a result of such training, some are assigned to serve where there is a need for ministers here in Britain, whereas others receive assignments in foreign countries. During the year there were two classes held from which 47 students graduated, bringing to 800 the number who have graduated since the school was inaugurated.

#### Charitable activities - Making donations to further religious education overseas

During the year the charity continued to support the construction of places of worship in Africa and areas of Asia through making grants totalling over £900,000. The completed places of worship will be centres for both local congregations of Jehovah's Witnesses and members of the local community who wish to benefit from the practical values contained in the Holy Bible, which promotes both the moral and spiritual edification of mankind.

The charity also provided material and financial assistance to Associations of Jehovah's Witnesses in several developing countries, who are responsible for the general oversight of the activities of Jehovah's Witnesses in that country. The funds, over £3,400,000 in total, were given to promote missionary activity, to support general oversight costs of the local Association, and to assist in the operation of local congregations of Jehovah's Witnesses. Additionally, literature with a value of over £3,200,000 was donated overseas, mainly to Africa, for use in advancing religious education.

Humanitarian aid of more than £75,000 was provided by the charity to those in need. This included funds to assist those affected by natural disasters in Myanmar. Clearly, much has been accomplished by the charity in the year to advance its objects. The activities confirm that the work of the charity continues to benefit both Jehovah's Witnesses and members of the community.

#### Internal controls

To ensure the charity is able to achieve its objectives, appropriate internal controls have been established. These 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 figures are recorded accurately and the accounts are in balance.

The internal audit programme has been achieved. The internal auditor and his assistant, both drawn from the volunteer work force, have a set agenda to pursue throughout the year, and reported in writing to the trustees in October 2008. Approved recommendations were implemented.

#### Financial review

##### Reserves policy

Because of the nature and sources of the charity's income, the charity can plan confidently with relatively small reserves. The established policy is to ensure that it has on hand in liquid funds at least 3 months working expenditure. At the year-end, the liquid assets on hand were equivalent to 6.4 months of expenditure (2007: 4.2 months).

##### Principal funding sources

The primary funding activity is the manufacture and distribution of Bible-based religious literature on behalf of IBSA, the cost of which is passed on. The charity also relies to a large extent on voluntary donations to support its work, and has a consistent income base through Gift Aid. In addition, the charity has an active treasury management department to handle investments it has been bequeathed or converted.

# Watch Tower Bible and Tract Society of Britain

## Report of the trustees

For the year ended 31<sup>st</sup> August 2008

### Financial review

#### Investment policy and objectives

In harmony with paragraphs 4.18 and 4.19 of the Memorandum and Articles, which give power to invest funds in any lawful manner having full regard to the suitability of the investments and the need for diversification, investments are selected with consideration for Christian principles. The objective is to preserve capital and achieve a real return of 4% plus inflation. The value of the portfolio increased by 7.31% achieving a return over inflation on August 31, 2008 of 1.81%. The global financial problems over the past twelve months are well documented, and the foresight of the trustees to diversify the portfolio into several asset classes globally has contributed towards a positive return for the year. The return compares favourably with the market in general.

Since the end of the financial year, global financial markets continue to be volatile prompting intervention on a global scale by national governments. To protect the value of the portfolio we continue to increase our cash holdings ensuring that these are in appropriately diversified high credit quality instruments.

#### Ex-gratia payments

During the year the Charity Commission approved an ex-gratia payment of £10,000. The details are explained in note 9 to the accounts.

### Future developments

The charity anticipates being able to continue to have a full share in funding the activities of Jehovah's Witnesses in developing countries and sharing in the construction of much needed places of worship in these countries. For example, it is anticipated that upwards of £2,000,000 in funds, along with construction supplies, will be donated to assist with the expansion of the administrative facilities of Jehovah's Witnesses in Nigeria next year.

### 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 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement as to disclosure of information to auditors

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

### On behalf of the board:

*R Drage*

Trustee

Date: 21 January 2009

# Watch Tower Bible and Tract Society of Britain

## Report of the independent auditors to the members of Watch Tower Bible and Tract Society of Britain

For the year ended 31<sup>st</sup> August 2008

We have audited the financial statements of Watch Tower Bible and Tract Society of Britain for the year ended 31 August 2008 on pages six to sixteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2008 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.

### *Calcutt Matthews*

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

Date: 22 January 2009

# Watch Tower Bible and Tract Society of Britain

## Statement of financial activities

For the year ended 31<sup>st</sup> August 2008

	Notes	Unrestricted funds £'000	Restricted funds £'000	31.8.08 Total funds £'000	31.8.07 Total funds as restated £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	9,615	1,811	11,426	11,228
Investment income	3	2,041	113	2,154	1,711
<b>Incoming resources from charitable activities</b>					
Producing and distributing Bible literature	4	<u>10,004</u>	<u>-</u>	<u>10,004</u>	<u>9,204</u>
<b>Total incoming resources</b>		21,660	1,924	23,584	26,143
<b>Resources expended</b>					
<b>Charitable activities</b>					
Producing and distributing Bible literature	5	12,173	-	12,173	11,521
Promoting Christian missionary work		566	298	864	930
Making donations to further religious education overseas		6,690	982	7,672	6,286
<b>Governance costs</b>	6	<u>25</u>	<u>-</u>	<u>25</u>	<u>28</u>
<b>Total resources expended</b>		19,454	1,280	20,734	18,765
<b>Net incoming resources</b>		<u>2,206</u>	<u>644</u>	<u>2,850</u>	<u>7,378</u>
<b>Other recognised gains/losses</b>					
Gains/(losses) on investment assets		<u>1,020</u>	<u>-</u>	<u>1,020</u>	<u>(187)</u>
<b>Net movement in funds</b>		3,226	644	3,870	7,191
<b>Reconciliation of funds</b>					
<b>Total funds brought forward</b>		<u>33,074</u>	<u>10,195</u>	<u>43,269</u>	<u>36,078</u>
<b>Total funds carried forward</b>		<u><u>36,300</u></u>	<u><u>10,839</u></u>	<u><u>47,139</u></u>	<u><u>43,269</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. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes comprises the net incoming resources for the year together with the realised gains on investments of £4,734,658 (2007:£7,267,980).



# Watch Tower Bible and Tract Society of Britain

## Balance sheet

For the year ended 31<sup>st</sup> August 2008

	Notes	Unrestricted funds £'000	Restricted funds £'000	31.8.08 Total funds £'000	31.8.07 Total funds as restated £'000
<b>Fixed assets</b>					
Tangible assets	11	5,470	675	6,145	6,245
Investments	12	<u>26,028</u>	<u>-</u>	<u>26,028</u>	<u>25,829</u>
		31,498	675	32,173	32,074
<b>Current assets</b>					
Stocks	13	982	-	982	1,118
Debtors: amounts falling due within one year	14	930	3,229	4,159	4,341
Investments	15	24,644	6,935	31,579	25,896
Cash at bank		<u>1,339</u>	<u>-</u>	<u>1,339</u>	<u>514</u>
		27,895	10,164	38,059	31,869
<b>Creditors</b>					
Amounts falling due within one year	16	<u>(16,789)</u>	<u>-</u>	<u>(16,789)</u>	<u>(15,374)</u>
<b>Net current assets</b>		<u>11,106</u>	<u>10,164</u>	<u>21,270</u>	<u>16,495</u>
<b>Total assets less current liabilities</b>		42,604	10,839	53,443	48,569
<b>Creditors</b>					
Amounts falling due after more than one year	17	<u>(6,304)</u>	<u>-</u>	<u>(6,304)</u>	<u>(5,300)</u>
<b>Net assets</b>		<u>36,300</u>	<u>10,839</u>	<u>47,139</u>	<u>43,269</u>
<b>Funds</b>					
Unrestricted funds	19			36,300	33,074
Restricted funds				<u>10,839</u>	<u>10,195</u>
<b>Total funds</b>				<u>47,139</u>	<u>43,269</u>

The financial statements were approved by the Board of Trustees on 21 January 2009 and were signed on its behalf by:

*P Ellis*  
Trustee

*B Vigo*  
Trustee

# Watch Tower Bible and Tract Society of Britain

## Cash flow statement

For the year ended 31<sup>st</sup> August 2008

	Notes	31.8.08 £'000	31.8.07 as restated £'000
<b>Net cash (outflow)/inflow from operating activities</b>	1	(1,377)	7,347
<b>Returns on investments and servicing of finance</b>	2	2,154	1,711
<b>Capital expenditure and financial investment</b>	2	48	(9,508)
<b>Increase/(decrease) in cash in the period</b>		<u>825</u>	<u>(450)</u>

### Reconciliation of net cash flow to movement in net debt

	3		
Increase/(decrease) in cash in the period		825	(450)
Cash (outflow)/inflow from increase/(decrease) in liquid resources		5,683	(1,786)
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing		<u>(1,004)</u>	<u>4,374</u>
Change in net debt resulting from cash flows		<u>5,504</u>	<u>2,138</u>
<b>Movement in net debt in the period</b>		5,504	2,138
<b>Net debt at 1 September</b>		<u>21,110</u>	<u>18,972</u>
<b>Net debt at 31 August</b>		<u>26,614</u>	<u>21,110</u>

# Watch Tower Bible and Tract Society of Britain

## Notes to the cash flow statement

For the year ended 31<sup>st</sup> August 2008

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

	31.8.08	31.8.07 as restated
	£'000	£'000
Net incoming resources	2,850	7,378
Depreciation charges	873	823
Interest received	(2,154)	(1,711)
(Increase) in current asset investments	(5,683)	-
Decrease/(increase) in stocks	136	(249)
Decrease in debtors	182	894
Increase in creditors	<u>2,419</u>	<u>212</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(1,377)</u>	<u>7,347</u>

### 2. Analysis of cash flows for headings netted in the cash flow statement

	31.8.08	31.8.07 as restated
	£'000	£'000
<b>Returns on investments and servicing of finance</b>		
Interest received	<u>2,154</u>	<u>1,711</u>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>2,154</u>	<u>1,711</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(987)	(563)
Purchase of fixed asset investments	(199)	(15,659)
Sale of tangible fixed assets	214	168
Sale of investment property	<u>1,020</u>	<u>6,546</u>
<b>Net cash inflow/(outflow) for capital expenditure and financial investment</b>	<u>48</u>	<u>(9,508)</u>

### 3. Analysis of changes in net debt

	At 1.9.07 £'000	Cash flow £'000	At 31.8.08 £'000
Net cash:			
Cash at bank	514	825	1,339
Liquid resources:			
Current asset investments	25,896	5,683	31,579
Debt:			
Debts falling due after one year	(5,300)	(1,004)	(6,304)
	<u>21,110</u>	<u>5,504</u>	<u>26,614</u>

# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 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, and in accordance with applicable accounting standards the Companies Act 1985 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

#### Donations receivable

All incoming resources are included in the Statement of Financial Activities (SOFA) 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.

#### Income from Bible Literature

Income from literature arises from literature sold to International Bible Students Association (IBSA), a connected charity on a cost basis in line with the charity's objects.

#### Legacies

Legacies are recognised at the earlier of the date of notification or being received.

#### Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the headings with all aggregate costs related to that category. The trustees are of the opinion that support costs are best allocated to the cost of producing literature.

#### Tangible fixed assets

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

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

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Investments

Investments are valued at Market Value. All investments listed on a recognised Stock Exchange are carried at this value. Unlisted investments are valued using the latest valuation information received.

#### 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.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

#### Deposits from congregations

One third of the deposits are classified in creditors due after more than one year. Experience shows that only a small percentage of deposits will be called upon in any one year. The trustees therefore feel it appropriate to re-classify this percentage as falling due after more than one year.

#### Conditional Donations

The charity receives some donations where the donor reserves the right to receive the funds back. Experience has shown that only a small percentage is returned, but prudently the charity provides for fifty percent.

#### Connected Charities

Transactions are on an arms length and accruals basis. Note 22 sets out the relationship with IBSA. Most other countries have a branch office of Jehovah's Witnesses.

# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 2. Voluntary income

	31.8.08	31.8.07
	£'000	£'000
Donations of cash and goods	6,752	11,118
Donations of literature	1,862	1,576
Legacies	<u>2,812</u>	<u>2,534</u>
	<u>11,426</u>	<u>15,228</u>

Donations of cash and goods in 2007 includes a loan from Spain that was converted to a donation on the 31st December 2006.

### 3. Investment income

	31.8.08	31.8.07
	£'000	£'000
Interest	2,048	1,645
UK Dividends	<u>106</u>	<u>66</u>
	<u>2,154</u>	<u>1,711</u>

### 4. Incoming resources from charitable activities

		31.8.08	31.8.07
		£'000	as restated £'000
Income from literature donated overseas	Producing and distributing Bible literature	3,091	2,710
Income from literature sold to IBSA	Producing and distributing Bible literature	<u>6,913</u>	<u>6,494</u>
		<u>10,004</u>	<u>9,204</u>

### 5. Charitable activities costs

	Direct costs	Support costs	Totals
	£'000	£'000	£'000
Producing and distributing Bible literature	8,232	3,941	12,173
Promoting Christian missionary work	864	-	864
Making donations to further religious education overseas	<u>7,672</u>	<u>-</u>	<u>7,672</u>
	<u>16,768</u>	<u>3,941</u>	<u>20,709</u>

Support costs of £3,941,000 (2007: £4,075,000) have been allocated to producing and distributing Bible literature.

### 6. Governance costs

	31.8.08	31.8.07
	£'000	£'000
Legal fees	16	19
Auditors' remuneration	5	5
Other services provided by the external auditors	<u>4</u>	<u>4</u>
	<u>25</u>	<u>28</u>

# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 7. Net incoming/(outgoing) resources

Net resources are stated after charging/(crediting):

	31.8.08	31.8.07 as restated
	£'000	£'000
Auditors' remuneration	5	5
Other services provided by external auditors	4	4
Depreciation	<u>873</u>	<u>823</u>

### 8. Trustees' remuneration and benefits

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

The trustees confirm that they have not been involved with any transactions of the charity.

The trustees of Watch Tower receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers at IBSA's premises, they receive personal expense allowances of £82 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers.

#### Trustees' Expenses

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

### 9. Ex-gratia payments

In the estate of Ada White deceased, the trustees requested approval in extended correspondence with the Charity Commission to make an ex-gratia payment of £10,000, and this was approved in a sealed Order from the Commission dated December 3, 2007, under case ref. 596634 and sealing No. 374/2007.

### 10. Prior year adjustment

#### Producing and distributing Bible literature

The 2007 accounts showed these under 'fundraising trading'. The trustees believe these should be correctly reclassified under charitable expenditure in 2008. The comparative figures have also been amended.

#### Classification of Investments

The charity has built up a portfolio of current asset investments to meet the liability to repay deposits that congregations have lodged with the charity. During the year the trustees have set up an investment team with a view to holding investments to generate funds longer term and the holding of fixed rate securities and equity investments have been re-classified as fixed asset investments designed to yield returns to fund charitable activities. The corresponding amounts for fixed rate investments and equities held at 31 August 2007 have also been amended.

# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 11. Tangible fixed assets

	Land & Buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Totals £'000
<b>Cost</b>				
At 1 September 2007	286	8,803	1,640	10,729
Additions	-	252	735	987
Disposals	-	(143)	(559)	(702)
At 31 August 2008	<u>286</u>	<u>8,912</u>	<u>1,816</u>	<u>11,014</u>
<b>Depreciation</b>				
At 1 September 2007	28	3,757	699	4,484
Charge for year	6	584	283	873
Eliminated on disposal	-	(118)	(370)	(488)
At 31 August 2008	<u>34</u>	<u>4,223</u>	<u>612</u>	<u>4,869</u>
<b>Net book value</b>				
At 31 August 2008	<u>252</u>	<u>4,689</u>	<u>1,204</u>	<u>6,145</u>
At 31 August 2007	<u>258</u>	<u>5,046</u>	<u>941</u>	<u>6,245</u>

### 12. Fixed asset investments

	31.8.08	31.8.07 as restated
	£'000	£'000
a. Loan to connected charity - IBSA	10,170	10,170
b. UK and overseas investments at market value	<u>15,858</u>	<u>15,659</u>
	<u>26,028</u>	<u>25,829</u>

#### a. Loan to connected charity - IBSA

The loan comprises monies advanced to a connected charity, IBSA, to assist in the purchase of buildings.

The trustees have made no interest charge to IBSA on the loan. This is on the basis that both charities have similar objects.

In October 2008 the charity received a loan repayment of £2 million.

#### b. UK and overseas investments at market value:

	UK Fixed Rate Securities £'000	UK Equity & Other Securities £'000	Overseas Fixed Rate Securities £'000	Overseas Equity & Other Securities £'000	Totals £'000
Market value at September 2007	6,621	553	5,040	3,445	15,659
Acquired	-	6,165	-	20,105	26,270
Sale Proceeds	(2,161)	(5,386)	(1,099)	(16,823)	(25,469)
Net investment gains/(losses)	<u>(43)</u>	<u>(171)</u>	<u>417</u>	<u>(805)</u>	<u>(602)</u>
Market value at 31 August 2008	<u>4,417</u>	<u>1,161</u>	<u>4,358</u>	<u>5,922</u>	<u>15,858</u>

Equity investments are valued at £1,160,875 at 31 August 2008 (£553,180 at 31 August 2007)

# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 13. Stocks

	31.8.08	31.8.07
	£'000	£'000
Bibles and other literature	<u>982</u>	<u>1,118</u>

### 14. Debtors: amounts falling due within one year

	31.8.08	31.8.07
	£'000	£'000
Trade debtors	16	9
Due from congregations	3,229	3,287
Other debtors	311	302
Due from connected charity	278	329
Due from overseas branches	156	156
Prepayments and accrued income	<u>169</u>	<u>258</u>
	<u>4,159</u>	<u>4,341</u>

The £3,229,000 due from congregations (2007: £3,287,000) comprises £531,000 due in the next 12 months and £2,698,000 due after more than one year.

### 15. Current asset investments

		UK Short term Deposits £'000
Market value at 1 September 2007 as restated		25,896
Acquired - new cash accounts	14,754	
- interest received	<u>1,052</u>	
		15,806
Disposals		<u>(10,123)</u>
Market value at 31 August 2008		<u>31,579</u>



# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 16. Creditors: amounts falling due within one year

	31.8.08	31.8.07
	£'000	£'000
Trade creditors	237	256
Other creditors	307	297
Deposits	15,195	13,999
Conditional donations	820	742
Accrued expenses	<u>230</u>	<u>80</u>
	<u>16,789</u>	<u>15,374</u>

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

	31.8.08	31.8.07
	£'000	£'000
Deposits (see note 18)	<u>6,304</u>	<u>5,300</u>

### 18. Loans

An analysis of the maturity of loans is given below:

	31.8.08	31.8.07
	£'000	£'000
Amounts falling between one and two years:		
Deposits	<u>6,304</u>	<u>5,300</u>

Deposits comprise monies received from individuals and congregations and held with the Society until they have a need.

### 19. Movement in funds

	At 1.9.07 £'000	Net movement in funds £'000	At 31.8.08 £'000
<b>Unrestricted funds</b>			
General fund	33,074	3,226	36,300
<b>Restricted funds</b>			
Travelling Overseers Assistance Arrangement	700	(116)	584
Kingdom Hall Assistance Arrangement	3,750	341	4,091
The Society Kingdom Hall Fund	5,599	329	5,928
Relief Fund	146	(46)	100
Missionary Convention Travel	<u>-</u>	<u>136</u>	<u>136</u>
	10,195	644	10,839
	<u>43,269</u>	<u>3,870</u>	<u>47,139</u>
<b>Total funds</b>			

# Watch Tower Bible and Tract Society of Britain

## Notes to the financial statements

For the year ended 31<sup>st</sup> August 2008

### 19. Movement in funds - continued

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
<b>Unrestricted funds</b>				
General fund	21,660	(19,454)	1,020	3,226
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	116	(232)	-	(116)
Kingdom Hall Assistance Arrangement	407	(66)	-	341
The Society Kingdom Hall Fund	1,234	(905)	-	329
Relief Fund	31	(77)	-	(46)
Missionary Convention Travel	136	-	-	136
	1,924	(1,280)	-	644
<b>Total funds</b>	<u>23,584</u>	<u>(20,734)</u>	<u>1,020</u>	<u>3,870</u>

#### Travelling Overseers Assistance Arrangement

This fund was formerly named the Ministers car fund and was set up for the provision of motor vehicles for travelling ministers in the British field.

#### Kingdom Hall Assistance Arrangement

The Kingdom Hall upkeep and assistance arrangement exists to give aid where losses and damages have been suffered by congregations or individuals.

#### The Society Kingdom Hall Fund

The Society Kingdom Hall fund was set up to provide monies to assist with the purchase of places of worship.

#### Relief Fund

This fund exists for the purpose of giving support to areas experiencing distress or natural disaster.

#### Missionary Convention Travel

This fund has been set up to assist missionaries and others serving in foreign lands to travel to conventions to be held in 2009.

### 20. Contingent liabilities

Note 16 includes creditors of £820,000 (2007: £742,000) this represents 50% of the value of deposits made by individuals or congregations where they have reserved a right to have the monies returned to them if a crisis arises. The reason that the charity only provides for 50% to be repayable is because in reality a very low percentage of funds are requested back - in 2007 and 2008 an average of £9,000 only has been requested back. The trustees acknowledge that in theory, however, there is a contingent liability for the other 50% of conditional donations.

### 21. Post balance sheet events

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

### 22. Related parties

The charity has close connections with IBSA, which provides accommodation for volunteers of Watch Tower and which is a registered charity with similar objects. IBSA also has the same registered office as that of Watch Tower.