

Charity Registration No. 1077961
Company Registration No. 3858051

2001

WATCH TOWER

BIBLE AND TRACT SOCIETY OF BRITAIN



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ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 August 2001

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

REPORTS AND ACCOUNTS
Year ended 31 August 2001

CONTENTS	Page
BRANCH PARTICULARS	1.
REPORT OF THE TRUSTEES	2.
AUDITORS' REPORT	5.
STATEMENT OF FINANCIAL ACTIVITIES	6.
BALANCE SHEET	7.
CASH FLOW STATEMENT	8.
NOTES TO THE ACCOUNTS	9-16.

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

LEGAL AND ADMINISTRATIVE INFORMATION

Year ended 31 August 2001

CONSTITUTION

The charity is a company limited by guarantee and a registered charity governed by its memorandum and articles of association.

DIRECTORS AND TRUSTEES

Jack Dowson
Ronald Drage - *Chairman*
Peter Ellis
Bevan Vigo

SECRETARY

T P Cruse

REGISTERED OFFICE

I.B.S.A. House
The Ridgeway
London
England NW7 1RN

PRINCIPAL BANKERS

Barclays Bank Plc
PO Box 12820
London
England N20 0WE

AUDITORS

Calcutt Matthews
Charities Unit
Chartered Accountants
The Courtyard
Holding Street
Rainham
Kent ME8 7HE

REPORT OF THE TRUSTEES

Year ended 31 August 2001

The board of trustees present their report and the financial statements of the Society for the year ended 31st August 2001. The financial statements have been prepared in accordance with current statutory requirements and the company's memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Objects and activities

The principal activities of the Society are to support 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 Society. This is achieved principally by the printing and distribution of Bibles and Bible based literature, by making donations primarily in developing countries to local associations of Jehovah's Witnesses and administering the work of Jehovah's Witnesses in Britain.

Governance

The four Trustees of the Society also have key managerial roles at the charity headquarters. They meet every week, and at the same time confer closely with the Trustees of International Bible Students Association, as the activities of the two charities are closely related. Their decisions are then based on these joint strategy meetings.

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; verify that proper controls and procedures are in place, and adhered to, so that the figures are recorded accurately and accounts are in balance.

A comprehensive internal audit programme has been devised. The internal auditor (who is a certified accountant) and his assistant, both drawn from the volunteer work force, have a set agenda to pursue through the year, and will report to the trustees in writing at the end of the year.

Reserves policy

The Society has a consistent income base through Gift Aid. In addition, one of its primary activities is the manufacture and distribution of bible based religious literature on behalf of International Bible Students Association and The Kingdom Hall Trust, the cost of which is passed on. Based on this income, we can plan confidently with relatively small reserves. The established policy is to ensure that we have on hand in liquid funds at least three months working expenditure. At the year-end, the liquid assets on hand were roughly equivalent to eight months of expenditure. This gives scope for responding to limited requests for overseas assistance and the expansion of our printing operation.

Investment policy

Funds are invested with several major financial institutions, using money market instruments. Donated stocks and shares are managed or sold, according to professional advice on the soundness of the institution and in harmony with our Christian principles.

REPORT OF THE TRUSTEES (Continued)

Year ended 31 August 2001

Relationship with connected charities

The Society works closely with International Bible Students Association and The Kingdom Hall Trust. International Bible Students Association permits Watch Tower Society to use its facilities for the Society's charitable work and provides accommodation for volunteers. International Bible Students Association 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 International Bible Students Association and The Kingdom Hall Trust the cost incurred in printing and distributing the Bible based religious literature manufactured and delivered to destinations on their behalf and all other overhead costs.

Risk Management

The trustees are engaged in the process of identifying the major risks that apply to the charity and drawing up systems to mitigate and manage major risks. Once the strategy has been formulated, a risk register will be maintained. Next year's report will advise on completion of the project and the trustees will be in a position to make the appropriate declaration.

Review of the year and financial development

The financial result of the year's activities is shown on page 6. Direct charitable expenditure through the year includes the cost of manufacturing and distributing Bible and Bible study aids at a cost of £6,315,460. Financial support was given to full-time ministers in Britain and overseas in the sum of £509,308. The charity was able to make donations of cash and goods to overseas charities in countries, primarily in the developing world totalling £3,073,640 to assist in the worldwide work of Jehovah's Witnesses advancing the Christian religion.

The work of the Watch Tower Bible and Tract Society of Britain has continued to increase over the past year to meet the demand for Bible based religious literature and Bible study aids and it has been necessary to increase production of the principal religious magazines from 90 million to 101 million, an increase of 13%. During the year, one language was added to the production schedule, bringing the total languages printed to 28. The bulk of the languages spoken were in Africa. Shipments were made on a regular basis to countries, mainly for Africa, but also Europe and the Caribbean.

In October 2001, following a comprehensive review of all the printing establishments worldwide serving the needs of Jehovah's Witnesses, the decision was taken not to proceed with the enlargement and re-location of the London printing facilities. Consequently, the printing load and factory work will be adjusted by the Society in the coming year to ensure that the facilities currently occupied will continue to be adequate.

In connection with the Congregation Deposit Loan Fund, the trustees asked all lenders to the Fund (Congregations of Jehovah's Witnesses in Britain), if they would be willing for the Society to use the borrowed funds for its general purposes rather than retaining the fund specifically for construction of Places of Worship. The response was overwhelming supporting the Trustee's suggestion to use the funds for the Society's general purposes. The fund was closed and the loans reclassified (See Page 14).

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

REPORT OF THE TRUSTEES (Continued)

Year ended 31 August 2001

Trustees responsibilities in respect of the preparation of accounts

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

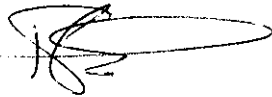
select suitable accounting policies and then apply them consistently;
make judgements and estimates that are reasonable and prudent and
prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue to operate.

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

Auditors

A resolution will be proposed at the Annual General Meeting that Calcutt Matthews, Chartered Accountants, be re-appointed as auditors to the charity for the ensuing year.

By order of the Trustees



T P CRUSE
Secretary

2 May 2002

I.B.S.A. House
The Ridgeway
London
England
NW7 1RN

REPORT OF THE AUDITORS

Year ended 31 August 2001

Auditors report to the trustees

We have audited the financial statements on pages 6 to 16 which have been prepared in accordance with the accounting policies set out on page 9.

Respective responsibilities of trustees and auditors

As described on page 4 the trustees are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 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 circumstances of the charity, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider 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 of the state of the charity's affairs at 31st August 2001 and of the incoming resources and application, of resources, including the income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Calcutt Matthews

Calcutt Matthews

Charities Unit

~~Chartered Accountants~~

Registered Auditors

2 May 2002

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 August 2001

		General unrestricted fund	Restricted funds (Note 8)	Total funds	2000 (10 months)
INCOME AND EXPENDITURE					
	<i>Notes</i>				
INCOME					
<i>Charitable activities:</i>					
Donations and gifts	4	4,543,899	912,021	5,455,920	17,492,322
Legacies		1,567,627	-	1,567,627	658,869
Income from literature	3	7,232,057	-	7,232,057	5,141,694
<i>Other activities to generate funds:</i>					
Investment income received		1,133,289	221,157	1,354,446	1,088,802
Mortgage interest received		-	160,151	160,151	-
Total incoming resources		14,476,872	1,293,329	15,770,201	24,381,687
RESOURCES EXPENDED					
<i>Direct charitable expenditure:</i>					
Ministry costs and restricted expenditure	5,8	509,308	354,423	863,731	1,838,465
Donations and aid to branches	6	5,839,548	-	5,839,548	4,625,945
Expenditure on literature	3	6,315,460	-	6,315,460	4,243,944
Support costs		2,481,221	-	2,481,221	1,800,437
<i>Managing and administering the charity:</i>					
Administration expenses	7,8	461,522	156,300	617,822	526,410
Loan interest payable to congregations	8	124,714	239,032	363,746	364,089
Total resources expended		15,731,773	749,755	16,481,528	13,399,290
NET (OUTGOING)/INCOMING RESOURCES		(1,254,901)	543,574	(711,327)	10,982,397
OTHER RECOGNISED GAINS					
Currency exchange rate changes		2,948	-	2,948	5,689
Reduction to provision for conditional donation	14	(137,230)	-	(137,230)	-
Gains on investments		500,601	-	500,601	13,514
Transfers		457,765	(457,765)	-	-
NET MOVEMENT OF RESOURCES		(430,817)	85,809	(345,008)	11,001,600
Fund balances brought forward at 1 September 2000		14,353,426	8,230,254	22,583,680	11,582,080
Fund balances carried forward at 31 August 2001		£13,922,609	£8,316,063	£22,238,672	£22,583,680

All of the above activities result from continuing activities. All gains and losses recognised in the year are included in the above.

BALANCE SHEET

At 31 August 2001

	Notes	General unrestricted fund	Restricted funds (Note 8)	Total funds	2000
FIXED ASSETS - Tangible assets					
Land and buildings	9	513,521	-	513,521	135,950
Plant and machinery	9	1,670,117	-	1,670,117	1,801,655
Motor vehicles and trailers	9	506,517	578,129	1,084,646	1,047,497
		<u>2,690,155</u>	<u>578,129</u>	<u>3,268,284</u>	<u>2,985,102</u>
Loan to connected charity	10	4,437,650	-	4,437,650	4,437,650
		<u>7,127,805</u>	<u>578,129</u>	<u>7,705,934</u>	<u>7,422,752</u>
CURRENT ASSETS					
Stocks	12	2,054,318	-	2,054,318	2,807,503
Debtors and accrued income	13	3,421,556	-	3,421,556	2,461,856
Loans receivable	8	960,274	5,030,279	5,990,553	6,899,812
Investments in fixed interest securities	8,11	13,691,347	2,707,655	16,399,002	17,496,391
Investments in short term deposits		3,980,547	-	3,980,547	886,763
Deposits in foreign currencies		2,740	-	2,740	11,215
Cash at bank and in hand		35,988	-	35,988	19,056
		<u>24,146,770</u>	<u>7,737,934</u>	<u>31,884,704</u>	<u>30,582,596</u>
CREDITORS					
Amounts falling due within one year	14	(17,351,966)	-	(17,351,966)	(15,421,668)
NET CURRENT ASSETS					
		<u>6,794,804</u>	<u>7,737,934</u>	<u>14,532,738</u>	<u>15,160,928</u>
TOTAL ASSETS LESS LIABILITIES					
		<u>13,922,609</u>	<u>8,316,063</u>	<u>22,238,672</u>	<u>22,583,680</u>
FUNDS:					
General unrestricted fund		13,922,609	-	13,922,609	14,353,426
Restricted funds	8	-	8,316,063	8,316,063	8,230,254
TOTAL FUNDS					
		<u>13,922,609</u>	<u>8,316,063</u>	<u>22,238,672</u>	<u>22,583,680</u>

The financial statements on pages 6 to 16 were approved by the trustees on 2nd May 2002 and signed on their behalf by:


R. DRAGE

Chairman


T. P. CRUSE

Secretary

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

CASH FLOW STATEMENT
Year ended 31 August 2001

		2000 (10 months)
	<i>Notes</i>	
Net Cash (outflow) / inflow from operating activities	18	(2,954,822) 9,888,187
Return on investment and servicing of finance	19	1,514,597 1,088,802
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(1,112,132) (604,484)
Sale of tangible fixed assets		573,868 96,793
Net outlay in investments		(6,357,367) (17,486,557)
(Decrease) in cash		<u>(8,335,856) (7,017,259)</u>
Reconciliation of Net Cashflow to Movement in Net funds		
Decrease in cash in the year		(8,335,856)
Cash at 31 August 2000		12,355,131
CASH AT 31 AUGUST 2001		<u>4,019,275</u>
Cash and deposits repayable on demand		
Building society and bank deposits		3,980,547 12,224,225
Cash at bank		38,728 30,271
Cash and cash in transit		. 100,635
		<u>4,019,275 12,355,131</u>

NOTES TO THE ACCOUNTS - STATUS AND ACCOUNTING POLICIES

Year ended 31 August 2001

1. STATUS AND RELATIONSHIP WITH CONNECTED CHARITIES

The Society is a limited company incorporated under the Companies Act of 1985 (No. 3858051) and is a registered charity (No. 1077961).

The constitution of the charity is as stated on page 1 of these accounts. The Society has close association with International Bible Students Association (I.B.S.A.) and The Kingdom Hall Trust (K.H.T.) both UK registered charities. Although serving separate functions, both organisations have common objectives. Hence while IBSA owns the Headquarters buildings, it allows the Society to use the facilities.

2. ACCOUNTING POLICIES

a) Basis of preparation

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 the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

a) Donations and interest receivable

Income from donations and interest is included as it is receivable. If the donor specifies that monies are to be used for specific purposes this income is included in a restricted fund.

b) Depreciation

Depreciation has been provided to write off tangible fixed assets over the following periods:-

Plant and equipment	12 - 15 years
Motor vehicles	5 years
Office furniture and equipment	3-10 years
Buildings	50 years

Under FRS 15 the trustees have opted carry forward buildings at historic cost.

c) Stocks

Stocks of materials and unfinished items are valued at cost, or if lower, realisable values. Finished products are included at realisable values.

d) Foreign currencies

Assets and liabilities in foreign currencies have been translated at the rates ruling at the balance sheet date.

e) Investments

Fixed asset investments are stated at market value.

f) Restricted funds (Page 10)

The whole of the expenditure from restricted funds was for the specific purposes of the respective funds. All administrative costs were paid from general funds. Funds have been established for the following purposes:

Ministers Car and Council tax fund

This fund exists to fund the provision of cars and pay council tax for travelling ministers in the British field.

Kingdom Hall Assistance Arrangement

The Hall Upkeep and Assistance Arrangement exists to give aid where losses and damages have been suffered by congregations or individuals.

NOTES TO THE ACCOUNTS - INCOME & EXPENDITURE

Year ended 31 August 2001

2. ACCOUNTING POLICIES...Continued**f) Restricted funds - continued (Page 10)***Kingdom Hall Mortgage fund*

The fund has been set up to advance monies to assist with the purchase of places of worship.

Congregation Deposit Loan fund

The fund has been set up to pool funds from connected congregation charities and seek to pay better rates of interest to them than would be available locally. The fund was closed at the end of the period.

Distress relief fund

This fund exists to help pay monies to give support to areas experiencing distress or natural disaster.

Eastern Europe fund

This fund was established to help contribute towards the purchase of places of worship and branch facilities in Eastern Europe.

3. LITERATURE ACCOUNT

		2000 (10 months)
Value of literature and magazines donated overseas	2,387,489	573,159
Value of literature and "Watchtower" and "Awake" magazines	4,844,568	4,568,535
	<u>7,232,057</u>	<u>5,141,694</u>
Costs:		
Value of literature donated by HQ	1,626,024	1,849,371
Outside printing	-	11,796
Paper and ink	2,431,023	1,955,887
Other printing supplies	72,090	36,549
Decrease / (Increase) in literature stock	735,514	(717,647)
	<u>4,864,651</u>	<u>3,135,956</u>
Fonts and graphics	44,428	42,289
Plant repairs and maintenance	88,660	46,060
Depreciation of plant and equipment	164,681	127,367
	<u>297,769</u>	<u>215,716</u>
Distribution costs		
Cartons and shipping costs	846,592	589,882
Postage, carriage and associated costs	19,146	25,613
Vehicle running costs and decrease in other stock	203,056	216,369
Decrease in stocks	17,671	-
Depreciation of vehicles and loss on disposal	66,575	60,407
	<u>1,153,040</u>	<u>892,271</u>
Total expenditure on literature	<u>6,315,460</u>	<u>4,243,943</u>
Net income from literature	<u>£916,597</u>	<u>897,751</u>

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

NOTES TO THE ACCOUNTS - INCOME & EXPENDITURE

Year ended 31 August 2001

		2000 (10 months)
4. DONATIONS AND GIFTS TO GENERAL FUNDS RECEIVABLE		
Donations from I.B.S.A. (a registered charity)	-	257,750
Donations from foreign branches	290,834	-
Contributions, donations and gifts	2,627,041	2,022,446
Cash donations from Headquarters	-	12,334,861
Donations of literature from Headquarters	1,626,024	1,849,371
	<u>£4,543,899</u>	<u>£16,464,428</u>
5. MINISTRY COSTS		
Travelling ministers allowances	77,638	60,946
Ministers personal expenses	120,858	96,294
Missionary and special assignment allowances	222,969	173,428
Other ministry costs	87,843	63,876
	<u>£509,308</u>	<u>£394,544</u>
6. DONATIONS MADE AND AID TO OTHER BRANCHES		
Donations to IBSA (a Registered Charity)	378,419	427,989
Donations of literature and magazines (see note 3)	2,387,489	573,159
Donated to overseas branches for Christian work*	3,073,640	3,624,797
	<u>£5,839,548</u>	<u>£4,625,945</u>
7. ADMINISTRATION EXPENSES		
Property taxes	38,891	26,481
Stationery and office expenses	128,574	89,027
Telephones and communications	46,708	46,534
Professional fees	50,089	65,256
Auditors remuneration	7,800	7,800
Bank charges	19,272	17,013
Depreciation of office equipment and loss on disposal	92,119	78,074
Depreciation of plant & equipment - non distribution	6,790	9,860
Vehicle running costs	50,742	32,365
Depreciation of motor vehicles	19,296	9,198
Depreciation of freehold properties	1,241	1,000
	<u>£461,522</u>	<u>£382,608</u>

* All cash donations overseas were applied for the benefit of the work of Jehovah's Witnesses in under-developed lands.

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

NOTES TO THE ACCOUNTS
Year ended 31 August 2001

9. FIXED ASSETS

	Land and buildings	Machinery, equipment & furniture	Motor Vehicles	Unrestricted Total	Restricted cars	Restricted land & buildings	Total all funds
Cost							
At 1 September 2000	50,000	3,114,693	675,055	3,839,748	1,001,874	86,950	4,928,572
Re analysed	86,950			86,950		(86,950)	
Additions	378,812	229,475	162,691	770,978	341,154	-	1,112,132
(Disposals and written off)		(189,061)	(66,825)	(255,886)	(549,010)		(804,896)
At 31 August 2001	515,762	3,155,107	770,921	4,441,790	794,018	-	5,235,808
Depreciation							
At 1 September 2000	1,000	1,313,038	238,638	1,552,676	390,794	-	1,943,470
Charge for Period	1,241	299,614	89,046	389,901	148,363		538,264
(On disposals and written off)		(127,662)	(63,280)	(190,942)	(323,268)		(514,210)
At 31 August 2001	2,241	1,484,990	264,404	1,751,635	215,889	-	1,967,524
Book values							
At 31 August 2001	513,521	1,670,117	506,517	2,690,155	578,129	-	3,268,284
At 31 August 2000	49,000	1,801,655	436,417	2,287,072	611,080	86,950	2,985,102

10. LOAN TO CONNECTED CHARITY

Loan to IBSA	£4,637,450	£4,637,450
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This loan was made on a long term basis but without a fixed date for repayment.

11. CURRENT ASSET INVESTMENTS

	Cash Equivalents	Narrow range Investments		
Market value bought forward at 1 September 2000	7,536,768	9,959,623	17,496,391	-
Additions		1,138,325	1,138,325	17,486,557
Disposals		(2,655,600)	(2,655,600)	-
Converted	(6,357,367)	6,357,367		
Net unrealised gains		419,886	419,886	9,834
Market value at 31 August 2001	£1,179,401	£15,219,601	£16,399,002	17,496,391
<i>Historic cost at 31 August 2001</i>	<i>£1,179,401</i>	<i>£14,789,047</i>	<i>£15,968,448</i>	<i>17,486,557</i>
<i>UK listed investments are represented by:</i>				
Fixed interest securities			£16,399,002	17,496,391

12. STOCKS

Printing materials and unfinished products	68,748	143,285
Literature and finished products	1,985,570	2,546,547
Total literature stocks	2,054,318	2,789,832
Plant components	-	6,630
Motor vehicle spares	-	11,041
	£2,054,318	£2,807,503

NOTES TO THE ACCOUNTS

Year ended 31 August 2001

2000

13. DEBTORS

Due from I.B.S.A. for literature	196,425	224,121
Other amounts due from connected charities	-	22,315
Due from The Kingdom Hall Trust for literature	173,227	200,924
Due from other branches	1,063,188	962,335
Value Added Tax reclaimable	189,363	87,700
Income Tax repayment claims	54,182	26,988
Legacies receivable	979,640	254,923
Investment income accrued	679,777	597,889
Other Debtors	91,757	78,962
Other amounts receivable and prepayments	(6,003)	5,699
	<u>£3,421,556</u>	<u>£2,461,856</u>

14. CREDITORS: Amounts falling due within one year

Suppliers accounts	174,378	212,448
Due to IBSA for service charges	247,052	176,476
Personal expenses accounts	188,845	174,925
Loans from circuits	158,208	138,530
Loans from congregations	# 14,981,113	1,920,069
Other general loans	976,109	889,977
Accruals	158,811	102,277
	<u>16,884,516</u>	<u>3,614,702</u>
Provision for repayment of conditional donations*	467,450	492,560
	<u>£17,351,966</u>	<u>£4,107,262</u>

NOTE: All loans shown above are interest free and unsecured.

*The trustees have for a number of years, on the basis of experience, considered adequate a provision for 50% of the total balances of conditional donations which amounted to £934,900.

Amounts falling due within one year: Restricted fund

Amounts due on Congregation Loan Deposit Fund

Congregation loan deposits	(Page 5)	-	#	11,314,406
		<u>-</u>		<u>11,314,406</u>

- These loans have been re-classified in the year.

15. CONTINGENT LIABILITIES

Guarantees have been given to the branch bankers in respect of Customs and Excise and other operating commitments in amounts totalling	£30,000	£30,000
	<u>£30,000</u>	<u>£30,000</u>
The branch has entered into legal undertakings with bankers to guarantee mortgage borrowings secured by Kingdom Halls and an Assembly Hall (freehold properties). These guarantees cover a total commitment of:	£178,969	£352,149
	<u>£178,969</u>	<u>£352,149</u>

NOTES TO THE ACCOUNTS - PERSONNEL

Year ended 31 August 2001

16. PERSONNEL

The Branch has no employees but engages only volunteers and provides them with allowances for personal and other expenses. All travelling ministers and their wives are provided for on the same basis and the total cash allowances and expenses payments to any one person would not exceed £806.40 in the Period. These ministers stay in the homes of congregation members for much of the time. During the Period there was an average of 145 persons so engaged. Likewise, all missionaries on special assignment are each paid on the same basis and the total cash allowances and expenses payments to any one person would not exceed £2,762.40. During the period there was an average of 83 persons so engaged.

17. TRUSTEE REMUNERATION AND EXPENSES

The trustees, and others working at the branch's operations based in London, similarly are volunteers and received allowances and expenses from International Bible Students Association full details of which are featured in the accounts of that association. Remuneration and expenses are charged to Watch Tower indirectly through the "at cost" service charge by IBSA appearing as support costs.

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

18. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of changes in resources to inflow from operating activities:

		2000 (10 months)
Net incoming / (outgoing) resources for the Period	(711,327)	10,982,397
Investment income received	(1,354,446)	(1,088,801)
Mortgage interest received	(160,151)	-
Unrealised gains	366,319	19,203
Depreciation charged	(Note 9) 538,264	452,814
(Decrease)/Increase in creditors	(1,426,966)	612,156
(Increase) /Decrease in debtors	(959,700)	(415,328)
(Increase)/ Decrease in stocks	753,185	(674,254)
Cash inflow from operating activities	(£2,954,822)	£9,888,186

NOTES TO THE ACCOUNTS

Year ended 31 August 2001

		<i>2000</i> <i>(10 months)</i>
19. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from investments and interest received	1,354,446	1,088,802
Mortgage interest received	160,151	.
	<u>1,514,597</u>	<u>1,088,802</u>