

Watch Tower Bible & Tract Society of Britain

Report of the Trustees and Financial Statements for the Year Ended 31 August 2004



Contents of the Financial Statements for the Year Ended 31 August 2004

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Company Information for the Year Ended 31 August 2004

TRUSTEES: Ronald Drage – Chairman
Jack Dowson
Peter Ellis
Bevan Vigo

SECRETARY: T P Cruse

REGISTERED OFFICE: IBSA House
The Ridgeway
London
NW7 1RN

AUDITORS: Calcutt Matthews
2nd Floor Cardine House
30 North Street
Ashford
Kent TN24 8JR

PRINCIPAL BANKERS: Barclay's Bank plc
PO Box 12820
London N20 0WE

Report of the Trustees for the Year Ended 31 August 2004

The Board of Trustees present their report and the financial statements of the Society for the year ended 31st August 2004. The financial statements have been prepared in accordance with current statutory requirements and the charitable company's Memorandum and Articles of Association dated October 25, 1999 and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Objects and Activities

The objects of the Society, contained in its memorandum, the governing document of the charity, are to advance the Christian religion as practiced by the body of Christian persons known as Jehovah's Witnesses by:

- a. preaching the gospel of God's Kingdom under Christ Jesus unto 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;

This is accomplished 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 Society; 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 Trustees of the Society also have key managerial roles at the charity headquarters. They meet at least four times each year, and are in regular contact from day to day. Trustees are elected annually, by a simple majority of the members present at the AGM.

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 the accounts are in balance.

The internal audit programme has been achieved. The internal auditor (who is a certified accountant) and his assistant, both drawn from the volunteer work force, have a set agenda to work pursue throughout the year, and reported in writing to the trustees in November 2004. Approved recommendations were implemented.

Reserves Policy

The Society has a consistent income base through Gift Aid. In addition, the primary activity is the manufacture and distribution of Bible based religious literature on behalf of International Bible Students Association, 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 4 months working expenditure. At the year-end, the liquid assets on hand were roughly equivalent to 6 months of expenditure.

Investment Policy

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 our Christian principles. The objective is to preserve capital and achieve a real return of 4% greater than the rate of inflation. This was achieved.

Relationship with Connected Charities

The Society works closely with International Bible Students Association, which permits Watch Tower Society to use its facilities for the Society's charitable activities 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 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 Assessment

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. The risk register has been reviewed by the trustees and in view of the additional printing requirement; there is a need to implement further safeguards. These will be put in place in 2005.

Report of the Trustees for the Year Ended 31 August 2004

Review of the year and financial development

The trustees have reviewed the proposed Charity legislation with its emphasis on the requirement for all charities to satisfy the public benefit requirement. The trustees are satisfied that the Charity always and will continue in the future to meet criteria for public benefit. The objects and activities clearly intend that benefit be provided to the public and we are satisfied that the activities this year, as previously, fulfill these objects.

The financial result for the year's activity is shown on page 6. Donations received were lower than in the previous year in total showing a reduction of 16%. However, the total incoming resources were just 6% lower than the previous year being helped by a small increase in legacy income. The income from Bibles and Bible study aids sold to International Bible Students Association remained similar to the previous year although, as explained later in the report, more Bible-based literature was printed than in the majority of previous years.

During the year, the trustees considered the charge made to IBSA for the production of Bible study aids on its behalf. It was noted that the introduction of new printing equipment with greater production capacity had resulted in a lowering of materials and overhead costs. It was decided to reduce the charge for the production and supply of printed matter by 25%. The reduction has not created a problem for the Charity in achieving its charitable objects. The saving will benefit IBSA. The adjustment went into effect on September 1, 2003.

The Charity has been pleased to assist Jehovah's Witnesses and the general public in several areas of the world with direct charitable aid and with Bibles and Bible study aids that help persons physically, morally, and spiritually. The total value of the aid was £3,791,801, which was sent to countries primarily in Africa, the Caribbean and Eastern Europe.

A major activity of the Charity continues to be the printing and distribution of Bibles and Bible study aids, primarily for International Bible Students Association. The literature is distributed free of charge by IBSA to congregations of Jehovah's Witnesses and then to the public in general. The Society administers the work of Jehovah's Witnesses in Britain and notes that in the year under review 18 million hours were spent by Jehovah's Witnesses in Britain working in their communities helping people morally and spiritually. The Bible study aids printed by the Charity offer practical advice on law-abiding citizenship, targeted workable family values for modern living, and advises Christian tolerance in a multi-cultural society. Information on such values has had a wide appeal as can be seen from the requests for more Bibles and Bible study aids by both Jehovah's Witnesses and members of the public.

In August 2003 we printed 10,727,000 magazines and brochures on two presses. During August 2004 this print figure had risen to 19,037,000. During the year we commenced printing tracts on various Bible topics printing a total of 21 million at a rate of 812,000 per hour. To reach the ever-increasing multi-language needs of the public, we have commenced printing in two additional languages. Currently we print magazines in 24 languages and booklets and brochures in 46 languages. The total print figure for the year for magazines and brochures was 152,111,719, with a further 61,861,396 tracts and other printed items.

The increase in production has continued to place a strain on the space available. Currently there is space for only a three-day supply of paper. As reported last year, after discussion with IBSA, an industrial building was purchased to accommodate our increased space requirements. This is currently being remodeled and is due for completion in July 2005. IBSA has also purchased further residential accommodation to house additional volunteers engaged in the printing and distribution activity. This facility became available in January 2005. With the additional production space and residential accommodation the Charity is well placed to cope with future increased demands for its literature.

To assist IBSA to purchase industrial facilities and residential accommodation, the Charity has stood as guarantor for a commercial loan taken out by IBSA in the sum of £5,600,000. Additionally the Charity has made an interest-free loan to IBSA during the year of £2,955,000 to assist with the purchase of afore mentioned facilities. The loans have been secured by promissory note. During the period the Charity agreed to convert the balance owing by IBSA for Bibles and Bible study aids to an interest-free loan to be repaid on 12-months' notice. The amount of the loan was £1,682,965. During the year IBSA repaid £608,000.

Volunteers

Over the past year there has been an increase in the work of the Charity as it has endeavored to keep up with demands for Bible-based magazines and literature, along with other materials in support of overseas charities. There has been wholehearted support from the volunteer workforce that has unstintingly given time, skills, and energies to ensure that the charitable work of the Society continues uninterrupted. We greatly acknowledge their invaluable support and look forward to this continuing for the coming year.

Report of the Trustees for the Year Ended 31 August 2004

Statement of Trustees' responsibilities

Company law requires the trustees (who are also directors) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company (elsewhere referred to as "the charity") and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to

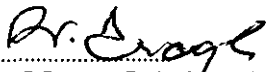
- o select suitable accounting policies and then apply them consistently;
- o make judgments and estimates that are reasonable and prudent;
- o prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Calcutt Matthews, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



- R Drage. Dated: April 2005

Report of the independent auditors for the Year Ended 31 August 2004

Independent Auditors report to the members of the Watchtower Bible and Tract Society ('Society')

We have audited the financial statements of the Society for the year ended 31st August 2004, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Society and the independent auditors

The trustees' responsibilities for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act and section of the Companies Act 1985. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for the audit.

We read other information contained in the Trustees Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis for opinion

We conduct our audit in accordance with United Kingdom 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 an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, 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 as at 31 August 2004 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993, Companies Act 1985 and the Charitable trust deed.

Calcutt Matthews

Calcutt Matthews, Chartered Accountants
2nd Floor
Cardine House
30 North Street
Ashford
Kent
TN24 8JR Dated: April 2005

Statement of Financial Activities for the Year Ended 31 August 2004

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2004 £	Total funds 2003 £
Incoming resources					
Donations	2	5,728,224	1,767,428	7,495,652	8,938,358
Legacies		2,192,280	17,102	2,209,382	1,900,043
Activities in furtherance of the charity's objectives:					
Income from literature	3	8,497,724	-	8,497,724	8,445,539
Investment income					
Interest and dividends receivable		743,676	123,414	867,090	1,061,525
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Total incoming resources		17,161,904	1,907,944	19,069,848	20,345,465
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Resources expended					
Cost of activities in furtherance of charity's objectives:					
Cost of literature	3	6,195,573	-	6,195,573	5,288,752
Ministry costs		539,371	1,076,276	1,615,647	791,629
Donations	4	3,791,801	-	3,791,801	4,356,265
Support Costs:					
Charges from a connected charity for residential provision and other facilities	1	3,408,730	-	3,408,730	2,592,634
Management and administration		865,556	38,128	903,684	744,346
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Total resources expended	5	14,801,031	1,114,404	15,915,435	13,773,626
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NET INCOMING RESOURCES		2,360,873	793,540	3,154,413	6,571,839
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Net gains on investments		288,879	-	288,879	315,691
Transfers		108,191	(108,191)	-	-
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NET MOVEMENT IN FUNDS		2,757,943	685,349	3,443,292	6,887,530
Total funds at 1 st September 2003		18,713,659	10,428,852	29,142,511	22,254,981
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Total funds at 31st August 2004		21,471,602	11,114,201	32,585,803	29,142,511

All of the above results are derived from continuing activities. The surplus for the year for Companies Act purposes comprises the net incoming resources for the year and the gain on investments and was £3,443,292 (2002: £6,887,530)

Balance Sheet

31 August 2004

	Notes	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		7,913,373		7,428,910
Investments	7		13,467,616		9,437,650
			<u>21,380,989</u>		<u>16,866,560</u>
CURRENT ASSETS					
Stocks	8	616,460		727,952	
Debtors	9	5,749,247		6,631,268	
Investments	10	27,581,704		25,422,045	
Cash in hand		188,528		262,521	
		<u>34,135,939</u>		<u>33,043,786</u>	
CREDITORS					
Amounts falling due within one year	11	15,664,041		11,104,131	
			<u>18,471,898</u>		<u>21,939,655</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>39,852,887</u>		<u>38,806,215</u>
CREDITORS					
Amounts falling due after more than one year	12		7,267,084		9,663,704
			<u>32,585,803</u>		<u>29,142,511</u>
NET ASSETS					
FUNDS					
Unrestricted funds	13		21,471,602		18,713,659
Restricted funds	13		11,114,201		10,428,852
			<u>32,585,803</u>		<u>29,142,511</u>
TOTAL FUNDS					

ON BEHALF OF THE TRUSTEES:


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R. Drage


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P. Ellis

April 2005

The notes form part of these financial statements

Cash Flow Statement for the Year Ended 31 August 2004

	Notes	£	2004 £	£	2003 £
Net cash inflow from operating activities	17		6,545,879		35,696
Returns on investments and servicing of finance	18		(2,873,997)		3,142,927
Capital expenditure and investment	18		(3,745,875)		(3,137,134)
(Decrease)/Increase in cash in the period			(73,993)		41,489
Reconciliation of net cash flow to movement in net funds					
(Decrease)/Increase in cash in the period			(73,993)		41,489
Cash at 1st September 2003			262,521		221,032
Cash at 31 August 2004			188,528		262,521

Notes to the Financial Statements for the Year Ended 31 August 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000, the Companies Act 1985 and applicable accounting standards.

Fund accounting

The charity has only general funds. General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Incoming resources

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. Entitlement to legacies is the earlier of either the charity being notified of an impending distribution or the legacy being received. Income from literature comprises the sale of literature held and printed by the charity.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they all have been allocated to activities on a basis consistent with the use of resources. Charges for residential provision and other facilities for the activities of a connected charity are made by International Bible Students Association, a connected charity on a cost basis in line with the charity's objects. These charges comprise the costs of providing, maintaining accommodation and associated support costs for the purpose of the charge referred to in the incoming resources policy above. Literature costs represent the costs of producing the literature sold in line with charitable objectives. Management and administration costs comprise legal and professional fees and depreciation of administrative equipment.

Tangible fixed assets

All expenditure on computers and all other items individually with a cost of £1,000 or more is capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Land	- Nil
Freehold Buildings	- 50 years straight line
Plant and machinery	- 3-10 years straight line
Motor vehicles	- 4 years 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.

Congregation Deposits

Whilst the charity acknowledges that these are generally repayable on demand, experience shows that there has never been repayment of more than 10% in one year. Prudently therefore, two thirds of the funds are shown as repayable within one year whilst the other third are shown as repayable after more than one year.

Connected charities

Transactions are on an arms length and accruals basis. The charity works closely with International Bible Students Association - IBSA (charity registration number - 216647) and overseas charities used by Jehovah's Witnesses and separately registered locally.

Notes to the Financial Statements for the year ended 31st August 2004

2. DONATIONS RECEIVABLE

	2004	2003
Literature from headquarters	924,611	1,162,985
From individuals	2,544,274	2,944,674
From congregations	3,737,799	4,604,167
From others	288,968	226,532

Total donations received	7,495,652	8,938,358
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3. LITERATURE ACCOUNT

	2004 £	2003 £
Value of literature and magazines donated overseas	1,696,471	2,253,086
Value of literature and magazines sold to IBSA	6,801,253	6,192,453

Income from literature	8,497,724	8,445,539
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Value of literature donated by HQ (and other branches)	924,611	1,162,985
Shipment/Production Expenses	5,159,470	3,782,764
Decrease in literature stock	111,492	343,003

Expenditure on Literature	6,195,573	5,288,752
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Net income from literature	2,302,151	3,156,787
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4. DONATIONS MADE

	2004 £	2003 £
IBSA – a connected charity	-	62,111
Overseas branches for Christian work	2,095,330	2,041,068
Literature and Magazines	1,696,471	2,253,086
	3,791,801	4,356,265

Donations of literature and magazines were primarily made to Africa (Ghana, Sierra Leone, Kenya, Uganda, Tanzania and to the Windward Islands in the Caribbean.

Cash donations were made to the administrative offices of Jehovah's Witnesses in a) eighteen countries in Africa b) eight countries in Eastern Europe c) one country in Asia d) two countries in the Americas to further the charitable objects of the Society, which included relief aid and the construction of places of worship.

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Other Costs £	Depreciation £	Total £
Cost of literature	5,406,266	789,307	6,195,573
Ministry costs	1,615,647	-	1,615,647
Donations	3,791,801	-	3,791,801
Charges from connected charity for residential provision and other facilities	3,408,730	-	3,408,730
Management and Administration	591,238	312,446	903,684
	14,813,682	1,101,753	15,915,435

Notes to the Financial Statements for the Year Ended 31 August 2004

6. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Restricted cars £	Totals £
COST:					
At 1 September 2003	495,762	8,001,344	1,059,284	380,621	9,937,011
Additions	-	1,524,547	510,546	-	2,035,093
Disposals	210,000	204,409	88,029	259,566	762,004
At 31 August 2004	285,762	9,321,482	1,481,801	121,055	11,210,100
DEPRECIATION:					
At 1 September 2003	12,862	1,859,221	450,137	185,881	2,508,101
Charge for year	7,757	770,520	283,549	39,927	1,101,753
Eliminated on disposal	7,826	100,227	51,899	153,175	313,127
At 31 August 2004	12,793	2,529,514	681,787	72,633	3,296,727
NET BOOK VALUE:					
At 31 August 2004	272,969	6,791,968	800,014	48,422	7,913,373
At 31 August 2003	482,900	6,142,123	609,147	194,740	7,428,910

In the 2002 financial statements £904,381 was recorded as 'payments on account for machinery'. This figure has been included in the brought forward cost of plant and machinery in the note above, now that the equipment has been commissioned.

7. FIXED ASSET INVESTMENTS

	2004 £	2003 £
Loan to connected charity	13,467,616	9,437,650

The loan is to IBSA on an interest free basis secured by a promissory note.

8. STOCKS

	2004 £	2003 £
Stocks of paper and printing materials	616,460	727,952

9. DEBTORS

	2004 £	2003 £
Trade debtors	1,496	7,001
Other debtors	50,475	59,999
Loans to congregations and overseas charities of Jehovah's Witnesses	4,752,293	5,851,782
Prepayments and accrued income	944,983	712,486
Total debtors	5,749,247	6,631,268

Notes to the Financial Statements for the Year Ended 31 August 2004

10. CURRENT ASSET INVESTMENTS

Notes	Cash equivalents £	Narrow range investments £	Total 2004 £	Total 2003 £
Market value brought forward at 1 st September 2003	6,076,249	19,345,796	25,422,045	26,015,263
Additions	722,628	6,198,014	6,920,642	8,473,473
Disposals	-	(5,049,862)	(5,049,862)	(9,382,382)
Net investment gains	-	288,879	288,879	315,691
Market value at 31st August 2004	6,798,877	20,782,827	27,581,704	25,422,045
Historic cost at 31st August 2004	6,798,877	20,534,567	27,333,444	24,385,096

Narrow range investments comprise UK Fixed Interest Securities.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	1,036,186	110,850
Other creditors	227,751	200,938
Deposits (see note 12*)	11,746,816	10,274,485
Conditional donations	447,358	510,558
Other creditors	2,197,430	-
Accrued expenses	8,500	7,300
Total Creditors; Amounts falling due within one year	15,664,041	11,104,131

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

	2004 £	2003 £
Other loans**	2,197,431	4,526,462
Deposits*	5,069,653	5,137,242
Total Creditors; Amounts falling due after more than one year	7,267,084	9,663,704

*Congregations, circuits, and individuals deposit monies currently not needed by themselves with the charity so that the Society may benefit from the use of the funds whilst not needed.

** Other loans represent monies held in investments due to Watch Tower Bible and Tract Society in Spain. Fifty per cent of this loan is due after more than one year notice from Spain.

Notes to the Financial Statements for the Year Ended 31 August 2004

13. RESERVES

	At 1 September 2003 £	Income & gains £	Expenditure £	Transfers £	At 31 August 2004 £
UNRESTRICTED:					
General fund	18,713,659	17,467,284	14,817,532	108,191	21,471,602
RESTRICTED FUNDS:					
Ministers car fund	194,741	-	38,128	(108,191)	48,422
Kingdom Hall assistance arrangement	2,471,447	332,744	108,557	-	2,695,634
The Society Kingdom Hall fund	7,614,678	1,210,146	502,178	-	8,322,646
Distress relief fund	1,058	18,113	-	-	19,171
Eastern Europe fund	146,928	346,941	465,541	-	28,328
Total restricted funds	10,428,852	1,907,944	1,114,404	(108,191)	11,114,201
TOTAL FUNDS	29,142,511	19,375,228	15,931,936	-	32,585,803

Ministers Car Fund

This fund was set up to fund the provision of cars for travelling ministers in the British field. The appeal was closed in 2001 and cars are now purchased by the general fund. When all funds have been spent the fund will be formally closed.

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.

The Society Kingdom Hall Fund

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

Distress Relief Fund

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

Missionary Travel Fund

This appeal was set up to pay for the costs of bringing missionaries home.

Eastern Europe Fund

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

14. ASSETS BY FUND

	Unrestricted £	Restricted £	Total £	2003 £
Tangible fixed assets	7,864,951	48,422	7,913,373	7,428,910
Loans	13,467,616	-	13,467,616	9,437,650
Net current assets	7,406,118	11,065,779	18,471,897	21,939,655
Creditors: falling due after more than one year	(7,267,083)	-	(7,267,083)	(9,663,704)
NET ASSETS	21,471,602	11,114,201	32,585,803	29,142,511

Notes to the Financial Statements for the Year Ended 31 August 2004

15. CONTINGENT LIABILITIES

	2004 £	2003 £
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

16. TRUSTEES REMUNERATION AND EXPENSES

The trustees of the Watchtower Bible and Tract Society of Britain receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers at the Society's premises, they receive personal expense allowances of £80 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers.

17. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Net incoming resources	3,154,413	6,819,314
Investment income	(867,090)	(1,309,000)
Depreciation	1,101,753	424,652
Decrease in stocks	111,492	345,283
Decrease in debtors	882,021	1,311,882
Increase in creditors	2,163,290	(7,556,435)
Net cash inflow from operating activities	6,545,879	35,696

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

	2004 £	2003 £
Returns on investments and servicing of finance		
Investment income	867,090	1,309,000
Further advance to connected charity	(4,029,966)	(3,600,000)
Gains on investments	288,879	68,216
Congregation deposits received	-	5,365,711
Net cash (outflow)/inflow for returns on investments and servicing of finance	(2,873,997)	3,142,927
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,035,094)	(4,182,891)
Sale of tangible fixed assets	448,878	452,539
Net outlay on investments (note 10)	(2,159,659)	593,218
Net cash (outflow) for capital expenditure	(3,745,875)	(3,137,134)