



WATCH TOWER
BIBLE AND TRACT SOCIETY OF BRITAIN

ANNUAL REPORT AND ACCOUNTS TO 31 AUGUST 2006

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COMPANY NO. 3858051

REGISTERED CHARITY NO. 1077961

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Charity Information

TRUSTEES	R Drage - Chairman J Dowson P Ellis B Vigo
SECRETARY	T P Cruse
REGISTERED OFFICE	IBSA House THE Ridgeway London NW7 1RN
REGISTERED NUMBER	3858051 (England and Wales)
AUDITORS	Calcutt Matthews 2nd Floor Cardine House 30 North Street Ashford Kent TN24 8JR
PRINCIPAL BANKERS	Barclay's Bank plc PO Box 12820 London BX3 2BB
INVESTMENT ADVISERS	Merrill Lynch International Bank Ltd 2 King Edward Street London EC1A 1HQ

Trustees' Report

The Board of Trustees present their report and the financial statements of the Society for the year ended 31st August 2006. 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 (SORP 2005) - Accounting and Reporting by Charities.

Constitution

The charity was formed as an overseas corporation on 21st May 1953. On the 5th September 1993 it was registered as a branch of an overseas company. On the 8th October 1999 it was re-registered as a UK Company limited by guarantee with its memorandum and objects carried over, but updated to reflect current legislation.

Objects and activities

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 public in general, in spiritual and moral values
- 2 funding the construction of places of worship in various countries which has promoted religious worship in local communities
- 3 supporting congregations of Jehovah's Witnesses and others in connection with their spiritual and material welfare in Britain and abroad, by making donations and advancing the Christian missionary work, primarily in developing countries, to local associations of Jehovah's Witnesses. The charity within the above, administers the work of Jehovah's Witnesses in Britain.

Our grant making policy is as follows. From time to time we are asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. We first satisfy ourselves that the expenditure will further the religious work of Jehovah's Witnesses, and after confirming that we have sufficient funds available, we then send the money to the organization caring for Jehovah's Witnesses in that country. Finally, we obtain reports to confirm the money was properly used.

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.

The recruitment and induction of new trustees is arranged as follows. On an annual basis the trustees review potential candidates. These are required to be appointed as elders in congregations of Jehovah's Witnesses. Their abilities are evaluated by means of the trustees' personal knowledge of the candidates or by a "personal qualifications report" provided by elders with knowledge of the individuals. Training is arranged as part of the meetings of the trustees when the charity's policies are discussed. This is supplemented by an annual training session provided by the auditors.

Internal controls

These controls ensure that the monthly financial reports accurately represent all transactions, provide reasonable assurance that finances are being used for their intended purpose, and verify that proper controls and procedures are in place, and adhered to, so that the figures are recorded accurately and 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 pursue throughout the year, and reported in writing to the trustees in October 2006. 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 equivalent to 6.6 months of expenditure (2005: 6.6 months).

Trustees' Report (continued .)

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% plus inflation By holding investments to maturity capital is preserved Investment coupons have achieved the return target

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

Principal achievements for the year

At the beginning of the year, "Awake!" magazine, one of the main periodicals published, printed and distributed by the charity, was re-designed as a monthly magazine rather than semi-monthly The initial response was to see an overall drop in the number of "Awake!" magazines printed per issue However, as the year progressed, the appeal of the magazine, which is published for the enlightenment of the family and to help individuals to cope with today's problems along with building confidence in the Almighty God Jehovah's promise of a peaceful and secure new world, has resulted in a gradual increase in printing so that the year has closed with the average print figure close to the average printing when the magazine was semi-monthly

The two rotary presses of the charity have had a further productive year printing a total of 327 million items of Bible-based literature Of their total, 142 million were the two main publications of the charity, "The Watchtower" and "Awake!" Both journals continue to exult Jehovah God as the Sovereign Lord of the universe and through their pages, offer practical advice on law-abiding citizenship, targeted workable family values for modern living and cultivating tolerance in a multi-cultural society It has been truly gratifying to see that our presses printed such practical good news in thirty languages for "The Watchtower" and eleven languages for "Awake!" This year, for the first time, we commenced printing "The Watchtower" in Cibemba, spoken in Zambia, Africa, and Creole - Haiti, spoken in the Caribbean

This year the charity was asked to print invitations to the annual Conventions of Jehovah's Witnesses in Britain and several other countries In total, the charity printed 36 million invitations in twenty-nine languages A special effort was made to invite members of the public by distributing the invitations in the countries where the Conventions were held In Britain, the International Bible Students Association, which organises the annual Conventions, confirmed that as a result of the invitation campaign, many persons of the public had responded and both attended and benefited from the instruction in practical Christianity A total attendance in Britain was 152,306

In total, the charity has supplied printed Bible-based literature to sixty countries in thirty different languages This represents a total of 1,750,524 kg of literature shipped The charity's presses are now operating at 80% capacity giving us room to increase production in the future

In order to reduce costs and increase reliability in connection with shipping, a review of activities was made and it has been possible to absorb, within our current transport structure, the extra work without the necessity of expanding our transport fleet

During the year, we continued to support the construction of places of worship in Africa and areas of Asia It was most gratifying to receive the report from the local Association in Ghana that the funds sent by this charity had assisted in the building of twelve new places of worship in that country Donations from the charity were used to purchase two plots of land in Sri Lanka for local congregations of Jehovah's Witnesses on which they will construct two places of worship 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 a number of Associations of Jehovah's Witnesses in several developing countries in the world who are responsible for the general oversight of the activities of Jehovah's Witnesses in their country The funds were given to promote missionary activity in the country, to support general oversight costs of the local Association and to assist in the operation of local congregations of Jehovah's Witnesses

Trustees' Report (continued.)

The year saw further natural disasters which have affected both Jehovah's Witnesses and members of the community in several countries. The charity was able to assist, from its Relief Fund, members of the community along with Jehovah's Witnesses in Jamaica following the natural disaster which occurred in 2005. The funds were used to purchase building materials for damaged properties along with food aid and medical care for those in need. In Africa, we were pleased to give funds both to relieve suffering and to help local communities build a more secure future. Particularly, funds were sent to Liberia, Malawi and Madagascar. In these countries we supplied funds to purchase building materials for homes, along with food aid where crops had failed due to a lack of rainfall and medical supplies following an outbreak of Dengue fever.

Much has been accomplished by the charity in the year to advance the objects of the Society. The activities confirm that the work of the charity continues to benefit both Jehovah's Witnesses and members of the community, morally, spiritually and physically.

Review of Financial Position

This year has seen good support from Jehovah's Witnesses in Britain. We received donations amounting to £7,500,000 which is most gratifying. Additionally, legacy income was very high with reference to historical terms at £3,759,000. We gratefully acknowledge the generosity of so many supporters who have made the charity beneficiaries of their estates. Income from literature was £7,487,000, a 7% increase on the previous year. Investment income was £1,360,000, representing an increase of 5% over the previous year.

The total income was £20,106,000, which is 1% higher than the previous year.

The total expenditure was £17,034,000 of which £5,313,000 was sent to thirty-six countries in developing areas of the world to assist with the construction of places of worship, administration facilities for the local Associations of Jehovah's Witnesses, the promotion of missionary activity and disaster relief.

Going forward, the total funds on hand are £36,078,000. We have made the Governing Body of Jehovah's Witnesses aware of our good financial position and look forward to their comments in how our funds may be effectively used within our charitable aims and objects during the coming year.

Future Plans

The past several years have been marked by much change as the charity has upgraded its printing facilities and its printing equipment. The charity now has capacity to increase its printing without the requirement to purchase new equipment or expand existing facilities. It therefore does not intend, during the coming year, to expand either its facilities or embark on large-scale purchases of new printing equipment.

However, in conjunction with printing for Ghana, the charity is preparing to begin packing orders for both magazines, which it prints, and Bibles and Bible-based literature for the 1,200 congregations in Ghana. The packing of orders will commence in February 2007 and will be shipped each month in containers directly to the local Association's office in Accra, Ghana for distribution to the local congregations.

We anticipate a general rise in the print figures for the magazines and the present facilities and volunteers are able to absorb the additional work without any changes.

With the total net assets of the charity rising, we anticipate 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.

Trustees' responsibilities

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

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

The Trustees are also responsible to give the Auditors all relevant information they need in connection with preparing their audit report. We confirm this has been done.

Trustees' Report (continued)

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 TRUSTEES:

A handwritten signature in black ink, appearing to read 'R. Drage', written in a cursive style.

R Drage
Chairman

21st February 2007

Report of the Independent Auditors to the Members of the Watch Tower Bible and Tract Society of Britain

We have audited the financial statements of Watch Tower Bible and Tract Society of Britain for the year ended 31st August 2006, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with 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 members 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 trustees and the auditors

The responsibilities of the trustees' (who are also directors of Watch Tower Bible and Tract Society of Britain for the purposes of company law) for preparing the Trustees' 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.

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 in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' 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, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report, 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2006 and of its incoming resources including its application of resources, including income and expenditure, in the year then ended and,

the financial statements have been properly prepared in accordance with the Companies Act 1985.

Calcutt Matthews

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

TN24 8JR Dated 16 April 2007

Statement Of Financial Activities

Year ended 31 August 2006

	Notes	Unrestricted funds £000	Restricted funds £000	Total Funds 2006 £000	Total Funds 2005 £000
Income from charitable activities					
Income from literature	3	7,487	-	7,487	6,970
Incoming Resources					
Voluntary income					
Donations	2	5,922	1,578	7,500	9,821
Legacies		3,742	17	3,759	1,663
Activities for generating funds					
Interest and dividends receivable		1,295	65	1,360	1,290
Total incoming resources		18,446	1,660	20,106	19,744
Resources expended					
Charitable activities					
Producing and distributing Bibles and literature	5	10,916	-	10,916	10,180
Promoting Christian Missionary work	5	665	105	770	734
Making donations to further religious education overseas	4, 5	4,130	1,183	5,313	7,859
Governance		35	-	35	38
Total resources expended		15,746	1,288	17,034	18,811
Net incoming resources		2,700	372	3,072	933
Net (losses)/gains investments		(716)	-	(716)	203
Transfers		-	-	-	-
Net movement in funds		1,984	372	2,356	1,136
Total funds brought forward		24,914	8,808	33,722	32,586
Total funds carried forward		26,898	9,180	36,078	33,722

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 £2,589,728 (2005 £927,377)

Balance Sheet

As at 31 August 2006

			2006	2005
Fixed Assets	Notes	£000	£000	£000
Tangible assets	7		6,673	7,269
Investments	8		18,668	16,968
Current Assets				
Stocks		869		824
Debtors	9	5,235		5,155
Investments	10	27,682		25,303
Cash at bank and in hand		964		748
Total Current Assets		34,750		32,030
Current Liabilities				
Creditors falling due within one year	11	14,339		13,200
Net Current Assets			20,411	18,830
Total Assets Less Current Liabilities			45,752	43,067
Long Term Creditors				
Amounts falling due after more than one year	12		9,674	9,345
Net Assets			36,078	33,722
Funds				
Unrestricted funds	13		26,898	24,914
Restricted funds	13		9,180	8,808
Total funds			36,078	33,722

These financial statements on pages 6 to 14 were approved by the trustees on 21st February 2007 and signed on their behalf by



R Drage
Chairman



P Ellis
Trustee

Cash Flow Statement

Year ended 31 August 2006

		2006	2005
	Notes	£000	£000
Net cash inflow from operating activities	17	4,572	2,102
Returns on investments and servicing of finance	18	(1,700)	(3,500)
Capital expenditure & financial investment	19	(2,656)	1,957
Increase in cash in the period		216	559
 Reconciliation Of Net Cash Flow To Movement In Net Funds			
Increase in cash in the period		216	559
 Movement In Net Funds In The Period			
		748	189
Net Funds At 1st September 2005			
Net Funds At 31st August 2006	-	964	748

Notes to the Financial Statements

Year Ended 31 August 2006

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 2005, the Companies Act 1985 and applicable accounting standards.

Fund Accounting

The charity has only general and restricted funds. General funds are unrestricted funds and 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. Restricted funds are funds raised that are raised for specific 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. Income from literature arise from literature sold to International Bible Students Association (IBSA), a connected charity on a cost basis in line with the charity's objects. Entitlement to legacies is the earlier of the charity being notified of an impending distribution or the legacy being received.

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. The IBSA service charge comprises the costs of providing and maintaining accommodation and associated support costs are charged at an at cost basis by IBSA, a connected charity.

Our grant making policy (donations) 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 consider whether the budget permits. If this is the case the charity satisfies itself that the expenditure will further the religious work of Jehovah's Witnesses and the charity then send the money to the organization caring for Jehovah's Witnesses in that country. Finally, the charity obtain reports to confirm the money was properly used.

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
Rotary presses	- 15 years straight line

Stocks

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

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 are returned, but prudently the charity provides for fifty percent.

Connected Charities

Transactions are on an arms length and accruals basis. Note 13 sets out the relationship with IBSA. Most other countries have a branch office of Jehovah's Witnesses.

2. Donations receivable

	2006	2005
	£000	£000
Literature from headquarters	1,318	1,749
From individuals	3,393	3,040
From congregations	2,299	4,394
From others	490	638
	7,500	9,821

Notes to the Financial Statements

Year Ended 31 August 2006

3. Income from Literature

	2006	2005
	£000	£000
Value of literature and magazines donated overseas	1,906	930
Value of literature and magazines sold to IBSA	5,581	6,040
Income from literature	7,487	6,970

	Unrestricted	Restricted	Total 2006	2005
	£000	£000	£000	£000
4. Donations made				
Analysis by Purpose				
Distress Relief	-	214	214	526
Construction of Kingdom Halls, Branch facilities and Missionary homes	-	-	-	4,610
Cash, goods and donated literature*	4,130	969	5,099	2,723
	4,130	1,183	5,313	7,859
Analysis by Geography				
Europe	220	349	569	1,001
Africa	2,716	240	2856	4,233
Asia	842	469	1,311	999
Other	352	125	477	1,626
Total donations made	4,130	1,183	5,313	7,859

*All cash, goods and literature were for the benefit of the work of Jehovah's Witnesses for countries in need, and in line with the objects of the Society

5. Charitable activities

	Producing and Distributing Bibles and Literature	Advancing the Christian ministry	Donations and aid to branches	Total	Basis of allocation
	£000	£000	£000	£000	
Charitable activities	6,740	770	5,313	12,823	
Support costs					
IBSA Service charge	3,898	-	-	3,898	Volunteer Time
Treasury department cost	46	-	-	46	Volunteer Time
Loan interest	232	-	-	232	Volunteer Time
Total expenditure	10,916	770	5,313	16,999	

Volunteer Time Allocations to charitable activities are made on the basis of time spent by volunteers engaged in supporting the charitable activities. Almost all of volunteer time is associated with literature production.

Notes to the Financial Statements

Year Ended 31 August 2006

	2006 £000	2005 £000
6. Governance costs		
External audit	11	10
Legal	24	28
Trustee meetings*	0	0
	35	38

*Trustee meeting expenses totalled less than £100 in each year

7. Tangible Fixed Assets

	Land & Buildings £000	Plant and Machinery £000	Motor Vehicles £000	Total £000
Cost:				
At 1st September 2005	286	8,797	1,590	10,673
Additions	-	68	276	344
Disposals	-	148	186	334
	286	8,717	1,680	10,683
At 31 August 2006				
Depreciation:				
At 1st September 2005	18	2,772	614	3,404
Charge for the year	5	626	242	873
Eliminated on disposals	-	141	126	267
	23	3,257	730	4,010
At 31st August 2006				
Net Book Value:				
At 31st August 2006	263	5,460	950	6,673
At 31st August 2005	268	6,025	976	7,269

8. Fixed Asset Investments

	2006 £000	2005 £000
At 1st September 2005	16,968	13,468
Further advance	1,700	3,500
At 31st August 2006	18,668	16,968

The loan is to IBSA, a connected charity (see note 15) and is made interest free but secured by promissory notes

Notes to the Financial Statements

Year Ended 31 August 2006

9. Debtors

	2006 £000	2005 £000
Trade debtors	16	4
Other debtors	334	254
Due from congregations	3,882	3,440
Prepayments and accrued income	326	711
Due from connected charity	521	590
Due from overseas branches	156	156
Total	5,235	5,155

10. Current Asset Investments

	Cash equivalents £000	Narrow range investments £000	Total 2006 £000
Market Value at 1st September 2005	5,611	19,692	25,303
Additions	4,727	1,758	6,485
Disposal proceeds	-	(3,219)	(3,219)
Net investment gains	-	(887)	(887)
Market Value at 31st August 2006	10,338	17,344	27,682
Historical Cost at 31st August 2006	10,338	17,281	27,619
The investments at market value comprise			
UK bonds and cash	3,229	17,344	20,573
European bonds	-	7,109	7,109
Total Market Value	3,229	24,453	27,682

11. Creditors: Amounts Falling Due Within One Year

	2006 £000	2005 £000
Trade Creditors	253	230
Other Creditors	277	246
Deposits (see note 12)	12,841	11,875
Conditional donations	556	518
Accruals	83	-
Due to connected charities	329	331
Total creditors falling due within one year	14,339	13,200

12. Creditors: Amounts Falling Due After More Than One Year

	2006 £000	2005 £000
Other loans	4,374	4,443
Deposits*	5,300	4,902
Total creditors falling due after more than one year	9,674	9,345

*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

Notes to the Financial Statements

Year Ended 31 August 2006

13. Funds

	At 1 Sept 2005	Income Including gains	Expenditure	Transfers	At 31 Aug 2006
	£000	£000	£000	£000	£000
Unrestricted:					
General fund	24,914	17,731	15,747	-	26,898
Restricted:					
Travelling overseers assistance arrangement	322	67	68	-	321
Kingdom Hall assistance arrangement	3,125	386	36	-	3,475
The Society Kingdom Hall fund	4,905	1,054	787	-	5,172
Distress Relief fund	342	84	214	-	212
Eastern Europe fund	114	69	183	-	-
Total restricted funds	8,808	1,660	1,288	-	9,180
Total funds	33,722	19,391	17,035	-	36,078

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 As explained in note 4, during the year significant funds were sent overseas for Kingdom Hall building

Distress Relief fund

This fund exists for the purpose of giving 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 of branch facilities in Eastern Europe The fund was closed during the year

14. Assets by Fund

	Unrestricted £000	Restricted £000	Total £000	2005 £000
Tangible fixed assets	6,673	-	6,673	7,269
Loans	18,668	-	18,668	16,968
Net Current assets	11,231	9,180	20,411	18,830
Creditors falling due after more than one year	(9,674)	-	(9,674)	(9,345)
	26,898	9,180	36,078	33,722

15. Transactions With Trustees And Connected Parties

The trustees confirm that they have not been involved with any transactions of the charity The Society has close connections with International Bible Students Association (IBSA) which is a registered charity and has similar objects This charity has the same registered office as that of the Society

16. Trustees

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

Notes to the Financial Statements

Year Ended 31 August 2006

17. Reconciliation Of Changes In Resources To Net Inflow From Operating Activities

	2006 £000	2005 £000
Net incoming resources and investment gains / (losses)	2,356	1,136
(Increase) in Stocks	(45)	(208)
Decrease in Debtors	249	728
Increase / (Decrease) in Creditors	1,139	(585)
Depreciation	873	1,031
	-	-
Net cash inflow from operating activities	4,572	2,102

18. Returns On Investment and Servicing Of Finance

	2006 £000	2005 £000
Loan to IBSA	(1,700)	(3,500)
	-	-
	(1,700)	(3,500)

19. Analysis Of Cash Flow From Capital

Expenditure In The Cash Flow Statement

	2006 £000	2005 £000
Capital Expenditure And Financial Investment:		
Loan Advances	-	65
Purchase Of Tangible Fixed Assets	(344)	(576)
Sale Of Tangible Fixed Assets	67	189
Net outlay on investments	(2,379)	2,279
	-	-
	(2,656)	1,957