

REGISTERED COMPANY NUMBER: 03858051 (England and Wales)
REGISTERED CHARITY NUMBER: 1077961

**Report of the Trustees and
Financial Statements for the Year Ended 31st August 2015
for**

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

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

**Contents of the Financial Statements
for the Year Ended 31st August 2015**

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

**Report of the Trustees
for the Year Ended 31st August 2015**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st August 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03858051 (England and Wales)

Registered Charity number

1077961

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

Trustees

P P Bell	
R Li	- appointed 11.3.15
A J Llewellyn	- appointed 11.3.15
P Longstaff	- resigned 11.4.16
G Maraia	- appointed 29.7.15
S J Morice	- appointed 11.3.15
J Rastall	- appointed 11.3.15
B J Vigo	- resigned 29.7.15

Auditors

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

Investment Advisers

Merill Lynch
Private Banking and Investment Group
225 Liberty Street
35th Floor
New York
NY10281

Bankers

Barclays Corporate North London Team
1-2 Trinity Way
Chingford
London
E4 8TD

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity, a UK company limited by guarantee, is controlled by its governing document, the memorandum and articles of the company dated 25th October 1999, as amended by special resolutions dated 19th April 2000, 21st November 2013, and 13th April 2016.

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

**Report of the Trustees
for the Year Ended 31st August 2015**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment, induction and training of new trustees

The recruitment and induction of new trustees is arranged as follows: The trustees may at any time co-opt any person duly qualified to be appointed as a trustee to fill a vacancy in their number or as an additional trustee. Such a person must be a member of the charity and serve as one of Jehovah's Witnesses. Trustees are given appropriate Charity Commission publications and training is arranged as part of the meetings of the trustees when the charity's policies are discussed. This is supplemented by periodic training provided by other professional bodies when new legislation affecting the charity is introduced.

The trustees of the charity also have key supervisory/oversight roles at the charity headquarters. They meet together each month, and are in regular contact from day to day.

Organisational structure

The trustees organise the charity into a number of departments. Each department has an experienced, trained overseer who makes regular reports to the trustees. All major decisions are made by the body of trustees.

Wider network

Watch Tower Bible and Tract Society of Britain (the Society) works closely with International Bible Students Association (IBSA). During the year IBSA provided it with serviced facilities for its charitable activities, and the Society provided IBSA with printed material. The Society has also continued to work closely with Jehovas Zeugen in Deutschland (Jehovah's Witnesses in Germany). Other charities with similar objects exist in many countries around the world, and cooperation with these charities facilitates an efficient and economic use of its resources, and this cooperation also helps the Society to meet its stated objectives.

Risk management

The major risks to which the charity is exposed were reviewed by the trustees in January 2015 and April 2016. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks.

OBJECTIVES AND ACTIVITIES

Objectives and aims

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

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

Significant activities

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

1. printing and distributing Bibles and Bible-based literature in several languages.
2. supporting congregations of Jehovah's Witnesses and others in Britain with their material welfare, by advancing the Christian missionary work.
3. supporting congregations of Jehovah's Witnesses and others abroad, primarily in developing countries, with their material welfare, by making donations to local associations of Jehovah's Witnesses. The donations have been in the form of literature, goods, and services, as well as of funding for the construction of places of worship. All such donations have promoted religious education overseas.
4. refurbishment of Kingdom Halls owned by local congregations of Jehovah's Witnesses and construction of new Kingdom Halls, to be purchased and managed by The Kingdom Hall Trust.
5. construction of new headquarters of Jehovah's Witnesses in Britain, south of Chelmsford.

Grantmaking

The charity's grant making policy is as follows: From time to time the charity is asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists.

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

**Report of the Trustees
for the Year Ended 31st August 2015**

OBJECTIVES AND ACTIVITIES

Public benefit

As evidenced in this report, much has been accomplished by the charity in the year to advance its objects for the public benefit. Literature has been produced for distribution to the general public on spiritual and moral values. Ministers have been supported. Places of worship have been financed and new premises constructed, which are open to all who wish to benefit from the practical values contained in the Holy Bible. The trustees confirm that they have complied with their duty to have due regard to the Charity Commission guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Workers

All who care for the work of the charity are religious ministers who are members of the Worldwide Order of Special-Full-time Servants of Jehovah's Witnesses

STRATEGIC REPORT

Achievement and performance

Charitable activities - producing and distributing bible literature

The charity's presses have continued to produce The Watchtower and Awake! magazines, as well as other items of Bible-based literature. In the year, over 429 million publications were printed. These included 195 million copies of The Watchtower and Awake! magazines, which were printed in 37 and 22 languages respectively. In total, the charity has sent Bible-based literature to 91 countries in 301 languages. All of the literature produced is used to advance religious education and educate the general public in spiritual and moral values.

Charitable activities - making donations to further religious education overseas

During the year the charity continued to provide material and financial assistance to associations of Jehovah's Witnesses in several countries. The aid, over £19.3m in total, was given to promote missionary activity, to support general costs of the local association, and to assist in the operation of local congregations of Jehovah's Witnesses. Additionally, literature with a value of over £5.1m was donated overseas, mainly to Africa, for use in advancing religious education.

The trustees are pleased with the level of production and distribution.

Internal controls

To ensure the charity is able to achieve its objectives, appropriate internal controls have been established. These ensure that the monthly financial reports accurately represent all transactions, provide reasonable assurance that finances are being used for their intended purpose, and verify that proper controls and procedures are in place, and adhered to, so that figures are recorded accurately and the accounts are in balance.

The internal audit programme has been achieved. The internal auditor and his assistant have a set agenda to pursue throughout the year, and reported in writing to the trustees in October 2015. Approved recommendations were implemented.

Financial review

Reserves policy

Although the charity has a consistent income base, the trustees have arranged to work closely with Jehovas Zeugen in Deutschland. This arrangement continues to work well. At the year-end, free reserves stood at £47,965,000 which represented 13 months of expenditure (2014: £24,179,000 and 6 months). The trustees feel that such a policy is prudent in the current financial climate and makes best use of the charity's income, and are confident that it in no way adversely affects the charity's ability to both sustain and increase its activity.

Principal funding sources

The primary funding activity is the manufacture and distribution of Bible-based religious literature on behalf of IBSA, the cost of which is passed on. The charity also relies to a large extent on voluntary donations to support its work, and has a consistent income base through Gift Aid and legacies. As mentioned above, the charity is also working closely with similar charities overseas.

The trustees are confident that the charity is in a strong financial position as demonstrated by the attached financial statements.

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

**Report of the Trustees
for the Year Ended 31st August 2015**

STRATEGIC REPORT

Financial review

Investment policy and objectives

The memorandum and articles give power to invest funds in any lawful manner having full regard to the suitability of the investments, the need for diversification, and to be a socially responsible investor having due consideration to the beliefs of Jehovah's Witnesses. The objective of our investment policy is to balance the following issues: Preserve the purchasing power, provide adequate liquidity and provide consistent long-term returns.

Over the past year, the Portfolio has successfully achieved these objectives. There was a positive increase in value of 8.7% over the past year compared with a 0.0% inflation rate in the year ending August 2015. 84% of the portfolio is held in liquid assets. Over the long term our returns have consistently exceeded the inflation rate.

The trustees continue to see the wisdom in holding to the current strategy favouring portfolio diversification both by asset class and currency exposure, having adequate liquidity in investment quality.

Principal risks and uncertainties

The principal risks and uncertainties facing the charity are: Litigation; Failure to comply with legal requirements on health and safety, fire, environment, waste; Disaster in Kingdom Hall construction or maintenance.

Statutory inquiry

On leading counsel's advice the proposed Charity Commission's statutory inquiry has been resisted in the courts and litigation is ongoing.

Plans for future periods

The charity plans to relocate in the next five years to a purchased location south of Chelmsford, Essex. During the year, land and buildings to the value of £18m were purchased as part of this project.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

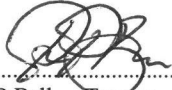
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

**Report of the Trustees
for the Year Ended 31st August 2015**

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 25th MAY, 2016..... and signed on the board's behalf by:



.....
P Bell - Trustee

**Report of the Independent Auditors to the Members of
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 2015 on pages eight to twenty six. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page four, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nicholas Hume FCA

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

Date: 26 - 05 - 2016

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

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2015**

	Not es	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	60,640,587	390,051	61,030,638	35,525,358
Investment income	3	192,811	39,713	232,524	134,866
Incoming resources from charitable activities					
Producing and distributing Bible literature	4	8,988,744	-	8,988,744	8,759,227
Design and build of places of worship and administrative facilities		8,617,545	-	8,617,545	-
Other incoming resources	5	<u>3,179,881</u>	<u>-</u>	<u>3,179,881</u>	<u>163,166</u>
Total incoming resources		<u>81,619,568</u>	<u>429,764</u>	<u>82,049,332</u>	<u>44,582,617</u>
RESOURCES EXPENDED					
Costs of generating funds					
Investment management costs	6	407,147	-	407,147	208,776
Charitable activities					
Producing and distributing Bible literature	7	11,181,391	-	11,181,391	13,811,638
Promoting Christian missionary work		1,921,993	238,445	2,160,438	7,754,313
Making donations to further religious education overseas		19,111,597	199,300	19,310,897	12,850,768
Exceptional items		-	-	-	9,245,076
Design and build of places of worship and administrative facilities		8,625,595	1,192,106	9,817,701	-
Governance costs	10	<u>16,488</u>	<u>-</u>	<u>16,488</u>	<u>11,700</u>
Total resources expended		<u>41,264,211</u>	<u>1,629,851</u>	<u>42,894,062</u>	<u>43,882,271</u>
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS					
		40,355,357	(1,200,087)	39,155,270	700,346
Gross transfers between funds	24	<u>292,362</u>	<u>(292,362)</u>	<u>-</u>	<u>-</u>
Net incoming/(outgoing) resources before other recognised gains and losses		40,647,719	(1,492,449)	39,155,270	700,346
Realised gains/(losses) on fixed asset investments		1,243,099	-	1,243,099	637,409
Net income/(expenditure)		<u>41,890,818</u>	<u>(1,492,449)</u>	<u>40,398,369</u>	<u>1,337,755</u>
Unrealised gains/(losses) on fixed asset investments		<u>723,815</u>	<u>-</u>	<u>723,815</u>	<u>57,975</u>
Net movement in funds		<u>42,614,633</u>	<u>(1,492,449)</u>	<u>41,122,184</u>	<u>1,395,730</u>

The notes form part of these financial statements

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

**Statement of Financial Activities - continued
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2015**

	Unrestricted funds £	Restricted funds £	Total 2015 funds £	Total 2014 funds £
	Not es			
RECONCILIATION OF FUNDS				
Total funds brought forward	27,952,915	10,273,159	38,226,074	36,830,344
TOTAL FUNDS CARRIED FORWARD	<u>70,567,548</u>	<u>8,780,710</u>	<u>79,348,258</u>	<u>38,226,074</u>

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

None of the charity's activities were acquired or discontinued during the current and previous years. All gains and losses recognised in the year are included above.

The notes form part of these financial statements

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

**Balance Sheet
At 31st August 2015**

	Notes	Unrestricted funds £	Restricted funds £	Total 2015 funds £	Total 2014 funds £
FIXED ASSETS					
Tangible assets	15	22,601,777	490,317	23,092,094	4,444,222
Investments					
Investments	16	9,863,748	-	9,863,748	11,112,995
Investment property	17	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
		32,715,525	490,317	33,205,842	15,807,217
CURRENT ASSETS					
Stocks	18	2,754,710	-	2,754,710	1,749,343
Debtors	19	7,648,430	-	7,648,430	1,673,401
Investments	20	100,000	-	100,000	100,000
Cash at bank and in hand		<u>46,743,412</u>	<u>8,290,393</u>	<u>55,033,805</u>	<u>49,176,525</u>
		57,246,552	8,290,393	65,536,945	52,699,269
CREDITORS					
Amounts falling due within one year	21	(16,805,119)	-	(16,805,119)	(28,220,824)
NET CURRENT ASSETS					
		<u>40,441,433</u>	<u>8,290,393</u>	<u>48,731,826</u>	<u>24,478,445</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		73,156,958	8,780,710	81,937,668	40,285,662
PROVISIONS FOR LIABILITIES					
	23	(2,589,410)	-	(2,589,410)	(2,059,588)
NET ASSETS					
		<u>70,567,548</u>	<u>8,780,710</u>	<u>79,348,258</u>	<u>38,226,074</u>
FUNDS					
24					
Unrestricted funds:					
General Fund				70,394,053	27,779,420
Revaluation Reserve				<u>173,495</u>	<u>173,495</u>
				70,567,548	27,952,915
Restricted funds				<u>8,780,710</u>	<u>10,273,159</u>
TOTAL FUNDS					
				<u>79,348,258</u>	<u>38,226,074</u>

The notes form part of these financial statements

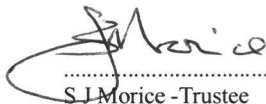
**Watch Tower Bible and Tract Society of
Britain**

**Balance Sheet - continued
At 31st August 2015**

The financial statements were approved by the Board of Trustees on 25 May 2016 and were signed on its behalf by:



.....
P P Bell - Trustee



.....
S J Morice - Trustee

The notes form part of these financial statements

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

**Cash Flow Statement
for the Year Ended 31st August 2015**

	Notes	2015 £	2014 £
Net cash inflow/(outflow) from operating activities	26	21,292,291	(5,184,492)
Returns on investments and servicing of finance	27	225,164	132,641
Capital expenditure and financial investment	27	(16,304,640)	(66,040)
		<u>5,212,815</u>	<u>(5,117,891)</u>
Financing	27	644,465	3,105,304
		<u>5,857,280</u>	<u>(2,012,587)</u>

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

	28		
Increase/(decrease) in cash in the period		5,857,280	(2,012,587)
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing		<u>(525,565)</u>	<u>(3,111,645)</u>
Change in net debt resulting from cash flows		5,331,715	(5,124,232)
Other non-cash change to debt		<u>12,991,831</u>	<u>14,828,916</u>
Movement in net debt in the period		18,323,546	9,704,684
Net debt at 1st September		<u>22,293,470</u>	<u>12,588,786</u>
Net debt at 31st August		<u>40,617,016</u>	<u>22,293,470</u>

The notes form part of these financial statements

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

**Notes to the Financial Statements
for the Year Ended 31st August 2015**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with applicable accounting standards, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities."

Donations receivable

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No income is deferred. Donations are from the public, congregations and other similar charities. Donations in the form of assets are included at the market value on the date of the gift.

Income from Bible literature

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

Legacies

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

Resources expended

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

No grants are offered subject to conditions.

Costs of generating funds

These are comprised of investment management costs incurred during the year. The charity does not engage in fund raising.

Governance costs

Governance costs comprise external audit fees and other fees from consultants. All other administrative costs are re-charged.

Tangible fixed assets

Fixed assets are valued at cost less depreciation. Assets costing less than £1,000 are not capitalised. Depreciation is provided at the following annual rates in order to write each asset down to its residual value over its estimated useful life:

Freehold land	-	Not depreciated
Buildings	-	2% on cost
Plant and machinery	-	10% or 6.7% on cost,
Motor vehicles	-	33%, 20% or 14% on cost
Fixtures and fittings	-	10% or 33% on cost

Impairment reviews are carried out on individual assets when there is some indication that the recoverable amount of a fixed asset is below its net book value.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

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

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

1. ACCOUNTING POLICIES - continued

Stocks and long term contracts

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Long term contracts are assessed on a contract by contract basis and reflected in the statement of financial activities by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Where a restricted fund has fulfilled its purpose and excess funds remain, the balance will be transferred into unrestricted funds, provided that this was understood by the donors at the time of their donation.

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

Foreign exchange gains and losses

Foreign currency balances have been translated at the prevailing rate on the balance sheet date. Income and expenditures during the year have been translated at the prevailing rate on the day of the transaction. Gains and losses arise when foreign currency assets change in value between their purchase and the balance sheet date.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Investments are valued at market value. All investments listed on a recognised stock exchange are carried at this value. Unlisted investments are valued using the latest valuation information received from the financial institutions managing the funds.

Deposits

The Society has an arrangement whereby individuals or congregations of Jehovah's Witnesses can deposit funds so that the Society can benefit, on the understanding that these funds can be requested back whenever the depositor wishes. Deposits repayable on demand are classified as falling due within one year.

Conditional donations

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

Grants payable

Grants payable to other institutions are recognised at the point when their payment has been approved by the trustees.

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

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

1. ACCOUNTING POLICIES - continued

Other recognised gains and losses

These comprise unrealised and realised gains and losses on investments. Unrealised gains and losses represent the difference between the market value brought forward (or cost, for assets bought within this financial year) and the market value at the balance sheet date. Realised gains and losses represent the difference between sales proceeds and market value brought forward (or cost, for assets bought within this financial year.)

Donated literature received

Literature received is recognised as a donation when it is received, valued at the equivalent of production cost. It is then held in stock until it is sold.

Irrecoverable VAT

Irrecoverable VAT is included in the relevant cost headings on the face of the Statement of Financial Activities and is not shown as a separate item.

Allocation of support costs

All support costs that cannot be allocated to a specific activity are allocated to producing and distributing Bible literature.

2. VOLUNTARY INCOME

	2015	2014
	£	£
Donations of literature	2,054,648	3,246,011
Legacies	2,027,909	2,314,577
Grants	15,780,281	137,503
Donations of cash and goods	<u>41,167,800</u>	<u>29,827,267</u>
	<u>61,030,638</u>	<u>35,525,358</u>

3. INVESTMENT INCOME

	2015	2014
	£	£
Rents received	7,360	2,225
Other unlisted securities	184,293	101,691
Deposit account interest	<u>40,871</u>	<u>30,950</u>
	<u>232,524</u>	<u>134,866</u>

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

			2015	2014
	Producing and distributing Bible literature £	Design and build of places of worship and administrative facilities £	Total activities £	Total activities £
Income from literature sold to IBSA	8,988,744	-	8,988,744	8,759,227
Income from branch construction	-	6,752,548	6,752,548	-
Income from KH construction	-	1,864,997	1,864,997	-
	<u>8,988,744</u>	<u>8,617,545</u>	<u>17,606,289</u>	<u>8,759,227</u>

5. OTHER INCOMING RESOURCES

	2015	2014
	£	£
Foreign currency gains	3,053,415	-
Income from recycling	<u>126,466</u>	<u>163,166</u>
	<u>3,179,881</u>	<u>163,166</u>

6. INVESTMENT MANAGEMENT COSTS

	2015	2014
	£	£
Portfolio management	<u>407,147</u>	<u>208,776</u>

7. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Grant funding of activities (See note 8) £	Support costs (See note 9) £	Totals £
Producing and distributing Bible literature	5,951,394	-	5,229,997	11,181,391
Promoting Christian missionary work	2,054,939	31,013	74,486	2,160,438
Making donations to further religious education overseas	-	19,310,897	-	19,310,897
Design and build of places of worship and administrative facilities	<u>9,775,187</u>	<u>-</u>	<u>42,514</u>	<u>9,817,701</u>
	<u>17,781,520</u>	<u>19,341,910</u>	<u>5,346,997</u>	<u>42,470,427</u>

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

8. GRANTS PAYABLE

	2015	2014
	£	£
Promoting Christian missionary work	31,013	5,966,046
Making donations to further religious education overseas	19,310,897	12,849,769
Exceptional items	-	9,245,076
	<u>19,341,910</u>	<u>28,060,891</u>

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

By continent:

	Cash	Goods	Literature	Totals
	£	£	£	£
Europe	7,040,168	1,187,434	-	8,227,602
Africa	-	3,483,374	4,734,905	8,218,279
Asia	199,300	754,015	30,100	983,415
Americas	1,711	1,431,199	392,585	1,825,495
Other	-	86,130	989	87,119
	<u>7,241,179</u>	<u>6,942,152</u>	<u>5,158,579</u>	<u>19,341,910</u>

By activity:

	Cash	Goods	Literature	Totals
	£	£	£	£
Promoting Christian missionary work in the United Kingdom	31,013	-	-	31,013
Promoting Christian missionary work internationally	7,010,866	6,942,152	-	13,953,018
Distribution of Bibles and Bible-based literature	-	-	5,158,579	5,158,579
Humanitarian relief	<u>199,300</u>	-	-	<u>199,300</u>
	<u>7,241,179</u>	<u>6,942,152</u>	<u>5,158,579</u>	<u>19,341,910</u>

Material grants (in the context of grant-making) were made to the following institutions:

Watchtower Bible & Tract Society of New York, Inc, United States of America
 Watch Tower Society of Jehovah's Witnesses, Nigeria
 Watch Tower Bible & Tract Society, Ghana
 Jehovas Zeugen, Germany
 Association Chretienne Les Temoins De Jehovah, Cameroon

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

8. GRANTS PAYABLE - continued

Equivalent figures for the previous year were as follows:

By continent:

	Cash £	Goods £	Literature £	Totals £
Europe	16,506,664	584,079	9,975	17,100,718
Africa	-	3,528,276	5,192,720	8,720,996
Asia	11,017	627,754	29,986	668,757
Americas	2,051	1,140,392	368,690	1,511,133
Other	-	58,813	474	59,287
	<u>16,519,732</u>	<u>5,939,314</u>	<u>5,601,845</u>	<u>28,060,891</u>

By activity:

	Cash £	Goods £	Literature £	Totals £
Promoting Christian missionary work in the United Kingdom	9,608,896	-	-	9,608,896
Promoting Christian missionary work internationally	6,910,836	5,939,314	-	12,850,150
Distribution of Bibles and Bible-based literature	-	-	5,601,845	5,601,845
	<u>16,519,732</u>	<u>5,939,314</u>	<u>5,601,845</u>	<u>28,060,891</u>

9. SUPPORT COSTS

	Other £
Producing and distributing Bible literature	5,229,997
Promoting Christian missionary work	74,486
Design and build of places of worship and administrative facilities	<u>42,514</u>
	<u>5,346,997</u>

Support costs have been allocated to the appropriate activity, as shown above. All support costs that cannot be allocated to a specific activity are allocated to producing and distributing Bible literature.

10. GOVERNANCE COSTS

	2015 £	2014 £
Auditors' remuneration	16,260	11,700
Auditors' remuneration for non-audit work	<u>228</u>	<u>-</u>
	<u>16,488</u>	<u>11,700</u>

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2015	2014
	£	£
Auditors' remuneration	16,260	11,700
Auditors' remuneration for non-audit work	228	-
Depreciation - owned assets	875,864	775,703
Other operating leases	393	(3,380)
(Surplus)\deficit on disposal of fixed asset	<u>(2,936)</u>	<u>118,099</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st August 2015 nor for the year ended 31st August 2014.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st August 2015 nor for the year ended 31st August 2014.

13. EX GRATIA PAYMENTS

	2015	2014
	£	£
Waived rental income on investment property let to protected tenant	<u>2,250</u>	<u>-</u>

14. EXCEPTIONAL ITEMS

During the previous financial year, the decision was made to write off all loans to congregations for the purpose of building places of worship, at a cost of £9,245,076 (2015: £nil).

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

15. TANGIBLE FIXED ASSETS

	Freehold property £	Assets in the course of construction £	Plant and machinery £
COST			
At 1st September 2014	307,221	-	8,238,450
Additions	18,010,773	87,247	924,392
Disposals	-	-	(326,067)
At 31st August 2015	<u>18,317,994</u>	<u>87,247</u>	<u>8,836,775</u>
DEPRECIATION			
At 1st September 2014	4,413	-	5,596,522
Charge for year	70,980	-	414,674
Eliminated on disposal	-	-	(203,446)
At 31st August 2015	<u>75,393</u>	<u>-</u>	<u>5,807,750</u>
NET BOOK VALUE			
At 31st August 2015	<u>18,242,601</u>	<u>87,247</u>	<u>3,029,025</u>
At 31st August 2014	<u>302,808</u>	<u>-</u>	<u>2,641,928</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1st September 2014	629,054	2,137,751	11,312,476
Additions	195,780	558,333	19,776,525
Disposals	(144,994)	(221,594)	(692,655)
At 31st August 2015	<u>679,840</u>	<u>2,474,490</u>	<u>30,396,346</u>
DEPRECIATION			
At 1st September 2014	213,316	1,054,003	6,868,254
Charge for year	146,846	243,364	875,864
Eliminated on disposal	(98,922)	(137,498)	(439,866)
At 31st August 2015	<u>261,240</u>	<u>1,159,869</u>	<u>7,304,252</u>
NET BOOK VALUE			
At 31st August 2015	<u>418,600</u>	<u>1,314,621</u>	<u>23,092,094</u>
At 31st August 2014	<u>415,738</u>	<u>1,083,748</u>	<u>4,444,222</u>

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

16. FIXED ASSET INVESTMENTS

	Investments £
MARKET VALUE	
At 1st September 2014	11,112,995
Additions	475,956
Disposals	(2,449,017)
Revaluations	<u>723,814</u>
At 31st August 2015	<u>9,863,748</u>
 NET BOOK VALUE	
At 31st August 2015	<u>9,863,748</u>
At 31st August 2014	<u>11,112,995</u>

Total market values of investment assets held at 31st August 2015 are analysed as follows:

	Listed investments	Unlisted investments	Total
	£	£	£
Investment assets outside the UK	<u>982,027</u>	<u>8,881,721</u>	<u>9,863,748</u>

Unlisted investments are comprised of various funds and derivatives managed by professional firms and banks. The valuations are based on the external fund managers' estimates of the underlying assets of the investment vehicle.

17. INVESTMENT PROPERTY

	£
MARKET VALUE	
At 1st September 2014 and 31st August 2015	<u>250,000</u>
 NET BOOK VALUE	
At 31st August 2015	<u>250,000</u>
At 31st August 2014	<u>250,000</u>

Investment property has been valued by the trustees on the basis of the sale price of comparable properties in the local area.

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

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

18. STOCKS

	2015	2014
	£	£
Raw materials	108,426	96,862
Motor vehicle spares and consumables	26,687	20,840
Work-in-progress	1,221,457	-
Bibles and other literature	<u>1,398,140</u>	<u>1,631,641</u>
	<u>2,754,710</u>	<u>1,749,343</u>

19. DEBTORS

	2015	2014
	£	£
Amounts falling due within one year:		
Trade debtors	71,358	835,843
Other debtors	<u>824,524</u>	<u>837,558</u>
	<u>895,882</u>	<u>1,673,401</u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>6,752,548</u>	<u>-</u>
Aggregate amounts	<u>7,648,430</u>	<u>1,673,401</u>

20. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Land in course of disposal	<u>100,000</u>	<u>100,000</u>

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Deposits (see note 22)	14,516,789	26,983,055
Trade creditors	2,227,424	753,947
Other creditors	47,106	469,722
Accrued expenses	<u>13,800</u>	<u>14,100</u>
	<u>16,805,119</u>	<u>28,220,824</u>

Deposits comprise monies received from individuals, circuits and congregations and held with the Society until they are requested back. Based on previous experience, it is considered highly unlikely that the entire balance of deposits will be demanded within the next financial year.

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

22. DEPOSITS

An analysis of the maturity of deposits is given below:

	2015 £	2014 £
Amounts falling due within one year on demand: Deposits- due within 1 year	<u>14,516,789</u>	<u>26,983,055</u>

23. PROVISIONS FOR LIABILITIES

	2015 £	2014 £
Conditional donations	<u>2,589,410</u>	<u>2,059,588</u>
		£
Provision at 1st September 2014		2,059,588
Provision on new conditional donations received		624,700
Provision released on conditional donations converted into donations		(84,624)
Provision released on conditional donations repaid		<u>(10,254)</u>
Provision at 31st August 2015		<u>2,589,410</u>

Conditional donations are donations made by individuals on the understanding that they may be recalled should the donor require such funds in the future. The donor retains an option over their donation until they die or write to convert it into an outright donation. While it is considered probable that some of these conditional donations will need to be repaid, it is unknown when this liability will crystallise or how large it will be. The trustees have therefore prudently made a provision for 50% of the balance of conditional donations as shown above. The remaining £2.6 million is a contingent liability.

24. MOVEMENT IN FUNDS

	At 1.9.14 £	Net movement in funds £	Transfers between funds £	At 31.8.15 £
Unrestricted funds				
General Fund	27,779,420	42,322,271	292,362	70,394,053
Revaluation Reserve	<u>173,495</u>	-	-	<u>173,495</u>
	27,952,915	42,322,271	292,362	70,567,548
Restricted funds				
Kingdom Hall Construction Worldwide	3,062,581	(1,183,652)	-	1,878,929
Travelling Overseers Assistance Arrangement	730,217	146,056	-	876,273
Kingdom Hall Assistance Arrangement	5,998,403	17,149	-	6,015,552
Relief Fund	189,596	(179,640)	-	9,956
Missionary Convention Travel	<u>292,362</u>	-	<u>(292,362)</u>	-
	10,273,159	(1,200,087)	(292,362)	8,780,710
TOTAL FUNDS	<u>38,226,074</u>	<u>41,122,184</u>	-	<u>79,348,258</u>

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

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

24. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	81,619,568	(41,264,211)	1,966,914	42,322,271
Restricted funds				
Kingdom Hall Construction Worldwide	8,454	(1,192,106)	-	(1,183,652)
Travelling Overseers Assistance Arrangement	364,904	(218,848)	-	146,056
Kingdom Hall Assistance Arrangement	36,746	(19,597)	-	17,149
Relief Fund	19,660	(199,300)	-	(179,640)
	429,764	(1,629,851)	-	(1,200,087)
TOTAL FUNDS	<u>82,049,332</u>	<u>(42,894,062)</u>	<u>1,966,914</u>	<u>41,122,184</u>

Travelling Overseers Assistance Arrangement

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

Kingdom Hall Assistance Arrangement

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

Kingdom Hall Construction Worldwide

This was set up to provide monies to assist with the purchase of places of worship. It was formerly known as the Society Kingdom Hall Fund.

Relief Fund

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

Transfers between funds

The Missionary Convention Travel fund was set up to assist missionaries serving abroad to return home for the conventions in the summer of 2014. In harmony with the terms of this fund, the excess funds were released to general funds during the financial year. The total amount transferred was £292,362.

25. RELATED PARTY DISCLOSURES

The charity has close connections with International Bible Students Association ("IBSA"), which provides serviced facilities to Watch Tower and which is a registered charity with similar objects. IBSA also has the same registered office as that of Watch Tower.

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
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During the year, IBSA purchased literature from Watch Tower amounting to £9,050,433 (2014: £8,820,956).

As an integral part of the charitable activities of IBSA, it provided Watch Tower with serviced facilities to enable Watch Tower to carry out its charitable activities. During the year, the Association charged Watch Tower £6,606,420 (2014: £5,783,062) for these services.

The Chelmsford relocation project, that was initially started by IBSA, was taken over by Watch Tower. Watch Tower reimbursed IBSA the value of all costs to date on the project, which amounted to £5,769,588.

Watch Tower charged IBSA £21,437 for the use of a warehouse.

Watch Tower charged IBSA £27,045 for utility costs.

Other amounts due to Watch Tower for sundry transactions amounted to £276,679. Other amounts due from Watch Tower amounted to £108,617.

Watch Tower and IBSA agreed a restructuring of their responsibilities, which is effective from September 1, 2015. This restructuring has led to further related party transactions, listed below:

Watch Tower formerly looked after the care of certain volunteers. IBSA has now assumed their care. Watch Tower therefore paid IBSA all amounts owing to these volunteers, a total of £519,276.

Fixed assets were transferred between Watch Tower and IBSA. Assets with a net book value of £53,323 were sold by IBSA to Watch Tower, and assets with a net book value of £255,959 were sold by Watch Tower to IBSA.

At the year end, Watch Tower owed IBSA £160,504 (2014: IBSA owed Watch Tower £332,054) in respect of all transactions.

The charity also has close connections with Kingdom Hall Trust ("KHT"), which owns Kingdom Halls that are used as places of worship by Jehovah's Witnesses, and which is a registered charity with similar objects. This charity also has the same registered office as that of Watch Tower.

During the year, KHT purchased newly constructed Kingdom Halls from Watch Tower amounting to £1,864,997 (2014: £Nil). The amount owing from KHT at the year end was £nil (2014: £nil).

**26. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW/(OUTFLOW)
FROM OPERATING ACTIVITIES**

	2015	2014
	£	£
Net incoming resources	39,155,270	700,346
Depreciation charges	875,864	775,703
(Profit)/loss on disposal of fixed assets	(2,936)	118,099
Interest received	(40,871)	(30,950)
Dividends received	(184,293)	(101,691)
Other non-cash donations received	(13,161,079)	(15,057,196)
Increase in provisions	(529,821)	(299,325)
Programme related investment written off	-	9,245,076
Movements on conditional donations	1,043,991	702,049
Increase in stocks	(1,005,367)	(350,832)
Increase in debtors	(5,975,028)	(539,646)
Increase/(decrease) in creditors	<u>1,116,561</u>	<u>(346,125)</u>
Net cash inflow/(outflow) from operating activities	<u><u>21,292,291</u></u>	<u><u>(5,184,492)</u></u>

**Watch Tower Bible and Tract Society of
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**Notes to the Financial Statements - continued
for the Year Ended 31st August 2015**

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

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	40,871	30,950
Dividends received	<u>184,293</u>	<u>101,691</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>225,164</u></u>	<u><u>132,641</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(19,776,525)	(1,251,446)
Purchase of fixed asset investments	(475,956)	(1,142,663)
Programme related investments advanced	-	(1,264,000)
Sale of tangible fixed assets	255,725	74,902
Sale of fixed asset investments	3,692,116	2,297,596
Programme related investments repaid	<u>-</u>	<u>1,219,571</u>
Net cash outflow for capital expenditure and financial investment	<u><u>(16,304,640)</u></u>	<u><u>(66,040)</u></u>
Financing		
Loans advanced by depositors	2,708,859	7,265,476
Loans repaid to depositors on demand	<u>(2,064,394)</u>	<u>(4,160,172)</u>
Net cash inflow from financing	<u><u>644,465</u></u>	<u><u>3,105,304</u></u>

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.14 £	Cash flow £	Other non-cash changes £	At 31.8.15 £
Net cash:				
Cash at bank and in hand	49,176,525	5,857,280		55,033,805
Liquid resources:				
Current asset investments	100,000	-	-	100,000
Debt:				
Debts falling due within one year	(26,983,055)	(525,565)	12,991,831	(14,516,789)
Total	<u><u>22,293,470</u></u>	<u><u>5,331,715</u></u>	<u><u>12,991,831</u></u>	<u><u>40,617,016</u></u>