

REGISTERED COMPANY NUMBER: 00136726 (England and Wales)
REGISTERED CHARITY NUMBER: 216647
OSCR NUMBER SCO46866

**Report of the Trustees and
Financial Statements for the Year Ended 31st August 2016
for
International Bible Students Association**

International Bible Students Association

**Contents of the Financial Statements
for the Year Ended 31st August 2016**

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International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2016

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 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The object of the Association is to promote the Christian religion as practiced by the body of Christians known as Jehovah's Witnesses, 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 Association. This has been achieved by:

1. The purchase and distribution of religious literature, free of charge.
2. The arranging of conventions for Bible education.
3. Financially assisting legal entities of Jehovah's Witnesses, both foreign and domestic.
4. Paying expenses for and taking care of living arrangements for members of the Order who are not construction workers.

The Association facilitates the activities of Jehovah's Witnesses whose aims include assisting individuals to discern how to apply Bible principles in their daily lives. Individuals are taught Godly values, promoting well-being and respect for others, along with such qualities as honesty and kindness.

Some of the criteria used to assess achievements in any given period include the amount of literature distributed, and the number of individuals attending conventions.

Significant activities

There is an ongoing demand for the religious literature we receive from Watch Tower.

Significant progress has been made in the construction of the new headquarters site near Chelmsford. We expect to move all of the Association's operations to the new site by the end of 2019. At the 31 August 2016 the remaining contractual obligation on this project stood at £94 million.

In previous years the Association recharged for its provision of serviced facilities to Watch Tower. As this recharge has now ended, the Association now covers these costs itself. Most are encapsulated in the fourth objective listed regarding caring for members of the Order.

The Association has begun to progressively sell its property assets in its current location in North London. This will continue for the next few years.

Public benefit

In addition to being a religious entity, the Trustees confirm that they have taken into consideration Charity Commission guidance on public benefit in exercising their powers and duties. This is amply demonstrated in the above report and in particular the following:

1. Bible literature we have supplied without charge to congregations of Jehovah's Witnesses in the UK, has been distributed gratis, by those congregations, to interested members of the public in their local communities, in the following quantities: 19,727,806 copies of The Watchtower and Awake!, 1,467,418 Bibles and Bible study aids and 63,592,174 brochures, along with many tracts and invitations to meetings.
2. Our conventions for Bible education are widely advertised by personal invitations delivered by individual Jehovah's Witnesses to the public nationwide. Admission is free.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2016

OBJECTIVES AND ACTIVITIES

Grant making

Our grant making policy is as follows:

From time to time we are asked to consider helping Jehovah's Witnesses in countries where a need exists. We first consider whether the budget permits. If this is the case we then send the money to the organisation caring for Jehovah's Witnesses in that country. We thereafter obtain reports to confirm the money was properly used.

In 2013 the Association entered into a formal arrangement with a related charity in Germany, Jehovas Zeugen in Deutschland. The agreement allows us to send excess funds for them to use and distribute in accordance with our aims and objectives.

All grants made support the Christian ministry of Jehovah's Witnesses in many countries, assisting with literature needs, disaster relief, the building of places of worship and other requirements of associations of Jehovah's Witnesses who pursue the same aims we do. Charity donors are made aware of the worldwide nature of our work and activities.

Workers

All who care for the work of the Association are religious ministers who are members of the Worldwide Order of Special-full-time Servants of Jehovah's Witnesses (the Order).

These individuals are not employed and do not receive a salary. Their basic needs are cared for, so that they are able to carry out any task which the Association deems appropriate to assign. Many work to assist individuals and congregations throughout the branch territory, while others help in providing the literature and planning conventions. Others visit congregations and care for assembly halls.

STRATEGIC REPORT

Achievement and performance

Charitable activities

Provision of literature for Bible education

The literature we donate to congregations of Jehovah's Witnesses plays a pivotal role in their Bible teaching activity. This activity reached out to the communities in the area covered by the congregations resulting in families and individuals receiving free instruction in their own homes. An average of over 60,000 home Bible study courses were provided each month by individual Jehovah's Witnesses throughout the branch territory.

Conventions for Bible education

These summer conventions were again well attended; the total of 162,490 was gratifying. All sessions were open to the public, and there were no charges for admission. Those attending were educated through talks that applied Bible principles to modern day living, video presentations of Bible accounts and the relating of personal experiences.

Financially assisting legal entities of Jehovah's Witnesses

We had adequate funds to be able to respond to all of the requests received for charitable aid, supporting Jehovah's Witnesses. The total of £2,815,598 was donated during the year.

Caring for Members of the Order

During the year, the modest living expenses of 905 members of the Order were cared for. This enabled them to concentrate fully on their services to the Association, and carry out assignments during the year as directed by the Association.

Fundraising activities

We do not engage in fundraising activities.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2016

STRATEGIC REPORT

Achievement and performance

Investment performance

The trustees are satisfied with the results for the year, taking into account interest rates generally. Money is held in first class banks.

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 accounts are in balance. The internal audit programme has been achieved. The internal auditor and his assistant have a set agenda to pursue through the year and reported again in writing to the Trustees in October 2016. All was found to be in order.

Financial review

Financial position

The Association showed a £24 million surplus on the Statement of Financial Activities (SOFA) at 31 August 2016. This must be considered along with two key factors. Firstly, £12 million was spent on tangible assets in the year, the vast majority of which has not begun to be depreciated on the SOFA as yet. Secondly, a higher proportion of income was received towards the end of the financial year when compared to 2015. This income will be utilised in the following year.

Net Assets at the end of the year stood at approximately £115 million. When it is considered that the vast majority of this is made up of tangible assets (£105 million) this demonstrates the Association is continuing to utilise its resources effectively.

Principal funding sources

The Association is funded by voluntary donations and legacies. Also, grants may be received from Jehovah's Witnesses in other countries. £2.6 million was received by way of grants, through a related charity operated by Jehovah's Witnesses in Germany. This income supported the Association in achieving all of its key objectives during the year.

Other

The major element of capital additions during the year was the part completed project to build new headquarters in Chelmsford. Cash reserves had been built up to a suitable level in order to finance this acquisition.

Reserves policy

The Association has a reliable donation base, being primarily the resources of Jehovah's Witnesses in the 1,628 congregations of Jehovah's Witnesses in the UK. The Association also works closely with Jehovas Zeugen in Germany, a related charity. These two factors currently guarantee an appropriate level of reserves at any given time, and due to the varying nature and timing of charitable expenditure there is no set amount targeted.

At the year-end unrestricted revenue reserves stood at approximately £13,200,000. This represents approximately 6 months of expenditure, including planned capital expenditure. This is an appropriate level as, beginning the following year; capital costs will be incurred monthly from the ongoing Chelmsford project.

The Association responds to the needs for funds overseas only after filling our domestic requirements.

Principal risks and uncertainties

The major risks to which the Association is exposed have been formally reviewed, with particular focus on events that would seriously impede the operations of the Association. Strategic safeguards are in place to reduce, as far as possible, the impact of those risks. The risk register was updated most recently in February 2016.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2016

STRATEGIC REPORT

Principal risks and uncertainties

The principal risks and uncertainties are in the following areas: Health and safety, IT disaster recovery and planning; lack of building fabric maintenance.

Health and Safety

Caring for sizeable facilities and a large group of workers brings with it the risks of accidents either at work or in accommodation.

This risk is mitigated by a rigorous health and safety routine. Experts in this area give constant advice and direction as to how working and living practices can be made safer. The workers are continuously trained in the procedures they should undertake, and how they should carry out their tasks in the safest manner.

IT disaster recovery and planning

The systems used to achieve the aims listed in the objectives system, are completely reliant on IT services. The potential for such services to be damaged or impeded in some way is a serious risk to the operations of the Association. This risk is mitigated by extremely detailed IT backup procedures. Offsite backups are regularly done, with sensitive data being backed up more frequently. Should a physical server be lost, remote servers are kept offsite that can take over and ensure the continued running of operations. In the unlikely event that the network goes down, a robust and redundant infrastructure allows for operations to continue uninterrupted.

Lack of building fabric maintenance

Regular repair and maintenance programmes are carried out to a high standard.

Environmental performance

The Association also monitors its affect on the environment.

Utility usage was monitored during the year. The assorted energy conservation schemes undertaken resulted in an overall saving of 20% in costs. Newly installed high efficiency boilers saved over £35,000 in 2016.

More than 60 tonnes of garden waste produced each year is composted and used again on our properties. Our wormery consumes 2 to 3 tonnes of food waste each year.

Future plans

We anticipate a continuing demand for Bible literature in the year ahead, and we are planning accordingly.

The project to plan and build new headquarters is proceeding well.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity was incorporated on 30th June 1914 and is governed by the Memorandum and Articles of Association of that date as amended by special resolutions on 20th April 1951, 10th January 1958, 28th November 2005, 4th January 2006 and 20th February 2014.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The charity is constituted as a company limited by guarantee.

The trustees organise the running of the charity through a number of departments. Each department is headed up by a trained and experienced department overseer who will make regular reports to the Trustees. Policy decisions are made by the Trustees. In some cases, a separate committee is given a budget, and can make decisions within the approved budget.

Recruitment, appointment, induction and training of new trustees

The Trustees of the Association who held office during the year, and at the date of this report, are set out above. These trustees have key roles at the charity's headquarters. They meet together each month and are in regular contact from day to day. The Trustees have the power to appoint or remove Trustees by a simple majority vote.

The recruitment and induction of new Trustees is arranged as follows. When necessary, the Trustees review potential candidates, on the basis set out in the Articles of Association. Their abilities and qualifications are evaluated by the Trustees.

Wider network

Charities with similar objects exist in many countries around the world. Cooperation with these charities facilitates an efficient and economic use of resources, and helps the Association to meet its stated objectives.

IBSA reviews policies, procedures and guidelines used by entities of Jehovah's Witnesses globally and, where applicable, seeks to implement them.

Close ties have also been maintained with Jehovas Zeugen in Deutschland (Jehovah's Witnesses in Germany).

Related parties

The Association works closely with Watch Tower Bible and Tract Society of Britain (Watch Tower). It provided serviced facilities for Watch Tower to use in its charitable activities. It also works closely the Kingdom Hall Trust, which shares the same registered office.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00136726 (England and Wales)

Registered Charity number

216647

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

Trustees

J D Dutton - resigned 28.4.16
S Papps
P S Gillies
K Snaith
I Darby
P Buttner

International Bible Students Association

**Report of the Trustees
for the Year Ended 31st August 2016**

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

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

Bankers

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

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of International Bible Students Association 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 23/2/17 and signed on the board's behalf by:


.....
Stephen Papps - Trustee

Report of the Independent Auditors to the Members of International Bible Students Association

We have audited the financial statements of International Bible Students Association for the year ended 31st August 2016 on pages nine to twenty three. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 six, 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 2016 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; 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
International Bible Students Association**

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: 23 February 2017

International Bible Students Association

**Balance Sheet
At 31st August 2016**

	Notes	£	2016 Unrestricted fund £	2015 Total funds £
FIXED ASSETS				
Tangible assets	10		105,222,012	93,872,936
CURRENT ASSETS				
Stocks	11		228,501	229,594
Debtors	12		5,392,479	554,802
Investments	13		6,605	13,189
Cash at bank and in hand			<u>9,888,889</u>	<u>1,657,764</u>
			15,516,474	2,455,349
CREDITORS				
Amounts falling due within one year	14		(2,307,475)	(2,230,376)
NET CURRENT ASSETS				
			<u>13,208,999</u>	<u>224,973</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
			118,431,011	94,097,909
CREDITORS				
Amounts falling due after more than one year	15		(2,927,881)	(2,927,881)
NET ASSETS				
			<u>115,503,130</u>	<u>91,170,028</u>
FUNDS				
Unrestricted funds	17		<u>115,503,130</u>	<u>91,170,028</u>
TOTAL FUNDS				
			<u>115,503,130</u>	<u>91,170,028</u>

The financial statements were approved by the Board of Trustees on 23 - 2 - 2017 and were signed on its behalf by:


.....
Stephen Papps -Trustee


.....
Karl Snaith -Trustee

The notes form part of these financial statements

International Bible Students Association

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2016**

		2016 Unrestricted fund £	2015 Total funds £
	Notes		
INCOME AND ENDOWMENTS FROM			
Donations and legacies	2	42,980,618	32,289,275
Charitable activities	4		
Provision of serviced facilities		-	6,606,420
Investment income	3	9,574	14,534
Other income		<u>19,485</u>	<u>9,541</u>
Total		43,009,677	38,919,770
EXPENDITURE ON			
Charitable activities	5		
Provision of literature for Bible education		7,536,161	9,072,831
Provision of conventions for Bible education		1,109,120	1,600,459
Donations and aid		3,090,733	5,156,300
Provision of serviced facilities		-	7,057,502
Promoting Christian missionary work		-	340,504
Caring for members of the Order		<u>6,943,143</u>	<u>-</u>
Total		18,679,157	23,227,596
Net gains/(losses) on investments		<u>2,582</u>	<u>(1,648)</u>
NET INCOME		24,333,102	15,690,526
RECONCILIATION OF FUNDS			
Total funds brought forward		91,170,028	75,479,502
TOTAL FUNDS CARRIED FORWARD		<u><u>115,503,130</u></u>	<u><u>91,170,028</u></u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

International Bible Students Association

**Cash Flow Statement
for the Year Ended 31st August 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>21,030,211</u>	<u>14,727,095</u>
Net cash provided by (used in) operating activities		<u>21,030,211</u>	<u>14,727,095</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(12,929,151)	(21,270,059)
Sale of tangible fixed assets		92,330	5,697,787
Sale of fixed asset investments		20,517	919
Assets reclassified to repairs		-	439,841
Interest received		17,218	14,534
Dividends received		-	(11,099)
Net cash provided by (used in) investing activities		<u>(12,799,086)</u>	<u>(15,128,077)</u>
Change in cash and cash equivalents in the reporting period		8,231,125	(400,982)
Cash and cash equivalents at the beginning of the reporting period		<u>1,657,764</u>	<u>2,058,746</u>
Cash and cash equivalents at the end of the reporting period		<u><u>9,888,889</u></u>	<u><u>1,657,764</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31st August 2016

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net income for the reporting period (as per the statement of financial activities)	24,333,102	15,690,526
Adjustments for:		
Depreciation charges	1,481,762	1,439,423
(Gain)/losses on investments	(2,582)	1,648
Loss/(profit) on disposal of fixed assets	5,982	(7,429)
Interest received	(17,218)	(14,534)
Dividends received	-	11,099
Donated fixed assets received	-	(4,130,279)
Investments received	(11,350)	(8,105)
Decrease/(increase) in stocks	1,093	(18,506)
(Increase)/decrease in debtors	(4,837,677)	902,840
Increase in creditors	<u>77,099</u>	<u>860,412</u>
Net cash provided by (used in) operating activities	<u>21,030,211</u>	<u>14,727,095</u>

**Notes to the Financial Statements
for the Year Ended 31st August 2016**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, a company limited by guarantee, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015)', Financial Reporting Standard 102' The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention or transaction value, unless stated in the relevant accounting policy note(s).

Reconciliation with previous generally accepted accounting practice

In preparing the accounts the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

It was found that no restatements were required. Therefore no reconciliation of opening balances was needed.

Income

All income, whether in the form of donations, or legacies is recognised in the Statement of Financial Activities once the Association has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations in the form of assets are included at the net book value on the date of the gift.

For legacies, entitlement is taken as the earlier of the date on which either: the Association is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Association has been notified of the executor's intention to make a distribution.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Association to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated as described in the following paragraph.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of costs

Where a cost is incurred for the purpose of directly achieving one of the Charitable aims it is allocated to that particular aim.

Some costs do not relate to one particular aim, but support all of the aims of the Association. When this is the case the support cost is apportioned to the activity based on the proportion of FTE workers that are that allocated to that activity.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2016

1. ACCOUNTING POLICIES - continued

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% on cost
Motor vehicles	-	20% on cost
Assets in the course of construction	-	Not depreciated
Fixtures and fittings	-	20% on cost
Computer Equipment	-	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.

Stocks

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

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.

Foreign currencies

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.

Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Donated goods

Donated goods are recognised as income when the Association has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Association of the item is probable and that economic benefit can be measured reliably.

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2016**

1. ACCOUNTING POLICIES - continued

Investments

Investments are included in the balance sheet at market value.

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.)

Grants payable

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

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.

Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Debtors

Debtors are recognised at the total amount due to the Association. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes current and deposit accounts as well as trivial amounts of petty cash.

Creditors

Creditors are recognised where the Association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Association has only basic financial assets and liabilities. These are initially recognised at transaction value and subsequently measured at their settlement value if there is any variance. If any are for a period longer than twelve months these are amortised when appropriate.

Notes to the Financial Statements - continued
for the Year Ended 31st August 2016

2. DONATIONS AND LEGACIES

	2016 £	2015 £
Legacies	1,195,869	1,629,648
Grants	2,600,000	12,000,000
Assets donated	-	4,130,279
Cash donations	<u>39,184,749</u>	<u>14,529,348</u>
	<u>42,980,618</u>	<u>32,289,275</u>

3. INVESTMENT INCOME

	2016 £	2015 £
Deposit account interest	8,327	14,188
Current asset investment income	<u>1,247</u>	<u>346</u>
	<u>9,574</u>	<u>14,534</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2016 £	2015 £
Provision of serviced facilities	Provision of serviced facilities	<u>-</u>	<u>6,606,420</u>

The provision of serviced facilities ceased in the previous year.

5. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Grant funding of activities (See note 6) £	Support costs (See note 7) £	Totals £
Provision of literature for Bible education	6,780,329	-	755,832	7,536,161
Provision of conventions for Bible education	1,094,893	-	14,227	1,109,120
Donations and aid	275,135	2,815,598	-	3,090,733
Caring for members of the Order	<u>6,405,384</u>	<u>-</u>	<u>537,759</u>	<u>6,943,143</u>
	<u>14,555,741</u>	<u>2,815,598</u>	<u>1,307,818</u>	<u>18,679,157</u>

6. GRANTS PAYABLE

	2016 £	2015 £
Donations and aid	<u>2,815,598</u>	<u>5,152,211</u>

International Bible Students Association

Notes to the Financial Statements - continued
for the Year Ended 31st August 2016

6. GRANTS PAYABLE - continued

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

By continent:

	Cash	Goods	Totals
	£	£	£
Europe	2,435,600	2,517	2,438,117
Oceania	9,030	-	9,030
North America	33,898	329	34,227
South America	747	-	747
Asia	230,648	48,264	278,912
Africa	<u>48,422</u>	<u>6,143</u>	<u>54,565</u>
	<u>2,758,345</u>	<u>57,253</u>	<u>2,815,598</u>

By activity:

	Cash	Goods	Totals
	£	£	£
Donations and aid	<u>2,758,345</u>	<u>57,253</u>	<u>2,815,598</u>
	<u>2,758,345</u>	<u>57,253</u>	<u>2,815,598</u>

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

Jehovas Zeugen in Deutschland K.d.ö.R, Germany- £2,150,033

The equivalent figures for the 2015 year end were as follows:

By continent:

	Cash	Goods	Totals
	£	£	£
Europe	5,086,399	23,577	5,109,976
Asia	7,931	3,943	11,874
Africa	3,021	8,205	11,226
Americas	<u>590</u>	<u>140</u>	<u>730</u>
	<u>5,097,941</u>	<u>35,865</u>	<u>5,133,806</u>

By activity:

	Cash	Goods	Totals
	£	£	£
Donations and aid	<u>5,097,941</u>	<u>35,865</u>	<u>5,133,806</u>
	<u>5,097,941</u>	<u>35,865</u>	<u>5,133,806</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2016**

7. SUPPORT COSTS

	Finance £	Information technology £	Other £	Governance costs £	Totals £
Provision of literature for Bible education	17,971	117,452	580,865	39,544	755,832
Provision of conventions for Bible education	339	2,212	10,932	744	14,227
Caring for members of the Order	<u>12,786</u>	<u>83,566</u>	<u>413,271</u>	<u>28,136</u>	<u>537,759</u>
	<u><u>31,096</u></u>	<u><u>203,230</u></u>	<u><u>1,005,068</u></u>	<u><u>68,424</u></u>	<u><u>1,307,818</u></u>

8. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2016 £	2015 £
Auditors' remuneration	12,160	14,783
Auditors' remuneration for non audit work	287	-
Depreciation - owned assets	1,481,763	1,439,423
Other operating leases	817,815	859,049
Deficit/(surplus) on disposal of fixed asset	<u><u>5,982</u></u>	<u><u>(7,429)</u></u>

9. TRUSTEES' REMUNERATION AND BENEFITS

The Trustees do not receive any remuneration or benefits for their role as trustees of the charity. However, all Trustees are members of a worldwide religious order. By virtue of their membership of the religious order, they (and if married to a member of the order, their spouse) receive from the Association accommodation, meals, a modest allowance and certain other personal services depending on age.

The total allowance paid to each trustee, by virtue of their membership of the religious order, in the year ending 31 August 2016 was £1,923.

Trustees' expenses

No expenses were reimbursed to trustees during the year.

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2016**

10. TANGIBLE FIXED ASSETS

	Freehold property £	Assets in the course of construction £	Plant and machinery £
COST			
At 1st September 2015	106,838,470	36,341	2,540,332
Additions	-	12,775,126	48,609
Disposals	-	(36,341)	(43,734)
At 31st August 2016	<u>106,838,470</u>	<u>12,775,126</u>	<u>2,545,207</u>
DEPRECIATION			
At 1st September 2015	14,580,999	-	1,264,691
Charge for year	1,238,823	-	152,484
Eliminated on disposal	-	-	(9,562)
At 31st August 2016	<u>15,819,822</u>	<u>-</u>	<u>1,407,613</u>
NET BOOK VALUE			
At 31st August 2016	<u>91,018,648</u>	<u>12,775,126</u>	<u>1,137,594</u>
At 31st August 2015	<u>92,257,471</u>	<u>36,341</u>	<u>1,275,641</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1st September 2015	51,938	735,431	58,770	110,261,282
Additions	-	52,509	52,907	12,929,151
Disposals	(7,042)	(63,594)	(13,798)	(164,509)
At 31st August 2016	<u>44,896</u>	<u>724,346</u>	<u>97,879</u>	<u>123,025,924</u>
DEPRECIATION				
At 1st September 2015	25,816	516,385	455	16,388,346
Charge for year	7,292	60,727	22,437	1,481,763
Eliminated on disposal	(4,542)	(49,094)	(2,999)	(66,197)
At 31st August 2016	<u>28,566</u>	<u>528,018</u>	<u>19,893</u>	<u>17,803,912</u>
NET BOOK VALUE				
At 31st August 2016	<u>16,330</u>	<u>196,328</u>	<u>77,986</u>	<u>105,222,012</u>
At 31st August 2015	<u>26,122</u>	<u>219,046</u>	<u>58,315</u>	<u>93,872,936</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2016**

11. STOCKS

	2016	2015
	£	£
Stocks - electrical, maintenance and home supplies	<u>228,501</u>	<u>229,594</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other debtors	5,349,159	257,541
Due from associated charities	-	212,136
Prepayments	<u>43,320</u>	<u>85,125</u>
	<u>5,392,479</u>	<u>554,802</u>

13. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Listed investments	<u>6,605</u>	<u>13,189</u>
		£
Market value at 1st September 2015		7,650
Additions		8,105
Disposals		(1,043)
Net loss on revaluation		<u>(1,524)</u>
Market value at 31st August 2016		<u>13,189</u>
Historical cost at 31st August 2016		<u>16,423</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	334,103	401,658
Other creditors	935,973	1,744,744
Due to associated charity	895,948	-
Accrued expenses	<u>141,451</u>	<u>83,974</u>
	<u>2,307,475</u>	<u>2,230,376</u>

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2016**

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

	2016 £	2015 £
Other loans (see note 16)	<u>2,927,881</u>	<u>2,927,881</u>

The loan is from Watchtower Bible and Tract Society of Australia and there are no repayments due in the short term. It is not secured against any assets of the Association.

16. LOANS

An analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due in more than five years:		
Repayable otherwise than by instalments:		
Other loans	<u>2,927,881</u>	<u>2,927,881</u>

17. MOVEMENT IN FUNDS

	At 1.9.15 £	Net movement in funds £	At 31.8.16 £
Unrestricted funds			
General fund	91,170,028	24,333,102	115,503,130
TOTAL FUNDS	<u>91,170,028</u>	<u>24,333,102</u>	<u>115,503,130</u>

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	43,009,677	(18,679,157)	2,582	24,333,102
TOTAL FUNDS	<u>43,009,677</u>	<u>(18,679,157)</u>	<u>2,582</u>	<u>24,333,102</u>

Notes to the Financial Statements - continued
for the Year Ended 31st August 2016

18. CAPITAL COMMITMENTS

	2016	2015
	£	£
Contracted but not provided for in the financial statements	<u>94,000,000</u>	<u>-</u>

This represents the remaining amount on the contract to build the Association's new facilities near Chelmsford. We expect to move all of the Association's operations to the new site by the end of 2019. This project will be funded by reserves and ongoing income.

19. RELATED PARTY DISCLOSURES

The Association has close connections with Watch Tower Bible and Tract Society of Britain ("Watch Tower"), which prints Bible based literature and which is a registered charity with similar objects. This charity also has the same registered office as that of the Association.

During the year, the Association purchased literature from Watch Tower amounting to £6,493,194 (2015: £9,050,433).

The Association was also charged by Watch Tower for the ongoing building of new facilities at Chelmsford. Costs incurred this year were £12,775,126.

Amounts due to Watch Tower at the year end amounted to £895,948 (2015: £813,639)

Amounts due from Watch Tower at the year end amounted to £0 (2015: £212,717)

The Association now allows Watch Tower use of its facilities free of charge, including a fully serviced factory, warehouse and office space.

The Association has close connections with the Kingdom Hall Trust, a registered charity which also shares the Association's registered office.

During the year the Association made a donation of £250,000 to the Kingdom Hall Trust.

20. FIRST YEAR ADOPTION

No restatements of prior years were required on adoption of FRS 102. Therefore no reconciliations of prior years profit or loss were required.

Further accounting policies have been added in line with the requirements of the standard.