

REGISTERED COMPANY NUMBER: 03858051 (England and Wales)
REGISTERED CHARITY NUMBER: 1077961
OSCR NUMBER: SC046952

**Report of the Trustees and
Financial Statements for the Year Ended 31st August 2016
for
Watch Tower Bible and Tract Society of
Britain**

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

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for the Year Ended 31st August 2016**

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Watch Tower Bible and Tract Society of Britain

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 Memorandum and Governing document states that the objectives of the Society 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.

The Society helps to facilitate the activities of Jehovah's Witnesses. Literature is printed in many languages to allow people of a variety of nationalities to gain access to Bible education. Places of worship are also provided so that members of the public can meet and worship together. This all helps Jehovah's Witnesses and others who associate with them to learn Godly values, promote well-being and respect for others, and practice qualities such as honesty and kindness.

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 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.
3. 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.
4. construction of new headquarters of Jehovah's Witnesses in Britain, south of Chelmsford.

Formerly the Society cared for many more full time ministers, and was recharged by a related charity for use of facilities. This recharge has now ceased, and the number of ministers cared for has reduced. Now only full time ministers with a focus on construction work are cared for by the Society. The aforementioned, coupled with a reduction in printing resulted in much lower costs in these areas during 2016.

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. 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.

Watch Tower Bible and Tract Society of Britain

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

OBJECTIVES AND ACTIVITIES

Grantmaking

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

The Society also has a formal arrangement with Jehovas Zeugen in Deutschland, a charity in Germany. The agreement allows the Society 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. This help could be used for building places of worship, providing literature, or assisting with disaster relief. The organisations assisted share and pursue the same aims as the Society, and individual donors to the Society are well aware of the worldwide nature of our work and activities.

Members of the Order

All who care for the work of the Society are members of the Worldwide Order of Special-Full-time Servants of Jehovah's Witnesses (The Order).

The Society utilises some members of The Order who are cared for by the International Bible Students Association (IBSA), a related charity with similar aims. The Society also cares for members of The Order who are focussed on the refurbishment and construction of places of worship.

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 to which they are assigned.

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 322 million publications were printed. These included 129 million copies of The Watchtower and Awake! magazines, which were printed in 38 languages. In total, the charity has sent Bible-based literature to 60 countries in 193 languages. All of the literature produced is used to advance religious education and assist the general public with 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 £25 million in total, was given to promote missionary activity, to support general costs of the local associations, and to assist in the operation of local congregations of Jehovah's Witnesses. Literature with a value of almost £3 million was donated overseas, mainly to Africa, for use in advancing religious education.

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

Charitable activities - building places of worship and administrative facilities

During the year the charity carried out refurbishment work on 86 kingdom halls and constructed 3 new kingdom halls. This provided high quality, safe buildings for individuals to worship in.

Further work was carried out in building new facilities on behalf of IBSA, in Chelmsford. This work is progressing very well and on schedule.

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

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

STRATEGIC REPORT

Achievement and performance

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 2016. Approved recommendations were implemented.

Financial review

Financial position

The Society showed a surplus of £9.7m on the Statement of Financial Activities (SOFA) at the 31 August 2016. Net Current Assets stood at £58 million. The aims of the Society are in no way financial, therefore monitoring of specific financial targets is not paramount. The Society's basic financial aims are to not run at a deficit, preserve its purchasing power, and also maintain sufficient resources that can, at any given time, respond to not just local aims, but also to possible worldwide needs as referenced in the earlier grant making paragraph.

Significant funds were sent overseas during the year, explained fully in the grants payable note of the financial statements.

Key expenditure was also incurred in the construction of the new branch facility for IBSA, a related charity. Approximately £13 million of costs have been incurred so far, although some of these are in the form of fixed and current assets in the Society accounts. Approximately £13 million has also been invoiced to IBSA to cover this work. The project is on track in terms of costs, income and schedule. Income in total is down approximately £30 million mainly due to 2 reasons. Firstly 2015 income was unusually high due to congregations of Jehovah's Witnesses donating money they had previously been saving. Secondly, there was less need this year to apply for funds from Jehovas Zeugen in Deutschland.

Due to the changes mentioned in the "significant activities" paragraph, costs of producing literature and supporting missionary activity have dropped by approximately £8 million.

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 also at times receives funding from Jehovas Zeugen in Deutschland.

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

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. After adjusting for outflows, there was a positive increase in value of 15.6% over the past year compared with a 0.62% inflation rate in the year ending August 2016. 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.

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

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

STRATEGIC REPORT

Financial review

Reserves policy

At the year-end unrestricted reserves, not including fixed assets, stood at, £48,778,506, which represented 14 months of expenditure. 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. These reserves can therefore continue to be available for worldwide use as the need arises.

Environmental performance

The Society monitors its effect on the environment.

Utility usage was monitored during the year, enabling the Society, as printers, to maintain its Climate Change Agreement and received reduction in Levy in the order of £16,565. Unused paper from the printing process is recycled.

The latest environmental inspection report confirmed that emissions to air continue to be as minimal as possible. The Society's installation was assessed as low risk by the external inspector.

The above information enables the Society to see its environmental performance as strong during the year.

Principal risks and uncertainties

Formal reviews have taken place regarding the major risks to which the Society is exposed. Strategic safeguards are in place to reduce, as far as possible, the impact of those risks. The risk register was updated most recently in April 2016.

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

Failure to comply with legal requirements.

Health and safety experts are used to give constant advice and direction, and workers are continuously trained as to how they should carry out their tasks.

The printing processes are reviewed by the London Borough of Barnet. These processes are subject to regular inspections, the latest of which was extremely successful.

Regulatory authorities also inspect and advise in vehicle safety and standards.

Weekly maintenance and production meetings ensure standards are being followed and any suggestions are followed through.

All of the above constantly ensure that the Society is in line with the legal requirements it is under.

Disaster in Kingdom Hall construction

The Society co-ordinates advice and training for the construction teams it cares for based throughout the country.

Building sites are run in line with the Construction Industry Training Board Site Safety qualifications, and strict compliance with building regulations is also ensured. Again, experts are fully utilised.

Workers attend safety and planning seminars, and daily meetings regarding health and safety are held on site. An accident and near miss reporting system is also operational on site.

Statutory inquiry

The litigation has now been concluded and a measure of agreement has been reached. The charity trustees continue to work with the Charity Commission to assist them in fulfilling their statutory obligations.

Watch Tower Bible and Tract Society of Britain

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

STRATEGIC REPORT

Future plans

The Society will continue to carry out a major project to build facilities in Chelmsford for IBSA. Once completed the Society will also relocate and share part of these facilities.

Over the next 2.5 years the project is expected to incur a further £94 million of costs, all of which will be covered by IBSA.

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.

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.

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.

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.

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

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

03858051 (England and Wales)

Registered Charity number

1077961

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

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

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

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

P P Bell

R Li

A J Llewellyn

P Longstaff - resigned 11.4.16

G Maraia

S J Morice

J Rastall

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

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

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

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), 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

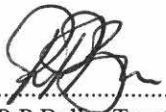
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed 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, on16th.....MAY.....2017..... and signed on the board's behalf by:



.....
P 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 2016 on pages ten to twenty eight. 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 seven, 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, including the strategic report 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: 17 May 2017

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

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

	Not es	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	29,199,830	32,576	29,232,406	61,030,638
Charitable activities					
Producing and distributing Bible literature	4	6,400,227	-	6,400,227	8,988,744
Design and build of places of worship and administrative facilities		6,653,578	-	6,653,578	8,617,545
Investment income	3	227,748	33,891	261,639	232,524
Other income	5	7,930,304	-	7,930,304	3,179,881
Total		50,411,687	66,467	50,478,154	82,049,332
EXPENDITURE ON					
Raising funds					
Investment management costs	6	214,596	-	214,596	407,147
		214,596	-	214,596	407,147
Charitable activities					
Producing and distributing Bible literature	7	4,950,121	-	4,950,121	11,197,879
Promoting Christian missionary work		203,008	120,270	323,278	2,160,438
Making donations to further religious education overseas		28,601,068	-	28,601,068	19,310,897
Design and build of places of worship and administrative facilities		5,483,695	1,894,400	7,378,095	9,817,701
Total		39,452,488	2,014,670	41,467,158	42,894,062
Net gains/(losses) on investments		710,238	-	710,238	1,966,914
NET INCOME/(EXPENDITURE)		11,669,437	(1,948,203)	9,721,234	41,122,184
RECONCILIATION OF FUNDS					
Total funds brought forward		70,567,548	8,780,710	79,348,258	38,226,074
TOTAL FUNDS CARRIED FORWARD		82,236,985	6,832,507	89,069,492	79,348,258

CONTINUING OPERATIONS

All income and expenditure has arisen 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 2016**

	Not es	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
FIXED ASSETS					
Tangible assets	12	23,174,852	476,537	23,651,389	23,092,094
Investments					
Investments	13	10,033,627	-	10,033,627	9,863,748
Investment property	14	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
		33,458,479	476,537	33,935,016	33,205,842
CURRENT ASSETS					
Stocks	15	2,962,074	-	2,962,074	2,754,710
Debtors	16	3,214,593	-	3,214,593	7,648,430
Investments	17	100,000	-	100,000	100,000
Cash at bank and in hand		<u>58,475,489</u>	<u>6,355,970</u>	<u>64,831,459</u>	<u>55,033,805</u>
		64,752,156	6,355,970	71,108,126	65,536,945
CREDITORS					
Amounts falling due within one year	18	<u>(12,712,551)</u>	<u>-</u>	<u>(12,712,551)</u>	<u>(16,805,119)</u>
NET CURRENT ASSETS		<u>52,039,605</u>	<u>6,355,970</u>	<u>58,395,575</u>	<u>48,731,826</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		85,498,084	6,832,507	92,330,591	81,937,668
PROVISIONS FOR LIABILITIES	20	<u>(3,261,099)</u>	<u>-</u>	<u>(3,261,099)</u>	<u>(2,589,410)</u>
NET ASSETS		<u>82,236,985</u>	<u>6,832,507</u>	<u>89,069,492</u>	<u>79,348,258</u>
FUNDS					
21					
Unrestricted funds:					
General Fund				82,063,490	70,394,053
Revaluation Reserve				<u>173,495</u>	<u>173,495</u>
				82,236,985	70,567,548
Restricted funds				<u>6,832,507</u>	<u>8,780,710</u>
TOTAL FUNDS				<u>89,069,492</u>	<u>79,348,258</u>

The notes form part of these financial statements


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

**Balance Sheet - continued
At 31st August 2016**

The financial statements were approved by the Board of Trustees on **16th MAY 2017** and were signed on its behalf by:



.....
P P Bell -Trustee



.....
J Rastall -Trustee

The notes form part of these financial statements

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

**Statement of Cash Flows
for the Year Ended 31st August 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>11,393,803</u>	<u>21,292,291</u>
Net cash provided by (used in) operating activities		<u>11,393,803</u>	<u>21,292,291</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,907,685)	(19,776,525)
Purchase of fixed asset investments		(169,879)	(475,956)
Sale of tangible fixed assets		132,539	255,725
Sale of fixed asset investments		173,681	3,692,116
Interest received		114,205	40,871
Dividends received		<u>135,864</u>	<u>184,293</u>
Net cash provided by (used in) investing activities		<u>(1,521,275)</u>	<u>(16,079,476)</u>
Cash flows from financing activities:			
Loans advanced by depositors		1,061,208	2,708,859
Loans repaid to depositors on demand		<u>(1,136,082)</u>	<u>(2,064,394)</u>
Net cash provided by (used in) financing activities		<u>(74,874)</u>	<u>644,465</u>
Change in cash and cash equivalents in the reporting period		9,797,654	5,857,280
Cash and cash equivalents at the beginning of the reporting period		<u>55,033,805</u>	<u>49,176,525</u>
Cash and cash equivalents at the end of the reporting period		<u>64,831,459</u>	<u>55,033,805</u>

The notes form part of these financial statements

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

**Notes to the Statement of Cash Flows
for the Year Ended 31st August 2016**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM
OPERATING ACTIVITIES**

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	9,721,234	41,122,184
Adjustments for:		
Depreciation charges	1,057,082	875,864
Gain on investments	(173,681)	(1,966,914)
Profit on disposal of fixed assets	(433)	(2,936)
Interest received	(114,205)	(40,871)
Dividends received	(135,864)	(184,293)
Other non-cash donations received	(3,609,060)	(13,161,079)
Fixed assets reclassified	161,357	-
Increase in provisions	(671,689)	(529,821)
Prior year depreciation reversed	(2,154)	-
Movements on conditional donations	1,400,571	1,043,991
Increase in stocks	(207,364)	(1,005,367)
Decrease/(increase) in debtors	4,433,837	(5,975,028)
(Decrease)/increase in creditors	<u>(465,828)</u>	<u>1,116,561</u>
Net cash provided by (used in) operating activities	<u><u>11,393,803</u></u>	<u><u>21,292,291</u></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).

Income

All income, whether in the form of donations, or legacies is recognised in the Statement of Financial Activities once the Society 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 Society 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 Society has been notified of the executor's intention to make a distribution.

Income from charitable activities also includes the value, excluding value added tax, of services provided at cost to other charitable bodies during the period. The completion stage of building work performed over long term contracts is verified by qualified individuals and invoiced accordingly at appropriate intervals.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Society 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 allocation policy.

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.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes through managing its investment fund. The Charity does not engage in fundraising activities.

Governance costs

Governance costs comprise costs involved in the running and administration of the Society. These are allocated across activities in the same manner as all other support costs.

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 Society. When this is the case these costs are allocated based on a reasonable estimate by the trustees in line with the proportion of activity carried out by the Society. It is currently estimated that 85% of support costs are utilised in supporting the literature activity, and 15% supports the building activity. Any support costs utilised by the remaining activities of the Society would be minimal and trivial.

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

**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% 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.

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.

Donated goods

Donated goods are recognised as income when the Society 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 Society of the item is probable and that economic benefit can be measured reliably.

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

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

1. ACCOUNTING POLICIES - continued

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.

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.

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 Society. 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 Society 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.

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

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

1. ACCOUNTING POLICIES - continued

Financial Instruments

Other than the aforementioned investments, The Society 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.

2. DONATIONS AND LEGACIES

	2016 £	2015 £
Donations of literature	1,373,787	2,054,648
Legacies	2,223,643	2,027,909
Grants	220,273	15,780,281
Donated services and facilities	786,300	-
Donations of cash and goods	<u>24,628,403</u>	<u>41,167,800</u>
	<u>29,232,406</u>	<u>61,030,638</u>

3. INVESTMENT INCOME

	2016 £	2015 £
Rents received	11,570	7,360
Other unlisted securities	135,864	184,293
Deposit account interest	<u>114,205</u>	<u>40,871</u>
	<u>261,639</u>	<u>232,524</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Bible literature £	Design and build of places of worship and administrative facilities £	2016 Total activities £	2015 Total activities £
Income from literature sold to IBSA	6,400,227	-	6,400,227	8,988,744
Income from branch construction	-	6,022,578	6,022,578	6,752,548
Income from Kingdom Hall construction	<u>-</u>	<u>631,000</u>	<u>631,000</u>	<u>1,864,997</u>
	<u>6,400,227</u>	<u>6,653,578</u>	<u>13,053,805</u>	<u>17,606,289</u>

5. OTHER INCOME

	2016 £	2015 £
Foreign currency gains	7,596,009	3,053,415
Other Income from IBSA	203,008	-
Income from recycling	<u>131,287</u>	<u>126,466</u>
	<u>7,930,304</u>	<u>3,179,881</u>

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

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

6. INVESTMENT MANAGEMENT COSTS

	2016 £	2015 £
Portfolio management	<u>214,596</u>	<u>407,147</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	3,971,818	-	978,303	4,950,121
Promoting Christian missionary work	323,278	-	-	323,278
Design and build of places of worship and administrative facilities	7,205,452	-	172,643	7,378,095
Making donations to further religious education overseas	<u>-</u>	<u>28,601,068</u>	<u>-</u>	<u>28,601,068</u>
	<u>11,500,548</u>	<u>28,601,068</u>	<u>1,150,946</u>	<u>41,252,562</u>

8. GRANTS PAYABLE

	2016 £	2015 £
Promoting Christian missionary work	-	31,013
Making donations to further religious education overseas	<u>28,601,068</u>	<u>19,310,897</u>
	<u>28,601,068</u>	<u>19,341,910</u>

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

By continent:

	Cash £	Goods £	Literature £	Totals £
Europe	13,150,082	478,336	-	13,628,419
Africa	-	1,332,125	2,658,888	3,991,015
Asia	-	83,762	20,744	104,506
Americas	10,625,835	35,700	187,612	10,849,148
Oceania	<u>-</u>	<u>27,920</u>	<u>63</u>	<u>27,983</u>
	<u>23,775,917</u>	<u>1,957,844</u>	<u>2,867,307</u>	<u>28,601,068</u>

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

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

8. GRANTS PAYABLE - continued

By activity:

	Cash £	Goods £	Literature £	Totals £
Furthering religious education and missionary work internationally	23,775,917	1,957,844	-	25,733,761
Distribution of Bibles and Bible-based literature	-	-	<u>2,867,307</u>	<u>2,867,307</u>
	<u>23,775,917</u>	<u>1,957,844</u>	<u>2,867,307</u>	<u>28,601,068</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 Bible & Tract Society, Ghana
 Jehovahs Zeugen, Germany
 Association Chretienne Les Temoins De Jehovah, Cameroon

Equivalent figures for the previous year were 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	-	<u>86,130</u>	<u>989</u>	<u>87,119</u>
	<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	-	-	<u>5,158,579</u>	<u>5,158,579</u>
Humanitarian relief	<u>199,300</u>	<u> </u>	<u> </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>

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

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

9. SUPPORT COSTS

	Information technology £	Other £	Governance costs £	Totals £
Producing and distributing Bible literature	345,501	225,669	407,133	978,303
Design and build of places of worship and administrative facilities	<u>60,971</u>	<u>39,824</u>	<u>71,848</u>	<u>172,643</u>
	<u>406,472</u>	<u>265,493</u>	<u>478,981</u>	<u>1,150,946</u>

Support costs have been allocated to the appropriate activity, as shown above, in line with the Society's accounting policies.

10. NET INCOME/(EXPENDITURE)

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

	2016 £	2015 £
Auditors' remuneration	12,460	16,260
Auditors' remuneration for non audit work	290	228
Depreciation - owned assets	1,057,081	875,864
Other operating leases	-	393
Surplus on disposal of fixed asset	<u>(433)</u>	<u>(2,936)</u>

11. TRUSTEES' REMUNERATION AND BENEFITS

The Trustees do not receive any remuneration or benefits for their role as trustees of the charity.

Their modest needs, as members of a worldwide religious order, are cared for by the International Bible Students Association (IBSA), a related charity. By virtue of their membership of the religious order, IBSA provided the trustees (and if married to a member of the order, their spouse) with accommodation, meals and a modest allowance. The total allowance paid by IBSA 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.

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

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

12. TANGIBLE FIXED ASSETS

	Freehold property £	Assets in the course of construction £	Plant and machinery £
COST			
At 1st September 2015	18,317,994	87,247	8,836,775
Additions	1,212,025	-	195,942
Disposals	(6,232)	(2,800)	(390,017)
Reclassification	(40,000)	(84,447)	(135,096)
At 31st August 2016	<u>19,483,787</u>	<u>-</u>	<u>8,507,604</u>
DEPRECIATION			
At 1st September 2015	75,393	-	5,807,750
Charge for year	238,824	-	470,207
Eliminated on disposal	(6,232)	-	(304,166)
Charge written back	(333)	-	(44)
At 31st August 2016	<u>307,652</u>	<u>-</u>	<u>5,973,747</u>
NET BOOK VALUE			
At 31st August 2016	<u>19,176,135</u>	<u>-</u>	<u>2,533,857</u>
At 31st August 2015	<u>18,242,601</u>	<u>87,247</u>	<u>3,029,025</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1st September 2015	679,840	2,474,490	30,396,346
Additions	-	499,718	1,907,685
Disposals	(18,592)	(128,878)	(546,519)
Reclassification	84,447	13,739	(161,357)
At 31st August 2016	<u>745,695</u>	<u>2,859,069</u>	<u>31,596,155</u>
DEPRECIATION			
At 1st September 2015	261,240	1,159,869	7,304,252
Charge for year	136,175	211,875	1,057,081
Eliminated on disposal	(18,592)	(85,423)	(414,413)
Charge written back	(1,777)	-	(2,154)
At 31st August 2016	<u>377,046</u>	<u>1,286,321</u>	<u>7,944,766</u>
NET BOOK VALUE			
At 31st August 2016	<u>368,649</u>	<u>1,572,748</u>	<u>23,651,389</u>
At 31st August 2015	<u>418,600</u>	<u>1,314,621</u>	<u>23,092,094</u>

After a review of fixed assets added in the previous year, a few selected items were reclassified as repairs / other costs during this financial year. The minor amount of depreciation these had incurred has been written back.

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

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

13. FIXED ASSET INVESTMENTS

	Investments £
MARKET VALUE	
At 1st September 2015	9,863,748
Additions	<u>169,879</u>
At 31st August 2016	<u>10,033,627</u>
 NET BOOK VALUE	
At 31st August 2016	<u>10,033,627</u>
At 31st August 2015	<u>9,863,748</u>

Total market values of investment assets held at 31st August 2016 are analysed as follows:

	Listed investments	Unlisted investments	Total
	£	£	£
Investment assets outside the UK	<u>883,811</u>	<u>9,149,813</u>	<u>10,033,624</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.

14. INVESTMENT PROPERTY

	£
MARKET VALUE	
At 1st September 2015 and 31st August 2016	<u>250,000</u>
 NET BOOK VALUE	
At 31st August 2016	<u>250,000</u>
At 31st August 2015	<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 2016**

15. STOCKS

	2016 £	2015 £
Raw materials	877,967	108,426
Motor vehicle spares and consumables	20,510	26,687
Work-in-progress	1,723,305	1,221,457
Work in progress- branch construction	340,292	-
Bibles and other literature	<u>-</u>	<u>1,398,140</u>
	<u>2,962,074</u>	<u>2,754,710</u>

16. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,371,904	71,358
Other debtors	1,197,790	824,524
Prepayments	<u>83,651</u>	<u>-</u>
	<u>2,653,345</u>	<u>895,882</u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>561,248</u>	<u>6,752,548</u>
Aggregate amounts	<u>3,214,593</u>	<u>7,648,430</u>

17. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
Land in course of disposal	<u>100,000</u>	<u>100,000</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other loans (see note 19)	10,890,049	14,516,789
Trade creditors	1,447,292	2,227,424
Other creditors	78,011	47,106
Accrued expenses	<u>297,199</u>	<u>13,800</u>
	<u>12,712,551</u>	<u>16,805,119</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
Britain**

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

19. LOANS

An analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year on demand:		
Deposits- due within 1 year	<u>10,890,049</u>	<u>14,516,789</u>

20. PROVISIONS FOR LIABILITIES

	2016 £	2015 £
Conditional donations	<u>3,261,099</u>	<u>2,589,410</u>
Provision at 1st September 2015		£ 2,589,410
Provision on new conditional donations received		939,123
Provision released on conditional donations converted into donations		(235,034)
Provision released on conditional donations repaid		<u>(32,400)</u>
Provision at 31st August 2016		<u>3,261,099</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 £3.2 million is a contingent liability.

21. MOVEMENT IN FUNDS

	At 1.9.15 £	Net movement in funds £	At 31.8.16 £
Unrestricted funds			
General Fund	70,394,053	11,669,437	82,063,490
Revaluation Reserve	<u>173,495</u>	-	<u>173,495</u>
	70,567,548	11,669,437	82,236,985
Restricted funds			
Kingdom Hall Construction Worldwide	1,878,929	(1,878,929)	-
Travelling Overseers Assistance Arrangement	876,273	(77,084)	799,189
Kingdom Hall Assistance Arrangement	6,015,552	5,404	6,020,956
Relief Fund	<u>9,956</u>	<u>2,406</u>	<u>12,362</u>
	8,780,710	(1,948,203)	6,832,507
TOTAL FUNDS	<u>79,348,258</u>	<u>9,721,234</u>	<u>89,069,492</u>

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

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

21. 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	50,411,687	(39,452,488)	710,238	11,669,437
Restricted funds				
Kingdom Hall Construction Worldwide	1,931	(1,880,860)	-	(1,878,929)
Travelling Overseers Assistance Arrangement	32,070	(109,154)	-	(77,084)
Kingdom Hall Assistance Arrangement	30,060	(24,656)	-	5,404
Relief Fund	2,406	-	-	2,406
	66,467	(2,014,670)	-	(1,948,203)
TOTAL FUNDS	<u>50,478,154</u>	<u>(41,467,158)</u>	<u>710,238</u>	<u>9,721,234</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.

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

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

22. RELATED PARTY DISCLOSURES

The charity has close connections with International Bible Students Association ("IBSA"), a registered charity with similar objects.

During the year IBSA purchased mainly literature, but also other sundry items from Watch Tower amounting to £6,603,225 (2015: £9,375,594).

Watch Tower continued work on the branch relocation project. During the year Watch Tower charged IBSA £12,775,126 for work on this project. Part of this figure was provided for in the previous year as an amount recoverable on a long term contract.

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

Amounts due to IBSA at the year end amounted to £0 (2015: £212,717).

Watch Tower also benefitted from a Gift in Kind from IBSA, being provision of rent free facilities for the year. These facilities include a fully serviced factory, warehouse and office space. The value of this Gift has been estimated in these accounts as a donation of £786,300 for the year.

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.

During the year, KHT purchased newly constructed Kingdom Halls from Watch Tower amounting to £631,000 (2015 : £1,864,997). The amount owing from KHT at the year end was £39,341 (2015: £nil).

23. FIRST YEAR ADOPTION

No restatement of prior year figures was required for the first year adoption of FRS 102. Therefore no reconciliations of prior year's profit or loss were required.

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

Transitional relief

No transitional relief was required to be utilised.

