

**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 2018  
for**

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

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

**Contents of the Financial Statements  
for the Year Ended 31st August 2018**

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

### **Report of the Trustees for the Year Ended 31st August 2018**

The trustees, who are also directors of the Society for the purposes of the Companies Act 2006, present their report with the financial statements of the Society for the year ended 31st August 2018. 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 1st 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 objectives:

- a. promoting the preaching of the gospel of God's Kingdom under Jesus Christ in all the nations as a witness to the name, word, and supremacy of 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 missionary work of the Christian religion as practiced by the body of Christians known as Jehovah's Witnesses ;
- e. advancing religious education.

##### **Significant activities**

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

1. Printing and distributing Bibles and Bible-based literature in several languages. Since March 2018 the printing of this literature is now carried out by entities in other countries that have similar aims. Therefore the great need for this literature continues to be met. Efficiently ceasing this operation, selling assets and ensuring demands were still being met was a major activity in the year.
2. Supporting congregations of Jehovah's Witnesses abroad, primarily in developing countries, with their material welfare, by making donations to local associations of Jehovah's Witnesses with similar aims and objectives. 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.
4. Construction of the new headquarters of Jehovah's Witnesses in Britain, south of Chelmsford, Essex.

##### **Public benefit**

As evidenced in this report, much has been accomplished by the Society in the year to advance its objects for the public benefit.

Literature, in many different languages, has been printed for distribution to the general public to allow people of many nationalities to gain access to bible education.

Places of worship have been financed and new premises constructed. These then become available for public worship.

This all facilitates the work of Jehovah's Witnesses. It helps them, others who associate with them and the wider public to learn godly values, promote well-being and respect for others, and practice qualities such as honesty and kindness. The work of the Society ensures that individuals are not limited by their background or financial means to gain access to these provisions.

The work of the Society also benefits those who do not wish to access these provisions. For example, through its building work it creates attractive and dignified buildings which are a pleasing gift to the community. The buildings are used by the body of Christians known as Jehovah's Witnesses. A key aspect of their teaching is to be good neighbours.

The aforementioned project in Chelmsford is an example of how the Society can benefit the wider community by its work. The beauty and the environmental quality of that site are much improved from before the time when the Society started work on it. This benefits those living and travelling in the area.

The Society has cooperated with local authorities and consulted with local residents. The Trustees are grateful for the cooperation and feedback received from such ones, as this has been of great assistance.

Public benefit is also achieved in other countries, where entities with similar aims are helped to accomplish the objectives described above, as well as with disaster relief in affected areas.

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 2018**

#### **OBJECTIVES AND ACTIVITIES**

##### **Grant making**

The Society's grant making policy is as follows: from time to time the Society 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 send money to the organisation caring for Jehovah's Witnesses in that country. Thereafter, we obtain reports to confirm the money was properly used.

The Society also has a formal arrangement with Jehovas Zeugen in Deutschland (JZD), a society in Germany with similar aims and objectives. The agreement allows the Society to send excess funds to JZD for use and distribution in accordance with our aims and objectives. The use of this arrangement will decrease next year as the Society has exciting aims to distribute funding itself (rather than through JZD) to entities with shared aims in countries that are in need. This will be further discussed in the future plans section of this report.

All grants made support the Christian ministry of Jehovah's Witnesses in many countries. Donated funds are used for building places of worship, providing religious literature and assisting with disaster relief. The organisations assisted share and pursue the same aims as the Society. Individual donors to the Society are made aware of the worldwide nature of our work and activities.

In 2018, assistance to entities used by Jehovah's Witnesses in other countries was provided by purchasing and sending the necessary goods.

##### **Members of the Worldwide Order of Special Full-Time Servants**

The Society is often assisted by 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 remuneration or any benefit in kind for the activities or services they perform. Their basic needs are cared for, so that they are able to carry out any task which they are assigned by the Order as part of their religious service. Although such ones do at times help the Society, for instance by assisting with the building work, their service involves many other assignments as well, not connected to the Society. Members perform whatever the Order assigns them to do in support of the activities of Jehovah's Witnesses.

Many who are not Members of the Worldwide Order, but who are Jehovah's Witnesses, also freely provide their time and resources to assist with needed work. For example, more than 2,700 individuals (mostly non-members) have provided their assistance over the course of the construction project at Chelmsford. This includes individuals of varied ages and backgrounds. Approximately 40 percent of the onsite team are women. The Considerate Constructors Scheme gave the approach to training women in construction their top score, 10 out of 10.

#### **STRATEGIC REPORT**

##### **Achievement and performance**

###### *Charitable activities - producing and distributing bible literature*

Until March 2018, the Society's presses continued to produce The Watchtower and Awake! magazines, as well as other items of Bible-based literature. In the year, nearly 210 million publications were printed. These included over 51 million copies of The Watchtower and Awake! magazines, which were printed in 214 languages. All of the literature produced is used to advance religious education and assist the general public with spiritual and moral values.

The Trustees are pleased with the level of production and distribution, and that the need for this literature will now be met by other charities with similar aims.

###### *Charitable activities - making donations to further religious education overseas*

During the year the Society continued to provide material and financial assistance to associations of Jehovah's Witnesses with similar aims and objectives in several countries. The aid, with a value of over £30 million in total, was given to promote missionary activity, to assist with disaster relief, to support general costs of the local associations, and to assist in the operation of local congregations of Jehovah's Witnesses. Many goods were included in these donations, including computer programs, equipment and paper for printing activities.

###### *Charitable activities - building places of worship and administrative facilities*

During the year the Society carried out refurbishment work on 88 Kingdom Halls and constructed three new Kingdom Halls. This provided high quality, safe buildings for individuals to worship in.

Further work was carried out in building a new headquarters for Jehovah's Witnesses, in Chelmsford, Essex. This work is progressing well and is on schedule. The project has continued to surpass the standards required for environmental performance, as explained later.

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

**Report of the Trustees  
for the Year Ended 31st August 2018**

**STRATEGIC REPORT**

**Achievement and performance**

*Internal controls*

To ensure the Society 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.

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 August 2018. No significant findings were reported. Advice for improving the systems of the Society has been considered and implemented where appropriate.

**Financial review**

*Financial position*

The Society showed a surplus of approximately £18 million on the Statement of Financial Activities (SOFA) at the 31st August 2018. Net Current Assets stood at approximately £121 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, to preserve purchasing power and to maintain its ability to respond quickly to worldwide and local needs that may arise.

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

The Society completed and invoiced for a further £33 million of costs in the construction of the new headquarters for Jehovah's Witnesses in Britain. The project is on track in terms of costs and income.

Income has increased by approximately £4 million. Although income from the production of literature fell, income from building activities increased significantly.

*Principal funding sources*

The Society currently has two funding sources, one of them being the construction of new facilities or places of worship, which is invoiced at cost to other charities with similar aims.

The Society also relies to a large extent on voluntary donations to support its work, and has a consistent income stream through regular donations and legacies.

The Society at times receives funding from other entities with similar aims and objectives.

The trustees are confident that the Society 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 for 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 give consistent long-term returns.

After adjusting for inflow/outflows, there was a small decrease in value of 0.44% over the past year, with an inflation rate of 2.48% in the year. The portfolio held 99% in diversified liquid assets. Over the long term our returns have consistently exceeded the inflation rate. This year currency fluctuations negatively affected performance.

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 2018**

**STRATEGIC REPORT**

**Financial review**

*Reserves policy*

At the year-end unrestricted reserves, not including fixed assets, stood at £100,877,979. Total restricted reserves were £6,984,382.

These reserves are not only held to cover the Society's regular running expenditure, although that does represent a significant portion of their use. These are also currently held to allow the ongoing major project to continue unimpeded by funding delays or customer invoicing. They also represent amounts available to entities with similar aims in other countries, if so requested. The Society has access to effective banking and investment services. The funds are therefore well utilised until they are called on. Worldwide needs can be responded to whenever necessary from this pool of funds. This assistance can be provided by sending funds, or acquiring and sending necessary items.

This is especially relevant as, at the 31st August 2018, the Society was planning to significantly increase its activity of funding other entities with similar aims and objectives. This is explained further in the future plans section of this report.

The trustees feel that such a policy is prudent, in light of the Society's plans and the current financial climate. They feel it makes best use of income and are confident that it does not adversely affect the Society'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*

Especially with its building projects, the Society gives close attention to environmental impact. Matters considered include: unused materials, construction waste management, renewable energy sources and water management. Conservation surveys are commissioned as necessary. Projects are registered with sustainability monitoring agencies such as BREEAM (Building Research Establishment Environmental Assessment Method) when this is required by local authorities.

Our current large project at Chelmsford demonstrates this. When the site was initially purchased by the Society a few years ago, a lot of remediation work was needed. To this end 8,000 tyres, 140 gas cylinders, 400 tonnes of household waste and 320 tonnes of scrap metal were handled. These items were recycled whenever possible. When this was not possible, they were safely and legally disposed of off-site. Strategies were agreed with local authorities to accomplish this work.

The site was registered with BREEAM, the leading sustainability monitoring agency in the world. As a means of rating a project's sustainability a 5 point scale of Pass, Good, Very Good, Excellent and Outstanding is used. It is very pleasing that the site was awarded an Outstanding rating.

The Society recognises the importance of environmental protection, especially with such a significant undertaking, and works in harmony with our Environmental Policy for the project. This policy reflects the commitment to establish an Environmental Management System to monitor and control its environmental aspects; to assess and regularly re-assess the environmental effects of its activities; to conduct its activities in a manner that is sensitive to the needs and concerns of the surrounding inhabitants and environment; to integrate environmental issues into decision making; to reduce or eliminate pollution and nuisance; to minimise energy waste and materials; to protect biodiversity and ecosystems; to promote the use of sustainable, recyclable and renewable materials; and to educate and train volunteers in the use of environmentally conscious practices. The project has an Environmental Department to help monitor and train all working on the project.

The above information enables the trustees to report strong environmental performance for the year. It is in harmony with its overall aims, that the Society has successfully cared for the environment wherever it is operating.

**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 the impact of those risks as far as possible. The Risk Register was updated most recently in June 2018.

The principal risks and uncertainties facing the Society 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.

All building projects are compliant with any and all applicable legal, planning and building control requirements.

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

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

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

**Report of the Trustees  
for the Year Ended 31st August 2018**

**STRATEGIC REPORT**

**Principal risks and uncertainties**

We also maintain a good working relationship with any authorities which oversee such requirements.

All of the above continue to ensure that the Society complies with relevant legal requirements.

Disaster in construction activities.

A comprehensive health and safety file is prepared for each project and managed by an onsite management team. Site safety audit visits are made twice annually to the groups of individuals overseeing construction in a given area. Reports are reviewed by teams working centrally to see where any adjustments are needed. Incidents that occur on site are reviewed on a monthly basis, so that lessons learned can be applied across all areas of our operations.

Building sites are run consistent with the Construction Industry Training Board Site Safety qualifications. Strict compliance with building regulations is ensured and experts fully utilised.

Workers attend safety and planning seminars. Daily meetings on health and safety are held on site for each project. An accident and near miss reporting system is also operational on site.

Documented instructions are followed by those in oversight. Written materials are provided to the workers to assist them in maintaining health and safety.

The Chelmsford project has run a half day iCoST (Introduction to Core Safety Training) course. Volunteers have attended and been trained in Working at Height, Manual Handling, Lock Out / Tag Out, Respiratory Protection and Chemical Awareness and general safety reminders.

The project website has a Safety section which includes information on who to call in an emergency; details of the Emergency Response Team; access to all Safety Documents including Site Wide Safety Policies, Safety Programmes and Procedures, approved Safety Forms and Templates, manufacturer WASP and SDS information sheets, and each JHA (Job Hazard Analysis); along with training resources and Safety videos.

An Emergency Response Team is in place, which includes an incident controller on duty 24 hours a day, plus a team of first aiders, fire/spill marshals, and triage contacts. Clear guidelines have been provided outlining what to do in the event of personal injury, a site-wide emergency, or fire

There is also a 'Weather Events Coordinating Team' to ensure preparedness and site safety during extreme weather events.

The Trustees are confident that the hard work described above mitigates the possibility that a serious risk will be realised.

**Statutory inquiry**

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

**Future plans**

The Society will continue to carry out a major project to build facilities in Chelmsford for Jehovah's Witnesses. Once completed the Society will relocate and use a small part of these facilities.

Over the next year the project is expected to incur a further £45 million of costs, all of which will be invoiced to our customer. The Society also aims to increase its other building activities.

As mentioned previously in this report, a significant increase in activities is planned in the direct funding of overseas entities with shared aims. These entities will usually not have enough resources to support their own activity. These funds will be used for disaster relief, construction of places of worship, translation activities and more. The Society has a reliable income stream, and access to strong banking institutions in Britain. Inflation and banking risks in other countries are mitigated by the Society holding funds until they are requested for immediate need. The results of this activity will be clear in next year's report. Very positive feedback has already been received from recipient entities that have benefited from the limited funding so far provided under this arrangement.

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

**Report of the Trustees  
for the Year Ended 31st August 2018**

**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 Society is constituted as a company limited by guarantee.

**Members Liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

**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 Society and serve as one of Jehovah's Witnesses. New trustees are given training in both operational and financial matters with the aid of the existing trustees and relevant documentation and guidance provided by the Charity Commission. Trustees are given appropriate Charity Commission publications and training is arranged as part of the meetings of the trustees when the Society's policies are discussed. This is supplemented by periodic training provided by other professional bodies when new legislation affecting the Society is introduced.

The trustees meet together each month, and are in regular contact.

**Wider network**

The Society works closely with the International Bible Students Association (IBSA). During the year IBSA provided the Society with serviced facilities for its charitable activities; the Society provided IBSA with printed material. The Society has also continued to work closely with JZD. Other entities with similar objectives exist in many countries around the world, and cooperation with these entities facilitates an efficient and economic use of the Society's resources. This cooperation also helps the Society to meet its stated objectives.

The charity also considers policies, procedures and guidelines used by entities of Jehovah's Witnesses globally with similar aims and objectives, and, where applicable, seeks to implement them.



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

**Report of the Trustees  
for the Year Ended 31st August 2018**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**  
03858051 (England and Wales)

**Registered Charity number**  
1077961

**Registered office**  
IBSA House  
The Ridgeway  
London  
NW7 1RN

**Trustees**  
P P Bell  
R Li  
A J Llewellyn  
G Maraia  
S J Morice  
J Rastall

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

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

**Bankers**  
Barclays Corporate Banking  
Blenheim Gate  
22-24 Upper Marlborough Road  
St Albans  
AL1 3AL

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

**Report of the Trustees  
for the Year Ended 31st August 2018**

**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, on  
.....MAY 20, 2019..... and signed on the board's behalf by:



.....  
R Li - Trustee

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

### **Opinion**

We have audited the financial statements of Watch Tower Bible and Tract Society of Britain (the 'charitable company') for the year ended 31st August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 and Section 44 (1) ( c ) of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 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.

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 2018 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, and Section 44 (1) ( c ) of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

**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.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

*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  
TN24 8LF

Date: *21 May 2019*

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

**Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31st August 2018**

	Note	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	53,517,544	307,706	53,825,250	60,884,586
<b>Charitable activities</b>					
Producing and distributing Bible literature	4	3,375,972	-	3,375,972	6,483,056
Design and build of places of worship and administrative facilities		34,845,581	-	34,845,581	19,832,682
Investment income	3	1,388,615	-	1,388,615	512,520
Other income	5	<u>382,754</u>	<u>-</u>	<u>382,754</u>	<u>1,885,648</u>
<b>Total</b>		93,510,466	307,706	93,818,172	89,598,492
<b>EXPENDITURE ON</b>					
<b>Raising funds</b>					
Investment management costs	6	<u>613,280</u>	<u>-</u>	<u>613,280</u>	<u>212,188</u>
		613,280	-	613,280	212,188
<b>Charitable activities</b>					
Producing and distributing Bible literature	7	4,461,090	-	4,461,090	5,177,238
Promoting Christian missionary work		237,391	165,501	402,892	250,543
Making donations to further religious education		30,885,618	-	30,885,618	18,504,610
Design and build of places of worship and administrative facilities		<u>39,176,143</u>	<u>-</u>	<u>39,176,143</u>	<u>24,337,051</u>
<b>Total</b>		75,373,522	165,501	75,539,023	48,481,630
Net gains/(losses) on investments		<u>(664,946)</u>	<u>-</u>	<u>(664,946)</u>	<u>1,339,344</u>
<b>NET INCOME</b>		17,471,998	142,205	17,614,203	42,456,206
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>124,510,026</u>	<u>6,842,177</u>	<u>131,352,203</u>	<u>88,895,997</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>141,982,024</u></u>	<u><u>6,984,382</u></u>	<u><u>148,966,406</u></u>	<u><u>131,352,203</u></u>

**CONTINUING OPERATIONS**

The activity of producing and distributing bible literature was discontinued during the year. No other 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**

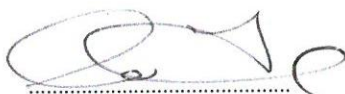
**Balance Sheet  
At 31st August 2018**

	Note	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	12	24,142,868	465,804	24,608,672	23,848,538
Investments	13	<u>16,961,177</u>	<u>-</u>	<u>16,961,177</u>	<u>9,080,596</u>
		41,104,045	465,804	41,569,849	32,929,134
<b>CURRENT ASSETS</b>					
Stocks	14	3,724,687	-	3,724,687	2,079,656
Debtors	15	8,321,594	-	8,321,594	11,565,768
Investments	16	660,000	-	660,000	100,000
Cash at bank and in hand		<u>107,258,539</u>	<u>6,518,578</u>	<u>113,777,117</u>	<u>100,533,202</u>
		119,964,820	6,518,578	126,483,398	114,278,626
<b>CREDITORS</b>					
Amounts falling due within one year	17	<u>(5,428,913)</u>	<u>-</u>	<u>(5,428,913)</u>	<u>(3,235,562)</u>
<b>NET CURRENT ASSETS</b>		<u>114,535,907</u>	<u>6,518,578</u>	<u>121,054,485</u>	<u>111,043,064</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		155,639,952	6,984,382	162,624,334	143,972,198
<b>CREDITORS</b>					
Amounts falling due after more than one year	18	(8,162,955)	-	(8,162,955)	(8,987,035)
<b>PROVISIONS FOR LIABILITIES</b>	20	<u>(5,494,973)</u>	<u>-</u>	<u>(5,494,973)</u>	<u>(3,632,960)</u>
<b>NET ASSETS</b>		<u>141,982,024</u>	<u>6,984,382</u>	<u>148,966,406</u>	<u>131,352,203</u>
<b>FUNDS</b>					
Unrestricted funds:	21				
General Fund				141,982,024	124,510,026
Restricted funds				<u>6,984,382</u>	<u>6,842,177</u>
<b>TOTAL FUNDS</b>				<u>148,966,406</u>	<u>131,352,203</u>

The financial statements were approved by the Board of Trustees on MAY 20, 2019 and were signed on its behalf by:

  
.....

R Li -Trustee

  
.....

A J Llewellyn -Trustee

The notes form part of these financial statements

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

**Cash Flow Statement  
for the Year Ended 31st August 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	23	<u>22,875,294</u>	<u>34,484,221</u>
<b>Net cash provided by (used in) operating activities</b>		<u>22,875,294</u>	<u>34,484,221</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(2,192,211)	(1,605,307)
Purchase of fixed asset investments		(11,977,624)	(55,862)
Sale of tangible fixed assets		210,425	248,735
Sale of fixed asset investments		3,543,868	2,352,035
Interest received		412,731	405,390
Dividends received		<u>963,744</u>	<u>94,773</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(9,039,067)</u>	<u>1,439,764</u>
<b>Cash flows from financing activities:</b>			
Loans advanced by depositors		352,974	483,664
Loans repaid to depositors on demand		<u>(945,286)</u>	<u>(705,905)</u>
<b>Net cash provided by (used in) financing activities</b>		<u>(592,312)</u>	<u>(222,241)</u>
<b>Change in cash and cash equivalents in the reporting period</b>			
		13,243,915	35,701,744
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>100,533,202</u>	<u>64,831,458</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>113,777,117</u></u>	<u><u>100,533,202</u></u>

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31st August 2018

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 1st 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). All amounts are stated in pounds sterling and rounded to the nearest whole number.

**Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported value of assets, liabilities, income and expenditure. The nature of estimation and judgement means that actual outcomes could differ from expectation. A significant area of estimation and judgement is when support costs have been allocated to activity on a basis consistent with their use of resources.

**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 Society 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 of services, excluding Value Added Tax, 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 costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated as described later regarding cost allocation.

In the unlikely event that a grant would be made subject to conditions which had not been met by the year-end, these would be noted as a commitment but not accrued as expenditure.

**Raising funds**

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

**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. Where 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 (including close-down operations throughout 2018), 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 2018**

**1. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Fixed assets are valued at cost less depreciation. Assets costing less than £3,000 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	-	33% or 10% 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 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 Society. 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 to 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.

**Donated goods**

Donated goods are recognised as income when the Society has control over the item, the receipt of economic benefit from the use by the Society of the item is probable and that economic benefit can be measured reliably.

**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 had an arrangement whereby 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. This arrangement was closed to new deposits in 2015.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**1. ACCOUNTING POLICIES - continued**

**Conditional donations**

The Society receives some donations where the donor reserves the right to receive the funds back in case of unexpected need. Experience has shown that only a small percentage is returned, but prudently the Society 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 Society, which 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 include 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.

**Financial Instruments**

Other than 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 where appropriate.

**Going Concern**

The Trustees consider the Society a going concern and have no material uncertainties in this regard. A strong balance sheet position and consistent income base contribute to this conclusion.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**2. DONATIONS AND LEGACIES**

	2018	2017
	£	£
Legacies	4,878,761	6,005,519
Grants	26,554,470	12,334,380
Donated services and facilities	786,300	786,300
Donations of cash and goods	<u>21,605,719</u>	<u>41,758,388</u>
	<u>53,825,250</u>	<u>60,884,587</u>

**3. INVESTMENT INCOME**

	2018	2017
	£	£
Rents received	12,140	12,357
Other unlisted securities	963,744	94,773
Deposit account interest	<u>412,731</u>	<u>405,390</u>
	<u>1,388,615</u>	<u>512,520</u>

**4. INCOME FROM CHARITABLE ACTIVITIES**

			2018	2017
	Producing and distributing Bible literature	Design and build of places of worship and administrative facilities	Total activities	Total activities
	£	£	£	£
Income from literature sold to IBSA	3,375,972	-	3,375,972	6,483,056
Income from branch construction	-	33,384,660	33,384,660	19,233,457
Income from Kingdom Hall construction	<u>-</u>	<u>1,460,921</u>	<u>1,460,921</u>	<u>599,225</u>
	<u>3,375,972</u>	<u>34,845,581</u>	<u>38,221,553</u>	<u>26,315,738</u>

**5. OTHER INCOME**

	2018	2017
	£	£
Foreign currency gains	-	1,543,635
Other Income from IBSA	169,963	171,330
Income from recycling	<u>212,791</u>	<u>170,683</u>
	<u>382,754</u>	<u>1,885,648</u>

**6. INVESTMENT MANAGEMENT COSTS**

	2018	2017
	£	£
Portfolio management	<u>613,280</u>	<u>212,188</u>

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**7. CHARITABLE ACTIVITIES COSTS**

	Direct costs	Grant funding of activities (See note 8)	Support costs (See note 9)	Totals
	£	£	£	£
Producing and distributing Bible literature	3,551,665	-	909,425	4,461,090
Promoting Christian missionary work	402,892	-	-	402,892
Making donations to further religious education	22,380,052	8,505,566	-	30,885,618
Design and build of places of worship and administrative facilities	<u>39,015,656</u>	<u>-</u>	<u>160,487</u>	<u>39,176,143</u>
	<u><u>65,350,265</u></u>	<u><u>8,505,566</u></u>	<u><u>1,069,912</u></u>	<u><u>74,925,743</u></u>

**8. GRANTS PAYABLE**

	2018	2017
	£	£
Making donations to further religious education	<u>8,505,566</u>	<u>2,082,466</u>

During the year, grants paid by the Society to assist institutions with similar objectives can be analysed as follows:

**By continent:**

	Cash
	£
Europe	8,500,000
Americas	<u>5,566</u>
	<u><u>8,505,566</u></u>

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

Jehovas Zeugen, Germany - £8,500,000.

Equivalent figures for the previous year were as follows:

**By continent:**

	Cash
	£
Europe	2,055,710
Africa	12,691
Asia	621
Americas	13,367
Oceania	<u>77</u>
	<u><u>2,082,466</u></u>

It should be noted that the Society also makes many non-cash donations, including items such as paper, computer equipment, and more as the need arises, to entities in other countries with similar aims and objectives.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**9. SUPPORT COSTS**

	Information technology £	Other £	Governance costs £	Totals £
Producing and distributing Bible literature	10,347	855,700	43,378	909,425
Design and build of places of worship and administrative facilities	<u>1,826</u>	<u>151,006</u>	<u>7,655</u>	<u>160,487</u>
	<u>12,173</u>	<u>1,006,706</u>	<u>51,033</u>	<u>1,069,912</u>

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

**10. NET INCOME/(EXPENDITURE)**

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

	2018 £	2017 £
Auditors' remuneration	31,140	11,690
Depreciation - owned assets	1,144,173	1,227,017
Deficit on disposal of fixed asset	<u>77,479</u>	<u>8,912</u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

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

Their modest needs, as members of the Worldwide Order, are cared for by IBSA.

**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 2018**

**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1st September 2017	19,928,931	9,158,905	554,749	2,962,087	32,604,672
Additions	1,088,328	859,249	-	244,634	2,192,211
Disposals	<u>(110,000)</u>	<u>(318,813)</u>	<u>(3,259)</u>	<u>(241,941)</u>	<u>(674,013)</u>
At 31st August 2018	<u>20,907,259</u>	<u>9,699,341</u>	<u>551,490</u>	<u>2,964,780</u>	<u>34,122,870</u>
<b>DEPRECIATION</b>					
At 1st September 2017	639,176	6,167,582	473,809	1,475,567	8,756,134
Charge for year	333,388	425,970	33,326	351,489	1,144,173
Eliminated on disposal	<u>(8,167)</u>	<u>(213,346)</u>	<u>(3,259)</u>	<u>(161,337)</u>	<u>(386,109)</u>
At 31st August 2018	<u>964,397</u>	<u>6,380,206</u>	<u>503,876</u>	<u>1,665,719</u>	<u>9,514,198</u>
<b>NET BOOK VALUE</b>					
At 31st August 2018	<u>19,942,862</u>	<u>3,319,135</u>	<u>47,614</u>	<u>1,299,061</u>	<u>24,608,672</u>
At 31st August 2017	<u>19,289,755</u>	<u>2,991,323</u>	<u>80,940</u>	<u>1,486,520</u>	<u>23,848,538</u>

**13. FIXED ASSET INVESTMENTS**

	Investments £
<b>MARKET VALUE</b>	
At 1st September 2017	9,080,596
Additions	11,977,624
Disposals	(3,543,868)
Revaluations	<u>(553,175)</u>
At 31st August 2018	<u>16,961,177</u>
<b>NET BOOK VALUE</b>	
At 31st August 2018	<u>16,961,177</u>
At 31st August 2017	<u>9,080,596</u>

Please note, that all of the above are unlisted investments. 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.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**14. STOCKS**

	2018	2017
	£	£
Raw materials	155,596	706,382
Motor vehicle spares and consumables	37,427	32,685
Work-in-progress	3,415,071	1,174,143
Work in progress- branch construction	<u>116,593</u>	<u>166,446</u>
	<u><u>3,724,687</u></u>	<u><u>2,079,656</u></u>

**15. DEBTORS**

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	2,074,648	1,657,450
Other debtors	1,496,179	5,950,151
Prepayments and accrued income	<u>1,636,261</u>	<u>2,874,476</u>
	<u><u>5,207,088</u></u>	<u><u>10,482,077</u></u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>3,114,506</u>	<u>1,083,691</u>
Aggregate amounts	<u><u>8,321,594</u></u>	<u><u>11,565,768</u></u>

**16. CURRENT ASSET INVESTMENTS**

	2018	2017
	£	£
Land in course of disposal	<u>660,000</u>	<u>100,000</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Deposits (see note 19)	906,995	998,559
Trade creditors	3,308,011	2,082,422
Other creditors	248,532	126,081
Accruals and deferred income	854,500	-
Accrued expenses	<u>110,875</u>	<u>28,500</u>
	<u><u>5,428,913</u></u>	<u><u>3,235,562</u></u>

Deposits comprise monies received from individuals, circuits and congregations and held with the Society until they are requested back. Deferred income relates to amounts received for an asset sale that was not completed by the year end date.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £	2017 £
Deposits (see note 19)	<u>8,162,955</u>	<u>8,987,035</u>

**19. DEPOSITS**

No maturity analysis is provided for these deposits due to their nature, as described in the above notes.

**20. PROVISIONS FOR LIABILITIES**

	2018 £	2017 £
Conditional donations	<u>5,494,973</u>	<u>3,632,960</u>
Provision at 1st September 2017		3,632,960
Provision on new conditional donations received		2,133,163
Provision released on conditional donations converted into donations		(238,050)
Provision released on conditional donations repaid		<u>(33,100)</u>
Provision at 31st August 2018		<u>5,494,973</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 or request repayment. While it is considered probable that some of these conditional donations will need to be repaid, it is unknown when this liability will crystallize 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 £5.5 million is a contingent liability.

**21. MOVEMENT IN FUNDS**

	At 1.9.17 £	Net movement in funds £	At 31.8.18 £
<b>Unrestricted funds</b>			
General Fund	124,510,026	17,471,998	141,982,024
<b>Restricted funds</b>			
Travelling Overseers Assistance Arrangement	788,233	(165,501)	622,732
Kingdom Hall Assistance Arrangement	6,035,999	-	6,035,999
Relief Fund	17,945	83,708	101,653
Missionary Convention Travel	-	<u>223,998</u>	<u>223,998</u>
	<u>6,842,177</u>	<u>142,205</u>	<u>6,984,382</u>
<b>TOTAL FUNDS</b>	<u>131,352,203</u>	<u>17,614,203</u>	<u>148,966,406</u>



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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**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 £
<b>Unrestricted funds</b>				
General Fund	93,510,466	(75,373,522)	(664,946)	17,471,998
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	-	(165,501)	-	(165,501)
Relief Fund	83,708	-	-	83,708
Missionary Convention Travel	223,998	-	-	223,998
	307,706	(165,501)	-	142,205
<b>TOTAL FUNDS</b>	<u>93,818,172</u>	<u>(75,539,023)</u>	<u>(664,946)</u>	<u>17,614,203</u>

**Comparatives for movement in funds**

	At 1.9.16 £	Net movement in funds £	At 31.8.17 £
<b>Unrestricted Funds</b>			
General Fund	82,063,490	42,446,536	124,510,026
<b>Restricted Funds</b>			
Travelling Overseers Assistance Arrangement	799,189	(10,956)	788,233
Kingdom Hall Assistance Arrangement	6,020,956	15,043	6,035,999
Relief Fund	12,362	5,583	17,945
	6,832,507	9,670	6,842,177
<b>TOTAL FUNDS</b>	<u>88,895,997</u>	<u>42,456,206</u>	<u>131,352,203</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General Fund	89,551,310	(48,444,118)	1,339,344	42,446,536
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	26,556	(37,512)	-	(10,956)
Kingdom Hall Assistance Arrangement	15,043	-	-	15,043
Relief Fund	5,583	-	-	5,583
	47,182	(37,512)	-	9,670
<b>TOTAL FUNDS</b>	<u>89,598,492</u>	<u>(48,481,630)</u>	<u>1,339,344</u>	<u>42,456,206</u>

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2018**

**21. MOVEMENT IN FUNDS - continued**

**Travelling Overseers Assistance Arrangement**

This fund is 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.

**Relief Fund**

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

**22. RELATED PARTY DISCLOSURES**

The Society has close connections with IBSA, a registered charity with similar objects.

During the year IBSA purchased mainly literature, but also other sundry items from the Society amounting to £3,782,001 (2017: £6,594,690).

The Society continued work on the branch relocation project. During the year the Society charged IBSA £33,470,247 (2017: £19,233,457) for work on this project.

The Society also recharged IBSA for some utility expenses during the year, amounting to £333,567 (2017: £303,107)

Amounts due from IBSA at the year-end amounted to £3,174,339 (2017: £1,715,361)

The Society 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 £786,000 for the year.

The Society also has close connections with The Kingdom Hall Trust ("KHT"), which acts as custodian trustee or owns many Kingdom Halls in Britain that are used as places of worship by Jehovah's Witnesses. KHT is a registered charity with similar objects to the Society.

During the year, KHT purchased land and newly constructed Kingdom Halls from the Society amounting to £1,460,921 (2017: £599,225). The amount owing from KHT at the year-end was nil (2017: £nil)

**23. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018	2017
	£	£
<b>Net income for the reporting period (as per the statement of financial activities)</b>	17,614,203	42,456,206
<b>Adjustments for:</b>		
Depreciation charges	1,144,173	1,227,016
Losses/(gain) on investments	553,174	(1,343,141)
Loss on disposal of fixed assets	77,479	8,912
Interest received	(412,731)	(405,390)
Dividends received	(963,744)	(94,773)
Other non-cash donations received	(766,431)	(799,491)
Increase in assets held for sale	(560,000)	-
Increase in provisions	(1,862,014)	(371,862)
Movements on conditional donations	4,167,127	861,000
(Increase)/decrease in stocks	(1,645,031)	882,418
Decrease/(increase) in debtors	3,244,174	(8,351,175)
Increase in creditors	2,284,915	414,501
	<u>22,875,294</u>	<u>34,484,221</u>
<b>Net cash provided by (used in) operating activities</b>		