

**REGISTERED COMPANY NUMBER: 03858051 (England and Wales)**

**REGISTERED CHARITY NUMBER: 1077961**

**OSCR NUMBER: SC04962**

**Report of the Trustees and  
Financial Statements for the Year Ended 31st August 2019  
for  
Watch Tower Bible and Tract Society of  
Britain**

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

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# Watch Tower Bible and Tract Society of Britain

## Report of the Trustees for the Year Ended 31st August 2019

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 2019. 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. Supporting entities of Jehovah's Witnesses with similar aims and objectives abroad. These donations have been in the form of goods such as paper for printing and software licences. All such donations have promoted religious activity overseas. This activity expanded during the year to include sending funds directly, primarily to such entities in developing countries, where funds are limited. These are used for activities such as construction of places of worship and disaster relief.
2. Refurbishment of Kingdom Halls owned by local congregations of Jehovah's Witnesses and construction of new Kingdom Halls.
3. Construction of the new headquarters of Jehovah's Witnesses in Britain, south of Chelmsford, Essex.
4. Provision of facilities to assist full-time ministers.

#### 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.

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, the Society creates attractive and dignified buildings which are a pleasing gift to the community. Another benefit arises from the teaching that takes place in these buildings, a key aspect of which is being 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 Society has seen the results of its funding in new places of worship, and disaster relief efforts that greatly assist the individuals in need.

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 2019

### OBJECTIVES AND ACTIVITIES

#### Grant making

The Society's grant making policy is as follows: Each year the Society considers countries where there will be a need to provide assistance. The Society considers if the yearly budget for this is appropriate. It also identifies the beneficiaries of the funds, which would be legal entities that care for the activities of Jehovah's Witnesses in that country. After due diligence is carried out, the funds are sent. Reports are obtained to confirm appropriate use of the funds.

All grants made support the Christian ministry of Jehovah's Witnesses. 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.

Assistance to entities used by Jehovah's Witnesses in other countries was also provided by purchasing and sending the necessary goods where appropriate.

#### 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 a 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 - Assisting Entities Overseas

During the year the Society provided material and financial assistance to associations of Jehovah's Witnesses with similar aims and objectives in several countries. The aid, with a value of nearly £90 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. £57 million of this resulted from the new project to distribute more funds abroad as described earlier. Extra funding was sourced from entities with similar aims in countries that had already met their local needs. The Society has access to excellent banking services in Britain and was able to pool and distribute these funds. Of course such funds are also available for domestic needs if necessary. An opportunity was also accepted by Trustees to become involved with a social investment project to assist Jehovah's Witnesses in various countries to find and purchase places of worship. This is shown in note 14 of the financial statements.

##### Charitable activities - Building places of worship and administrative facilities

During the year the Society carried out refurbishment work on 111 Kingdom Halls and constructed four 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. At the time of writing this report the project has been completed successfully.



# Watch Tower Bible and Tract Society of Britain

## Report of the Trustees for the Year Ended 31st August 2019

### STRATEGIC REPORT

#### Achievement and performance

##### Charitable activities - Providing services to full-time ministers

This is a continuation of activities which were formerly carried out as part of 'printing' or 'missionary activity'. Such activities have now been reclassified into this category. The Society has a long history of charitable business activity, therefore is well placed to carry out a variety of activities when a need arises. For example a small commissary and car garage services are cared for by the Society at the headquarters of Jehovah's Witnesses.

The Society also has a history of shipping items around the globe and is able to use this to assist ministers and entities with similar objectives. Another major element of this activity comes from the transport experience and supplier network built up by the Society. This makes vehicles available which can be used by ministers for their religious activity.

All of the above activities have been carried out successfully during the year.

#### 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 November 2019. 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 deficit of approximately £1 million on the Statement of Financial Activities (SOFA) at the 31st August 2019. Net Current Assets stood at approximately £100 million. The aims of the Society are in no way financial, therefore monitoring of specific financial targets is not paramount. The trustees are pleased however, that in a year when income increased due to the overseas activity, expenditure has also increased accordingly.

The Society's basic financial aims are to maintain a strong balance sheet, to preserve its 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 £32 million of costs in the construction of the new headquarters for Jehovah's Witnesses in Britain. The project concluded on track in terms of costs and income.

#### 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 relies to a large extent on voluntary donations to support its work, and has a consistent income stream through regular donations and legacies received. To support the overseas donations paid out, the Society also has arrangements with other entities globally with shared objectives, to receive incoming donations. These funds arrive when said entities have met their local needs. This allows the Society to pool the funds in banking institutions in Britain, ready and able to respond to worldwide needs. The SOFA confirms that this spending occurred successfully during the year.

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, the portfolio increased by 1.36% over the past year, with an inflation rate of 1.78% in the year. The portfolio held 99% in diversified 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 2019

### STRATEGIC REPORT

#### Financial review

#### Reserves policy

At the year-end unrestricted reserves, not including fixed assets, stood at £89,752,914.

These reserves are not only held to cover the Society's regular running expenditure, although that does represent a significant portion of their use. They were also 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.

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.

# Watch Tower Bible and Tract Society of Britain

## Report of the Trustees for the Year Ended 31st August 2019

### STRATEGIC REPORT

#### 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 2019.

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.

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 Trustees continue to engage with the Charity Commission with a view to drawing the Inquiry to a conclusion.



# Watch Tower Bible and Tract Society of Britain

## Report of the Trustees for the Year Ended 31st August 2019

### STRATEGIC REPORT

#### Future plans

As of 31st of December 2019, the major project to build facilities in Chelmsford for Jehovah's Witnesses was completed. At the time of writing this report, the project has been completed and invoiced fully. The organising of the Society's activities will also be carried out from these new facilities.

At the time of completing this report, the lockdown due to the coronavirus pandemic is in full force in the country. Although no construction activity is currently taking place, the charity is able to continue with its other activities and has no issues relating to going concern.

### 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. 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.

### REFERENCE AND ADMINISTRATIVE DETAILS

#### Registered Company number

03858051 (England and Wales)

#### Registered Charity number

1077961

#### Registered office

1 Kingdom Way  
West Hanningfield  
Chelmsford  
CM2 8FW



# Watch Tower Bible and Tract Society of Britain

## Report of the Trustees for the Year Ended 31st August 2019

### Trustees

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

### Auditors

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

### Investment Advisers

Merrill 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

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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


In so far as the trustees are aware:

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

# Watch Tower Bible and Tract Society of Britain

## Report of the Trustees for the Year Ended 31st August 2019

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on  
.....18/5/20..... and signed on the board's behalf by:



.....  
A Llewellyn - 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 2019 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'.

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 2019 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## Opinions 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.

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.

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

### **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.

### **Use of our report**

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.



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

Date: 19 May 2020



# Watch Tower Bible and Tract Society of Britain

## Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 31st August 2019

	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	93,237,985	10,786	93,248,771	53,825,250
<b>Charitable activities</b>					
Producing and distributing Bible literature	4	-	-	-	3,375,972
Design and build of places of worship and administrative facilities		33,143,103	-	33,143,103	34,845,581
Investment income	3	1,420,942	-	1,420,942	1,388,615
Other income	5	<u>1,786,773</u>	<u>-</u>	<u>1,786,773</u>	<u>382,754</u>
<b>Total</b>		129,588,803	10,786	129,599,589	93,818,172
<b>EXPENDITURE ON</b>					
<b>Raising funds</b>					
Investment management costs	6	<u>417,534</u>	<u>-</u>	<u>417,534</u>	<u>613,280</u>
		417,534	-	417,534	613,280
<b>Charitable activities</b>					
Producing and distributing Bible literature	7	-	-	-	4,461,090
Promoting Christian missionary work		-	-	-	402,892
Assisting Entities Overseas		88,500,800	112,440	88,613,240	30,885,618
Design and build of places of worship and administrative facilities		40,041,595	-	40,041,595	39,176,143
Providing services for full-time ministers		1,300,996	85,332	1,386,328	-
<b>Total</b>		130,260,925	197,772	130,458,697	75,539,023
Net gains/(losses) on investments		<u>(93,761)</u>	<u>-</u>	<u>(93,761)</u>	<u>(664,946)</u>
<b>NET INCOME/(EXPENDITURE)</b>		(765,883)	(186,986)	(952,869)	17,614,203
<b>Transfers between funds</b>	22	<u>6,797,396</u>	<u>(6,797,396)</u>	<u>-</u>	<u>-</u>
<b>Net movement in funds</b>		6,031,513	(6,984,382)	(952,869)	17,614,203
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<u>141,982,024</u>	<u>6,984,382</u>	<u>148,966,406</u>	<u>131,352,203</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>148,013,537</u></u>	<u><u>-</u></u>	<u><u>148,013,537</u></u>	<u><u>148,966,406</u></u>


The notes form part of these financial statements


# Watch Tower Bible and Tract Society of Britain

## Balance Sheet 31st August 2019

	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	2018 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	12	24,605,327	-	24,605,327	24,608,672
<b>Investments</b>					
Investments	13	33,195,081	-	33,195,081	16,961,177
Social investments	14	<u>460,215</u>	<u>-</u>	<u>460,215</u>	<u>-</u>
		58,260,623	-	58,260,623	41,569,849
<b>CURRENT ASSETS</b>					
Stocks	15	3,385,292	-	3,385,292	3,724,687
Debtors	16	3,283,025	-	3,283,025	8,321,594
Investments	17	276,672	-	276,672	660,000
Cash at bank and in hand		<u>98,684,772</u>	<u>-</u>	<u>98,684,772</u>	<u>113,777,117</u>
		105,629,761	-	105,629,761	126,483,398
<b>CREDITORS</b>					
Amounts falling due within one year	18	<u>(4,989,526)</u>	<u>-</u>	<u>(4,989,526)</u>	<u>(5,428,913)</u>
<b>NET CURRENT ASSETS</b>		<u>100,640,235</u>	<u>-</u>	<u>100,640,235</u>	<u>121,054,485</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		158,900,858	-	158,900,858	162,624,334
<b>CREDITORS</b>					
Amounts falling due after more than one year	19	<u>(7,874,623)</u>	<u>-</u>	<u>(7,874,623)</u>	<u>(8,162,955)</u>
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>(3,012,698)</u>	<u>-</u>	<u>(3,012,698)</u>	<u>(5,494,973)</u>
<b>NET ASSETS</b>		<u>148,013,537</u>	<u>-</u>	<u>148,013,537</u>	<u>148,966,406</u>
<b>FUNDS</b>					
Unrestricted funds:	22				
General Fund				148,013,537	141,982,024
Restricted funds				<u>-</u>	<u>6,984,382</u>
<b>TOTAL FUNDS</b>				<u>148,013,537</u>	<u>148,966,406</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 18/5/20 and were signed on its behalf by:

  
.....  
J Rastall - Trustee

  
.....  
A 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 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	<u>445,431</u>	<u>22,875,294</u>
Net cash provided by operating activities		<u>445,431</u>	<u>22,875,294</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(643,858)	(2,192,211)
Purchase of fixed asset investments		(33,614,833)	(11,977,624)
Purchase of social investments		(460,215)	-
Sale of tangible fixed assets		907,877	210,425
Sale of fixed asset investments		16,698,641	3,543,868
Interest received		268,488	412,731
Dividends received		<u>1,152,454</u>	<u>963,744</u>
Net cash used in investing activities		<u>(15,691,446)</u>	<u>(9,039,067)</u>
<b>Cash flows from financing activities</b>			
Loans advanced by depositors		715,608	352,974
Loans repaid to depositors on		<u>(561,938)</u>	<u>(945,286)</u>
Net cash provided by/(used in) financing activities		<u>153,670</u>	<u>(592,312)</u>
<hr/>			
<b>Change in cash and cash equivalents in the reporting period</b>		(15,092,345)	13,243,915
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>113,777,117</u>	<u>100,533,202</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>98,684,772</u></u>	<u><u>113,777,117</u></u>

The notes form part of these financial statements

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements for the Year Ended 31st August 2019

### 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.

A further key estimate is the rate of depreciation. The trustees are of the opinion that the rates applied to the financial statements are appropriate.

The charity has also recently reviewed the accounting policy relating to conditional donations (see below and note 21)

#### **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 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.

Grants are recognised when the charity is entitled to receipt.

Investment income is accounted for on an accruals basis.

#### **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.



# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 1. ACCOUNTING POLICIES - continued

#### 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, the support cost is apportioned to the activity based on the proportion of direct costs it incurs.

#### 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.

#### Social investments

The Association classifies its social investments as programme related. The investment is to further charitable aims, and any financial return is incidental. The investment is held at cost less impairment as fair value cannot be measured reliably.

#### 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

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 2019

### 1. ACCOUNTING POLICIES - continued

#### **Deposits**

The Society had an arrangement whereby individuals could deposit funds so that the Society could benefit, on the understanding that these funds could 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. Deposits are still accepted from congregations of Jehovah's Witnesses.

#### **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 charity provides for twenty-five percent. Previously fifty percent was provided for. This reflects a change in accounting estimate.

#### **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.)

#### **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 2019

### 2. DONATIONS AND LEGACIES

	2019	2018
	£	£
Legacies	3,076,869	4,878,761
Grants	70,700,359	26,554,470
Donated services and facilities	-	786,300
Donations of cash and goods	<u>19,471,543</u>	<u>21,605,719</u>
	<u>93,248,771</u>	<u>53,825,250</u>

### 3. INVESTMENT INCOME

	2019	2018
	£	£
Rents received	-	12,140
Other unlisted securities	1,152,454	963,744
Deposit account interest	<u>268,488</u>	<u>412,731</u>
	<u>1,420,942</u>	<u>1,388,615</u>

### 4. INCOME FROM CHARITABLE ACTIVITIES

	2019	2018
	Design and build of places of worship and administrative facilities £	Total activities £
Income from literature sold to IBSA	-	3,375,972
Income from branch construction	32,043,891	33,384,660
Income from Kingdom Hall construction	<u>1,099,212</u>	<u>1,460,921</u>
	<u>33,143,103</u>	<u>38,221,553</u>

### 5. OTHER INCOME

	2019	2018
	£	£
Foreign currency gains	1,544,413	-
Other income	206,677	169,963
Income from recycling	<u>35,683</u>	<u>212,791</u>
	<u>1,786,773</u>	<u>382,754</u>

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 6. INVESTMENT MANAGEMENT COSTS

	2019 £	2018 £
Portfolio management	<u>417,534</u>	<u>613,280</u>

### 7. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Grant funding of activities (see note 8) £	Support costs (see note 9) £	Totals £
Assisting Entities Overseas	30,737,905	57,783,996	91,339	88,613,240
Design and build of places of worship and administrative facilities	40,001,208	-	40,387	40,041,595
Providing services for full-time ministers	<u>1,385,112</u>	<u>-</u>	<u>1,216</u>	<u>1,386,328</u>
	<u>72,124,225</u>	<u>57,783,996</u>	<u>132,942</u>	<u>130,041,163</u>

### 8. GRANTS PAYABLE

	2019 £	2018 £
Assisting Entities Overseas	<u>57,783,996</u>	<u>8,505,566</u>

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

#### By continent:

	Cash £
Africa	44,236,291
Asia	1,632,652
Americas	1,163,550
Europe	<u>10,751,503</u>
	<u>57,783,996</u>

Equivalent figures for the previous year were as follows:

#### By continent:

	Cash £
Europe	8,500,000
Americas	<u>5,566</u>
	<u>8,505,566</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 2019

### 9. SUPPORT COSTS

	Other £	Governance costs £	Totals £
Assisting Entities Overseas	66,943	24,396	91,339
Design and build of places of worship and administrative facilities	29,600	10,787	40,387
Providing services for full-time ministers	<u>891</u>	<u>325</u>	<u>1,216</u>
	<u>97,434</u>	<u>35,508</u>	<u>132,942</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):

	2019 £	2018 £
Auditors' remuneration	35,508	31,140
Depreciation - owned assets	866,455	1,144,173
Deficit on disposal of fixed assets	<u>584,943</u>	<u>77,479</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.

### 12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>					
At 1st September 2018	20,907,259	9,699,341	551,490	2,964,780	34,122,870
Additions	196,686	161,364	-	285,808	643,858
Disposals	(174,330)	(7,120,824)	(66,154)	(128,341)	(7,489,649)
Reclassification	<u>1,628,029</u>	<u>591,004</u>	<u>-</u>	<u>(591,004)</u>	<u>1,628,029</u>
At 31st August 2019	<u>22,557,644</u>	<u>3,330,885</u>	<u>485,336</u>	<u>2,531,243</u>	<u>28,905,108</u>
<b>DEPRECIATION</b>					
At 1st September 2018	964,397	6,380,206	503,876	1,665,719	9,514,198
Charge for year	342,157	264,611	9,812	249,875	866,455
Eliminated on disposal	(40,291)	(5,895,803)	(59,174)	(85,604)	(6,080,872)
Reclassification/transfer	<u>-</u>	<u>513,253</u>	<u>-</u>	<u>(513,253)</u>	<u>-</u>
At 31st August 2019	<u>1,266,263</u>	<u>1,262,267</u>	<u>454,514</u>	<u>1,316,737</u>	<u>4,299,781</u>
<b>NET BOOK VALUE</b>					
At 31st August 2019	<u>21,291,381</u>	<u>2,068,618</u>	<u>30,822</u>	<u>1,214,506</u>	<u>24,605,327</u>
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>

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 13. FIXED ASSET INVESTMENTS

	Investments £
<b>MARKET VALUE</b>	
At 1st September 2018	16,961,177
Additions	33,614,833
Disposals	(16,792,402)
Revaluations	(1,340,678)
Exchange differences	<u>752,151</u>
At 31st August 2019	<u>33,195,081</u>
<b>NET BOOK VALUE</b>	
At 31st August 2019	<u><u>33,195,081</u></u>
At 31st August 2018	<u><u>16,961,177</u></u>

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

### 14. SOCIAL INVESTMENTS

	Programme related investments equity £
<b>MARKET VALUE</b>	
Additions	<u>460,215</u>
<b>NET BOOK VALUE</b>	
At 31st August 2019	<u><u>460,215</u></u>
At 31st August 2018	<u><u>-</u></u>

This represents an investment in a project which helps Jehovah's Witnesses around the world in finding places to meet and carry out their worship. Although this is in its early stages the Trustees are very confident in its expected performance and that it will continue to advance the charitable aims of the Society.

### 15. STOCKS

	2019 £	2018 £
Raw materials	123,114	155,596
Motor vehicle spares and consumables	23,017	37,427
Work-in-progress	3,020,684	3,415,071
Work in progress- branch construction	<u>218,477</u>	<u>116,593</u>
	<u><u>3,385,292</u></u>	<u><u>3,724,687</u></u>

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 16. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,017,125	2,074,648
Other debtors	1,854,100	1,496,179
Prepayments and accrued income	<u>411,800</u>	<u>1,636,261</u>
	<u>3,283,025</u>	<u>5,207,088</u>
Amounts falling due after more than one year:		
Amounts recoverable on contract	<u>-</u>	<u>3,114,506</u>
Aggregate amounts	<u>3,283,025</u>	<u>8,321,594</u>

### 17. CURRENT ASSET INVESTMENTS

	2019 £	2018 £
Land in course of disposal	<u>276,672</u>	<u>660,000</u>

### 18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Deposits (see note 20)	874,958	906,995
Trade creditors	3,765,888	3,308,011
Other creditors	240,059	248,532
Accruals and deferred income	-	854,500
Accrued expenses	<u>108,621</u>	<u>110,875</u>
	<u>4,989,526</u>	<u>5,428,913</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.

### 19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Deposits (see note 20)	<u>7,874,623</u>	<u>8,162,955</u>

### 20. DEPOSITS

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

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 21. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Conditional donations	<u>3,012,698</u>	<u>5,494,973</u>
Provision at 1st September 2018		£ 5,494,973
Provision released on change of accounting estimate		(2,747,486)
Provision on new conditional donations received		408,261
Provision released on conditional donations converted into donations		(69,400)
Provision released on conditional donations repaid		<u>(73,650)</u>
Provision at 31st August 2019		<u>3,012,698</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 25% of the balance of conditional donations as shown above. This provision was formerly 50%, however this was changed as described in the accounting policies. The remaining £3,012,698 is a contingent liability. Without this change in estimate, the contingent liability at the year-end would have stood at £6,025,396.

### 22. MOVEMENT IN FUNDS

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
<b>Unrestricted funds</b>				
General Fund	141,982,024	(765,883)	6,797,396	148,013,537
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	622,732	(85,333)	(537,399)	-
Kingdom Hall Assistance Arrangement	6,035,999	-	(6,035,999)	-
Relief Fund	101,653	(101,653)	-	-
Missionary Convention Travel	<u>223,998</u>	<u>-</u>	<u>(223,998)</u>	<u>-</u>
	<u>6,984,382</u>	<u>(186,986)</u>	<u>(6,797,396)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>148,966,406</u>	<u>(952,869)</u>	<u>-</u>	<u>148,013,537</u>

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	129,588,803	(130,260,925)	(93,761)	(765,883)
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	-	(85,333)	-	(85,333)
Relief Fund	<u>10,786</u>	<u>(112,439)</u>	<u>-</u>	<u>(101,653)</u>
	<u>10,786</u>	<u>(197,772)</u>	<u>-</u>	<u>(186,986)</u>
<b>TOTAL FUNDS</b>	<u>129,599,589</u>	<u>(130,458,697)</u>	<u>(93,761)</u>	<u>(952,869)</u>



# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 22. MOVEMENT IN FUNDS - continued

#### Comparatives for 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	-	223,998	223,998
	<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>

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	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
	<u>307,706</u>	<u>(165,501)</u>	<u>-</u>	<u>142,205</u>
<b>TOTAL FUNDS</b>	<u>93,818,172</u>	<u>(75,539,023)</u>	<u>(664,946)</u>	<u>17,614,203</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.17 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
<b>Unrestricted funds</b>				
General Fund	124,510,026	16,706,115	6,797,396	148,013,537
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	788,233	(250,834)	(537,399)	-
Kingdom Hall Assistance Arrangement	6,035,999	-	(6,035,999)	-
Relief Fund	17,945	(17,945)	-	-
Missionary Convention Travel	-	223,998	(223,998)	-
	<u>6,842,177</u>	<u>(44,781)</u>	<u>(6,797,396)</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>131,352,203</u>	<u>16,661,334</u>	<u>-</u>	<u>148,013,537</u>

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 22. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined 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	223,099,269	(205,634,447)	(758,707)	16,706,115
<b>Restricted funds</b>				
Travelling Overseers Assistance Arrangement	-	(250,834)	-	(250,834)
Relief Fund	94,494	(112,439)	-	(17,945)
Missionary Convention Travel	223,998	-	-	223,998
	<u>318,492</u>	<u>(363,273)</u>	<u>-</u>	<u>(44,781)</u>
<b>TOTAL FUNDS</b>	<u>223,417,761</u>	<u>(205,997,720)</u>	<u>(758,707)</u>	<u>16,661,334</u>

#### Travelling Overseers Assistance Arrangement

This fund was for the provision of motor vehicles for travelling ministers. The restriction on the fund was met when the assets were purchased and made available for ministers. Therefore the assets now form part of the charity's unrestricted property.

#### Kingdom Hall Assistance Arrangement

The Kingdom Hall Assistance Arrangement (KHAA) existed to give aid where losses and damages had been suffered by congregations or individuals. Having the arrangement as a separate fund had served its purpose and donors were informed that such needs were now being filled by the general funds of the charity. No problems arose due to this change, therefore the Charity Commission approved a scheme dated April 26, 2019 to allow these funds to be administered as part of the general purposes of the charity.

#### Relief Fund

This fund existed for the purpose of giving support to areas experiencing distress or natural disaster. Existing funds were spent in full. The fund is now closed as such needs will be met through the general funds of the charity.

### 23. RELATED PARTY DISCLOSURES

The Society has close connections with IBSA (charity number 216647) and the Kingdom Hall Trust ("KHT") (charity number 275946)

During the year the Society charged IBSA £32,400,211 (2018: £33,470,247 ) for the ongoing building of new facilities at Chelmsford.

During the year, KHT purchased land and newly constructed Kingdom Halls from the Society amounting to £ 1,099,211 (2018: £1,460,921).

# Watch Tower Bible and Tract Society of Britain

## Notes to the Financial Statements - continued for the Year Ended 31st August 2019

### 24. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
<b>Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)</b>	(952,869)	17,614,203
<b>Adjustments for:</b>		
Depreciation charges	866,456	1,144,173
Losses on investments	682,288	553,174
Loss on disposal of fixed assets	500,900	77,479
Interest received	(268,488)	(412,731)
Dividends received	(1,152,454)	(963,744)
Other non-cash donations received	(701,639)	(766,431)
Movement in assets held for sale	383,328	(560,000)
Increase/decrease in provisions	(3,543,123)	(1,862,014)
Reclassification to fixed assets	(1,628,029)	-
Movements on conditional donations	1,288,447	4,167,127
Decrease/(increase) in stocks	339,395	(1,645,031)
Decrease in debtors	5,038,569	3,244,174
(Decrease)/increase in creditors	(407,350)	2,284,915
<b>Net cash provided by operations</b>	<u>445,431</u>	<u>22,875,294</u>

