

Company No. 136726
Registered Charity No. 216647

2
IBSA
1998

International
Bible Students
Association

I.B.S.A. House, The Ridgeway, London, England, NW7 1RN

ANNUAL REPORT AND ACCOUNTS
Year ended 31st August 1998



INTERNATIONAL BIBLE STUDENTS ASSOCIATION

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Year ended 31st August 1998

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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

LEGAL STATUS, OFFICERS AND ADVISERS
31st August 1998

CONSTITUTION

The Association is an unlimited company, without share capital, incorporated in England under the Companies Acts 1908 and 1913 and is a Registered Charity.

DIRECTORS AND COUNCIL MEMBERS

M. G. Henschel *President*
J. S. Andrews *Vice-President*
S.A.Hardy
L. A. Swingle
J. A. Wynn

SECRETARY / TREASURER

Sydney D. Smith

REGISTERED OFFICE

I.B.S.A. House
The Ridgeway
London
England NW7 1RN

PRINCIPAL BANKERS

The Royal Bank of Scotland PLC
97 New Bond Street
London
England W1Y 0EU

AUDITORS

Evans & Co
15 The Wheatlands
Bridgnorth
Shropshire
England WV16 5BD

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE COUNCIL
Year ended 31st August 1998

The members of the Council present their report and the financial statements of the Association for the year ended 31st August 1998.

Activities

The principal activities of the Association are the provision of facilities for the printing and distribution of Bibles and Bible based literature, the housing of workers engaged in this activity and the promotion of the Christian religion by holding conventions for Christian education. The activities also include giving support to congregations of Jehovah's Witnesses and to others in connection with their spiritual and material welfare, in Britain and abroad, within the charitable purposes of the Association.

Financial Results

The financial results of the year's activities are shown on pages 5 and 8 of the financial statements. The direct charitable expenditure included cash and goods donated to overseas charities totalling £2,194,633 and £1,283,131 to The Kingdom Hall Trust, primarily to assist in the world wide work of Jehovah's Witnesses.

Health and safety and the environment

The Association has a continuing commitment to health and safety and environmental issues. It has a department with the specific assignment to ensure that good working practices are implemented and constantly monitored and that there is compliance with all applicable laws and regulations.

Creditor payment policy

The Association policy is to abide by terms negotiated at the time when business is agreed with suppliers. This payments policy applies to all payments to creditors for revenue and capital supplies and services without exception. The number of days credit taken at 31 August 1998 was 41 days.

Council Members

The Council members, who are the directors and trustees, have all served throughout the financial year and are as follows:-

J. S. Andrews S.A.Hardy M. G. Henschel L. A. Swingle J. A. Wynn

Auditors

A resolution concerning the re-appointment of Evans & Co as the Association's auditors will be considered at the annual general meeting.

By order of the Council



S. D. SMITH
Secretary and Treasurer

30 December 1998

I.B.S.A. House
The Ridgeway
London
England
NW7 1RP

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

COUNCIL MEMBERS' RESPONSIBILITIES STATEMENT

Year ended 31st August 1998

Council members' responsibilities in respect of the preparation of accounts

Company law requires the directors/trustees of a charity to prepare financial statements each financial year which give a true and fair view of its incoming resources and application of resources for the year and of the state of affairs of the charity at the end of the year. In preparing those financial statements the directors/trustees should follow best practice and

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Take account of expenses and income relating to the period being reported on, whether or not they have been paid or received in that period; and

Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The Council members believe that the financial statements comply with these requirements, have been prepared in accord with "Accounting by Charities - Statement of Recommended Practice" (SORP) and comply with the Companies Act 1985.

The Council members are responsible for maintaining proper accounting records which disclose the financial position of the Association and which ensure that the financial statements comply with statutory requirements. They are also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE AUDITORS
Year ended 31st August 1998

Report of the auditors to the members of the
International Bible Students Association

We have audited the accounts on pages 5 to 12 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of council members and auditors

The Council members, who are the trustees and directors of the Association, are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

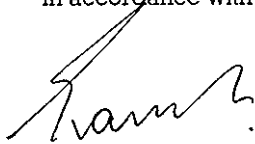
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes assessment of the significant estimates and judgements made by the council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

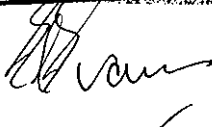
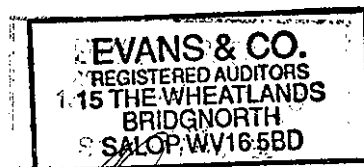
In our opinion the financial statements give a true and fair view of the state of affairs of the Association at 31st August 1998 and of the movement of funds, including the income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Evans & Co

Registered Auditors

30 December 1998



15 The Wheatlands
Bridgnorth
Shropshire
England
WV16 5BD

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31st August 1998

1997

| | General fund | Restricted fund (Note 10) | Total funds | Total funds |
|--|------------------|---------------------------------|------------------|------------------|
| INCOMING RESOURCES | | | | |
| Donations and contributions | 5,950,156 | - | 5,950,156 | 6,691,208 |
| Convention donations | 704,160 | - | 704,160 | 529,070 |
| Legacies | 332,147 | - | 332,147 | 644,160 |
| Total voluntary income | 6,986,463 | - | 6,986,463 | 7,864,438 |
| Rents received | 7,020 | - | 7,020 | 5,200 |
| Interest and dividends received | 389,909 | 3,675 | 393,584 | 179,894 |
| Mortgage interest received | - | 8,490 | 8,490 | 8,161 |
| Service charges made to Watch Tower Society | 1,252,168 | - | 1,252,168 | 1,074,110 |
| Total incoming resources | 8,635,560 | 12,165 | 8,647,725 | 9,131,803 |
| RESOURCES EXPENDED | | | | |
| Direct charitable expenditure (Note 4) | 6,844,878 | - | 6,844,878 | 6,055,411 |
| Operating expenditure - charged to Watch Tower Society (Note 5) | 1,142,208 | - | 1,142,208 | 994,001 |
| Depreciation of fixed assets (Note 7) | 435,808 | - | 435,808 | 465,723 |
| Total operating expenditure | 8,422,894 | - | 8,422,894 | 7,515,135 |
| NET INCOMING RESOURCES | 212,666 | 12,165 | 224,831 | 1,616,668 |
| OTHER RECOGNISED GAINS | | | | |
| Realised gains on sale of freehold properties | 280,679 | - | 280,679 | 92,854 |
| Realised gains on sale of stocks and shares | - | - | - | 570 |
| Unrealised gains on stocks and shares | 12,543 | - | 12,543 | 21,707 |
| | 293,222 | - | 293,222 | 115,131 |
| NET MOVEMENT OF FUNDS | 505,888 | 12,165 | 518,053 | 1,731,799 |
| Fund balances brought forward at 1 September 1997 | 29,555,570 | 200,734 | 29,756,304 | 28,024,505 |
| at 31 August 1998 | £30,061,458 | £212,899 | £30,274,357 | £29,756,304 |

All of the Association's activities derive from continuing operations.
The notes on pages 9 to 12 form part of these accounts.

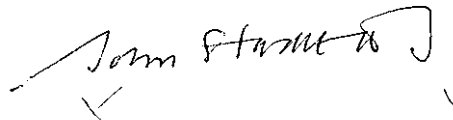
INTERNATIONAL BIBLE STUDENTS ASSOCIATION

BALANCE SHEET
31st August 1998

1997

| | | | |
|--|-----------|-------------|-------------|
| FIXED ASSETS | | | |
| Tangible assets | (Note 7) | | |
| Land and buildings | | 22,093,025 | 22,830,650 |
| Fixtures and fittings | | 199,639 | 206,470 |
| Plant and machinery | | 198,381 | 237,302 |
| Motor vehicles | | 66,163 | 35,324 |
| Convention equipment | | 61,112 | 52,043 |
| | | | |
| | | 22,618,320 | 23,361,789 |
| Investments | | | |
| Quoted investments | | 155,107 | 142,563 |
| Congregation hall mortgages | | 149,328 | 123,310 |
| | | | |
| | | 304,435 | 265,873 |
| | | | |
| | | 22,922,755 | 23,627,662 |
| CURRENT ASSETS | | | |
| Stocks on hand | | 205,514 | 166,910 |
| Debtors and accrued income | (Note 8) | 1,259,393 | 789,432 |
| Building society and bank deposits | | 6,110,500 | 5,048,027 |
| Cash at bank - current accounts | | 27,167 | 17,623 |
| Congregation contributions in transit | | 85,813 | 439,305 |
| | | | |
| | | 7,688,387 | 6,461,297 |
| CREDITORS: falling due within one year | (Note 9) | (336,785) | (332,655) |
| | | | |
| NET CURRENT ASSETS | | 7,351,602 | 6,128,642 |
| TOTAL ASSETS LESS LIABILITIES | | £30,274,357 | £29,756,304 |
| FUNDS | | | |
| Unrestricted | | 30,061,458 | 29,555,570 |
| Restricted | (Note 10) | 212,899 | 200,734 |
| | | | |
| | | £30,274,357 | £29,756,304 |
| | | | |

Approved by the Council


J. S. ANDREWS
Vice-President

30 December 1998


S. D. SMITH
Secretary and Treasurer

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

CASH FLOW STATEMENT
Year ended 31st August 1998

1997

| | | |
|--|-------------------|----------------------------|
| NET CASH INFLOW (OUTFLOW) | | |
| from operating activities | (Note 11) | (252,890) 1,372,003 |
| INVESTING ACTIVITIES | | |
| Acquisitions of fixed assets | (Note 7) | |
| Land and buildings | | (51,303) (469,766) |
| Fixtures and fittings | | (47,628) (4,594) |
| Plant and machinery | | (4,450) - |
| Motor vehicles | | (33,963) (36,650) |
| Convention equipment | | (18,886) (18,882) |
| | | (156,230) (529,892) |
| Decrease (increase) in mortgage lending | | (26,018) 32,230 |
| | | (182,248) (497,662) |
| Proceeds of sale of freehold properties | 744,569 | 1,099,854 |
| Proceeds of sale of plant and equipment | - | 14,548 |
| Proceeds of sale of quoted investment | - | 4,613 |
| Income from investments | (Note 11) 409,094 | 193,255 |
| | 1,153,663 | 1,312,270 |
| Net income on investing activities | | 971,415 814,608 |
| INCREASE IN CASH | | 718,525 2,186,611 |
| CASH AT 31 AUGUST 1997 | | 5,504,955 3,318,344 |
| CASH AT 31 AUGUST 1998 | | £6,223,480 £5,504,955 |
| Cash and deposits repayable on demand | | |
| Building society and bank deposits | | 6,110,500 5,048,027 |
| Cash at bank | | 27,167 17,623 |
| Cash and cash in transit | | 85,813 439,305 |
| | | £6,223,480 £5,504,955 |

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT
Year ended 31st August 1998

1997

GROSS INCOME

| | | |
|--|-----------|-----------|
| Donations, contributions and legacies | 6,986,463 | 7,864,438 |
| Income from investments | 409,094 | 193,255 |
| Service charges to Watch Tower Society | 1,252,168 | 1,074,110 |
| Total income | 8,647,725 | 9,131,803 |

EXPENDITURE

| | | |
|--|-----------|-----------|
| Direct charitable expenditure (Note 4) | 6,844,878 | 6,055,411 |
| Cost of service charges (Note 5) | 1,142,208 | 994,001 |
| Depreciation of fixed assets (Note 7) | 435,808 | 465,723 |
| | 8,422,894 | 7,515,135 |

OPERATING SURPLUS FOR THE YEAR

224,831 1,616,668

GAINS ON DISPOSALS OF FIXED ASSETS

| | | |
|---------------------|---------|--------|
| Freehold properties | 280,679 | 92,854 |
| Stocks and shares | - | 570 |
| | 280,679 | 93,424 |

SURPLUS FOR THE YEAR

£505,510 £1,710,092

The summary income and expenditure account has been prepared to comply with the Companies Act 1985. The major difference between the figures shown above from those presented in the statement of financial activities (page 5) is that the unrealised gains on investments are not recognised.

All of the Association's operations are classed as continuing.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 1998

1. STATUS OF THE ASSOCIATION

The Association is an unlimited company without share capital, incorporated under the Companies Acts 1908 and 1913 (No.136726) and is a Registered Charity (No.216647).

The Association has close connections with Watch Tower Bible and Tract Society (Watch Tower Society) and The Kingdom Hall Trust. The branch address in Britain of Watch Tower Society and the registered office of The Kingdom Hall Trust are at the registered office of the Association. These charities have common or related objectives.

2. ACCOUNTING POLICIES

a) The accounts are prepared under the historical cost convention as modified by the revaluation of quoted investments.

b) Depreciation is provided on fixed assets to write off the cost over the following periods:-

| | |
|--------------------------------------|-----------------|
| Land | No depreciation |
| Freehold properties and developments | 50 years |
| Leasehold property | 15 years |
| Other fixed assets | 7 - 10 years |

c) The Convention costs (Note 4) do not include a charge for depreciation of convention equipment as this is included in the overall provision for depreciation of fixed assets.

3. PERSONNEL

a) The Association has no employees but engages only voluntary workers, providing them with free board, lodging and an allowance for personal and other expenses. During the year there was an average of 286 (269 in 1997) persons engaged.

b) All personnel, including the Members of the Council, are paid on the same basis. Those engaged in the usual work of the Association are required to live in the Association's premises. The total cash allowances, expenses payments and value of board and lodging did not exceed £3,000 (1997 £3,050) during the year for any one person.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 1998

1997

4. DIRECT CHARITABLE EXPENDITURE

| | | |
|---|-------------------|-------------------|
| Cost of literature for public distribution | 3,020,200 | 3,037,658 |
| Donations to The Kingdom Hall Trust | 1,283,131 | - |
| Cash and goods donated to overseas branches | 2,194,633 | 200,135 |
| Donation to Watch Tower Society | 33,705 | 2,517,013 |
| Convention costs | 313,209 | 300,605 |
| | <u>£6,844,878</u> | <u>£6,055,411</u> |

5. OPERATING EXPENDITURE

Cost of services charged to Watch Tower Society

| | | |
|----------------------------------|-------------------|-----------------|
| Allowances to personnel | 354,313 | 307,904 |
| Dining room and kitchen supplies | 245,420 | 148,439 |
| Accommodation expenses | 72,266 | 31,424 |
| Staff shop net income | (3,183) | (2,179) |
| Farm supplies | 84,510 | 80,240 |
| Electricity, fuel and water | 200,644 | 197,004 |
| Property costs and maintenance | 128,860 | 177,175 |
| Property rents and taxes | 29,367 | 18,355 |
| Professional charges | 30,011 | 35,639 |
| | <u>£1,142,208</u> | <u>£994,001</u> |

6. AUDITORS REMUNERATION

| | | |
|--|---------------|---------------|
| Professional charges include auditors remuneration of | <u>£3,250</u> | <u>£2,750</u> |
|--|---------------|---------------|

NOTES TO THE ACCOUNTS

Year ended 31st August 1998

| 7. FIXED ASSETS | <i>Land and buildings</i> | Fixtures and fittings | Plant and machinery | Motor vehicles | Convention equipment | TOTAL |
|---------------------|---------------------------|-----------------------|---------------------|----------------|----------------------|------------|
| Cost or valuation | | | | | | |
| At 31st Aug 1997 | 24,682,847 | 496,960 | 670,531 | 68,475 | 136,115 | 26,054,928 |
| Additions | 51,303 | 47,628 | 4,450 | 33,963 | 18,886 | 156,230 |
| Disposals and w/o | (542,046) | (20,976) | - | - | - | (563,022) |
| At 31st Aug 1998 | 24,192,104 | 523,612 | 674,981 | 102,438 | 155,001 | 25,648,136 |
| Depreciation | | | | | | |
| At 31st Aug 1997 | 1,852,197 | 290,490 | 433,229 | 33,151 | 84,072 | 2,365,337 |
| Charge for the year | 325,037 | 54,459 | 43,371 | 3,124 | 9,817 | 435,808 |
| Disposals and w/o | (78,155) | (20,976) | - | - | - | (99,131) |
| At 31st Aug 1998 | 2,099,079 | 323,973 | 476,600 | 36,275 | 93,889 | 3,029,816 |
| Book values | | | | | | |
| At 31st Aug 1997 | 22,830,650 | 206,470 | 237,302 | 35,324 | 52,043 | 23,361,789 |
| At 31st Aug 1998 | 22,093,025 | 199,639 | 198,381 | 66,163 | 61,112 | 22,618,320 |

The net book values of land and buildings comprise freehold properties at £21,873,365, and leasehold property with a right to purchase, at £219,660. The Association's interests in land and buildings situated in Britain had been valued at £25,415,000.

8. DEBTORS AND ACCRUED INCOME

1997

| | | |
|---|-------------------|-----------------|
| Service charges receivable | 152,290 | 85,974 |
| Income Tax reclaimable | 35,293 | 37,349 |
| Value Added Tax reclaimable | 4,941 | - |
| Convention donations receivable | 6,517 | 11,451 |
| Legacies receivable | 400,155 | 611,298 |
| Bank interest receivable | 52,734 | 31,058 |
| Balance receivable on disposal of freehold property | 223,377 | - |
| Advance deposit paid on purchase of freehold property | 190,750 | - |
| Amount due from associated charity | 185,591 | - |
| Sundry amounts receivable and payments in advance | 7,745 | 12,302 |
| | <u>£1,259,393</u> | <u>£789,432</u> |

9. CREDITORS amounts falling due within one year

1997

| | | |
|---|-----------------|-----------------|
| General suppliers | 154,394 | 41,152 |
| International convention expenses | 21,029 | 29,532 |
| Due to Watch Tower Society for literature | 123,757 | 220,192 |
| V.A.T. payable | 4,685 | 14,499 |
| Accrued expenses | 31,945 | 26,305 |
| Unsecured loan notes | 975 | 975 |
| | <u>£336,785</u> | <u>£332,655</u> |

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS
Year ended 31st August 1998

10. RESTRICTED FUND

1997

A bequest was made to the Association for the benefit of congregations in Scotland. So that many congregations might benefit on a continuing basis the fund has been used to finance, on mortgage, Kingdom Halls owned by Scottish congregations with the balance being invested with the general funds. The movement of the fund during the year was as follows:-

| | | | |
|--------------------------------------|----------|-----------------|-----------------|
| Opening balance | | 200,734 | 189,322 |
| Mortgage interest received | | 8,490 | 8,161 |
| Investment income received | | 3,675 | 3,251 |
| Closing balance | (Page 5) | <u>£212,899</u> | <u>£200,734</u> |
| Employment of fund at 31 August 1998 | | | |
| Congregation mortgages | | 149,328 | 123,310 |
| Funds retained for future use | | 63,571 | 77,424 |
| Accumulated value of fund, as above | | <u>£212,899</u> | <u>£200,734</u> |

11. CASH FLOW STATEMENT (Page 7)

1997

Reconciliation of surplus on ordinary activities
with net cash inflow from operating activities

| | | | |
|---|----------|-------------------|-------------------|
| Net incoming resources | (Page 5) | | |
| Operating surplus | (Page 8) | 224,831 | 1,616,668 |
| Items not involving the movement of funds | | | |
| Depreciation of fixed assets | | 435,808 | 465,723 |
| Funds utilised by the increase of stocks on hand | | (38,604) | (26,314) |
| Funds available from decrease (increase) in debtors | | (469,961) | (306,492) |
| Funds available from increase (decrease) in creditors | | 4,130 | (72,831) |
| Donation received of quoted investments | | - | (111,496) |
| Income from investments | | | |
| Rents received | | (7,020) | (5,200) |
| Interest and dividends | | (393,584) | (179,894) |
| Mortgage interest received | | (8,490) | (8,161) |
| Net cash inflow (outflow) from operating activities | | <u>(£252,890)</u> | <u>£1,372,003</u> |

12. CAPITAL COMMITMENTS

A capital commitment has been entered into for the purchase of eight houses to provide additional accommodation for personnel at Mill Hill, London

| | | |
|--|-------------------|----------------|
| | <u>£1,722,480</u> | <u>£40,000</u> |
|--|-------------------|----------------|