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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

INDEX TO THE REPORT AND FINANCIAL STATEMENTS

Year ended 31st August 2000

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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

LEGAL STATUS, OFFICERS AND ADVISERS

31st August 2000

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 TRUSTEES

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees.

S.A.Hardy *President*
J. S. Andrews *Vice-President*
M. G. Henschel (Resigned 3/11/99)
L. A. Swingle (Resigned 3/11/99)
J. A. Wynn
J. D. Dutton (Appointed 3/11/99)

SECRETARY

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

Calcutt Matthews
Chartered Accountants
The Courtyard
Holding Street
Rainham
Kent ME8 7HE

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE TRUSTEES

Year ended 31st August 2000

The board of trustees present their report and the financial statements of the Association for the year ended 31st August 2000. The financial statements have been prepared in accordance with current statutory requirements and the company's memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Objects and activities

The principal activities of the Association are to support congregations of Jehovah's Witnesses and others, in connection with their spiritual and material welfare, in Britain and abroad, within the charitable purposes of the Association. This is achieved mainly by the provision of facilities for the printing and distribution of Bibles and Bible based literature, the housing of volunteers engaged in this activity, the promotion of the Christian religion by purchasing and distributing religious literature free of charge and by holding conventions for Christian education.

Governance

The four Trustees of the Association also have key managerial roles at the charity headquarters. They meet every week, and at the same time confer closely with the Trustees of Watch Tower Society of Britain, as the activities of the two charities are closely related. Their decisions are then based on these joint strategy meetings.

Internal controls

These controls ensure that the monthly financial reports accurately represent all transactions; provide reasonable assurance that finances are being used for their intended purpose; verify that proper controls and procedures are in place, and adhered to, so that the figures are recorded accurately and accounts are in balance.

An internal audit of the financial function is performed every six months to confirm this.

Reserves policy

The Association has a reliable donation base, being primarily the 1,400 congregations of Jehovah's Witnesses in the U. K. Hence, we can plan confidently with relatively small reserves, having in mind that we charge Watch Tower Society for the cost of running the HQ Complex, and we respond to the need for funds overseas, after filling our domestic requirements. When it comes to relocation, we are confident that Watch Tower Society will be able to underwrite any costs that we cannot meet ourselves.

Investment policy

Funds are invested with several major financial institutions, using money market instruments. Donated stocks and shares are managed or sold, according to professional advice on the soundness of the institution and in harmony with our Christian principles.

Relationship with connected charities

The Association works closely with Watch Tower Bible and Tract Society of Britain and The Kingdom Hall Trust. It permits Watch Tower Society to use its premises for the Society's charitable work and provides accommodation for the volunteers. A service and maintenance charge is made. The Association purchases religious material from the Society and donates these to congregations of Jehovah's Witnesses. The Association makes donations to The Kingdom Hall Trust, enabling it to further its work, primarily in the French speaking world.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE TRUSTEES (Continued)

Year ended 31st August 2000

Review of the year and financial position

The financial results of the year's activities are shown on page 5. The direct charitable expenditure included the purchase of Bibles and Bible study aids, from Watch Tower Society of Britain, at a cost of £3,033,127. These were then distributed free, through congregations of Jehovah's Witnesses. The charity was also able to make donations of cash and goods to overseas charities primarily in the developing world totalling £3,228,277 and £2,108,090 to the Kingdom Hall Trust, all of this to assist in the worldwide work of Jehovah's Witnesses, advancing the Christian religion.

The work of the Association continued to increase, because of the need to provide still larger facilities for Watch Tower Society, due to the demand for its printed matter. Further residential accommodation has been purchased, financed in part by a loan from Watch Tower Society. Internal alteration and upgrading of the Association's buildings at Watch Tower House and IBSA House has been undertaken, in order to cope with the growing community of volunteers and increased work-load. This is scheduled for completion in early 2001.

The search has continued for a suitable site to relocate entirely. Funding alternatives are being considered, such as a short term sale and leaseback arrangement for the present property. Watch Tower Society would be closely involved with the relocation, and is willing to assist us in any way necessary, to finance it.

Trustees responsibilities in respect of the preparation of accounts

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution will be proposed at the Annual General Meeting that Calcutt Matthews, Chartered Accountants, be re-appointed as auditors to the charity for the ensuing year.

By order of the Trustees



S. D. SMITH
Secretary

February 2001

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

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE AUDITORS

Year ended 31st August 2000

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

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the accounting policies set out on page 8.

Respective responsibilities of trustees and auditors

As described on page 3 the trustees 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 financial statements. It also includes assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the charity, 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs at 31st August 2000 and of the incoming resources and application, of resources, including the income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Calcutt Matthews

Calcutt Matthews

Charities Unit

Chartered Accountants

Registered Auditors

February 2001

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES (Including income & Expenditure Account)

Year ended 31st August 2000

		1999
INCOMING RESOURCES	<i>Notes</i>	
Charitable activities:		
Donations and contributions	7,491,176	7,308,504
Convention donations	515,219	545,844
Legacies	1,063,269	262,521
<i>Total income from charitable activities:</i>	<u>9,069,664</u>	<u>8,116,869</u>
Other activities to generate funds:		-
Interest and dividends received	359,742	360,521
Mortgage interest received	-	7,546
Service charges made to Watch Tower Societ	2,086,774	1,806,016
Total incoming resources available for charitable application	<u>11,516,180</u>	<u>10,290,952</u>
RESOURCES EXPENDED		
Charitable expenditure:		
Costs of literature	<i>4a</i> 3,280,248	3,631,021
Donations made	<i>4b</i> 5,594,116	3,942,770
Operating and administrative expenses:		
Operating expenditure - charged to Watch Tower Society of Britain	<i>5</i> 1,671,717	1,730,116
Depreciation - part recharged to Watch Tower Society of Britain	<i>7</i> 738,520	492,987
Interest payable on connected charity loan	128,267	-
Total expenditure	<u>11,412,868</u>	<u>9,796,894</u>
NET INCOMING RESOURCES	103,312	494,058
OTHER RECOGNISED GAINS		
Realised (loss) on disposal of freehold properties	(29,524)	(27,388)
Other Gains	7,499	-
Gains on stocks and shares	111,130	96,359
Donated overseas properties	1,718,750	10,091,054
	<u>1,807,855</u>	<u>10,160,025</u>
NET MOVEMENT OF FUNDS	1,911,167	10,654,083
Fund balances brought forward at 1 September 1999	40,928,440	30,274,357
at 31 August 2000	<u>£42,839,607</u>	<u>£40,928,440</u>

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.


INTERNATIONAL BIBLE STUDENTS ASSOCIATION


BALANCE SHEET

31st August 2000

	Notes		1999
FIXED ASSETS			
Tangible assets	7		
Land and buildings		26,978,051	23,373,757
Overseas properties		13,096,994	10,091,054
Fixtures and fittings		41,475	37,315
Plant and machinery		624,712	506,450
Motor vehicles		209,109	131,534
		<u>40,950,340</u>	<u>34,140,110</u>
Intangible assets			
Copyrights		2,000	2,000
Investments			
Quoted investments		507,008	275,546
		<u>41,459,348</u>	<u>34,417,656</u>
CURRENT ASSETS			
Stocks on hand		97,487	116,860
Debtors and accrued income	8	1,052,703	705,453
Building society and bank deposits		5,239,416	5,874,255
Cash at bank - current accounts		1,323	14,105
Congregation contributions in transit		152,943	100,635
		<u>6,543,872</u>	<u>6,811,308</u>
CREDITORS: falling due within one year	9	<u>(672,767)</u>	<u>(300,524)</u>
NET CURRENT ASSETS		5,871,105	6,510,784
CREDITORS: falling due after more than one year	10	4,490,845	-
TOTAL ASSETS LESS LIABILITIES		<u>£42,839,607</u>	<u>£40,928,440</u>
FUNDS		<u>£42,839,607</u>	<u>£40,928,440</u>

Approved by the Trustees and signed on their behalf by:

 S. A. HARDY
President

 S. D. SMITH
Secretary

February 2001

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

CASH FLOW STATEMENT

Year ended 31st August 2000

	<i>Notes</i>	1999
Net Cash inflow from operating activities	12	4,874,946
Return on investment and servicing of finance	13	359,742
Capital expenditure and financial investment	14	(5,830,000)
		<hr/>
Decrease in cash		(595,313)
		<hr/>
Reconciliation of Net Cashflow to Movement in Net funds:		
Decrease in cash in the year		(595,313)
Cash at 1 September 1999		5,988,995
		<hr/>
CASH AT 31 AUGUST 2000		£5,393,682
		<hr/>
Cash and deposits repayable on demand:		
Building society and bank deposits		5,239,416
Cash at bank		1,323
Cash and cash in transit		152,943
		<hr/>
		£5,393,682
		<hr/>
		5,874,255
		14,105
		100,635
		<hr/>
		£5,988,995
		<hr/>

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2000

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).

2. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

a) Donations and interest receivable

Income from donations and interest is included as it is receivable. If the donor specifies that monies are to be used for specific purposes this income is included in a restricted fund.

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

Land	No depreciation
Freehold and overseas properties	50 years
Leasehold property	15 years
Machinery, equipment and fixtures	7 - 10 years
Computers	3 years

c) Resources expended are included in the Statement of Financial Activities on an accruals basis.

d) Stock is included at the lower of cost or net realisable value.

3. PERSONNEL

a) The Association has no employees but engages only volunteers providing them with free board, lodging and an allowance for personal and other expenses. During the year there was an average of 417 (286 in 1999) persons engaged. The trustees received no payments or re-imbursments in their capacity as trustees.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2000

1999

4a. COSTS OF LITERATURE AND CONVENTIONS

Cost of Bible literature for public distribution	3,033,127	3,387,561
Christian education convention costs	247,121	243,460
	<u>£3,280,248</u>	<u>£3,631,021</u>

4b. DONATIONS MADE

Donations to The Kingdom Hall Trust	2,108,090	1,686,398
Donated to overseas branches for Christian work*	3,228,277	1,664,752
Donation to Watch Tower Society of Britain	257,750	591,620
	<u>£5,594,116</u>	<u>£3,942,770</u>

* All cash donations overseas were applied for the benefit of the work of Jehovah's Witnesses in under-developed lands.

5. OPERATING EXPENDITURE

Cost of services charged to Watch Tower Society:

Allowances to personnel	512,477	449,970
Dining room and kitchen supplies	241,310	282,821
Accommodation expenses	101,257	79,435
Staff shop net (income)	(985)	(973)
Farm supplies	55,801	61,237
Electricity, fuel and water	308,784	268,338
Property costs, general and vehicle maintenance	355,307	508,135
Property rents and taxes	64,781	65,005
Professional charges	32,985	16,148
	<u>£1,671,717</u>	<u>£1,730,116</u>

Services charges also include a charge of part of the depreciation charge incurred on relevant assets.

6. AUDITORS REMUNERATION

Professional charges include auditors remuneration of	<u>£5,700</u>	<u>£5,500</u>
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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2000

7. FIXED ASSETS	Land and buildings	Overseas property	Fixtures and fittings	Plant and machinery	Motor vehicles	TOTAL
Cost or valuation						
<i>At 1st Sept 1999</i>	25,805,690	10,091,054	47,965	982,821	175,459	37,102,989
Additions	6,400,458	-	5,402	219,624	102,650	6,728,134
Donated	-	1,718,750	-	-	-	1,718,750
Reclassification	(2,350,100)	2,350,100	-	-	-	-
Disposals and w/o	(24,000)	(861,878)	-	(22,201)	-	(908,079)
At 31st Aug 2000	29,832,048	13,298,026	53,367	1,180,244	278,109	44,641,794
Depreciation						
<i>At 1st Sept 1999</i>	2,431,933	-	10,650	476,371	43,925	2,962,879
Charge for the year	422,951	201,032	1,242	88,220	25,075	738,520
Disposals and w/o	(887)	-	-	(9,058)	-	(9,945)
At 31st Aug 2000	2,853,997	201,032	11,892	555,532	69,000	3,691,454
Book values						
<i>At 31st Aug 1999</i>	23,373,757	10,091,054	37,315	506,450	131,534	34,140,110
At 31st Aug 2000	26,978,051	13,096,994	41,475	624,712	209,109	40,950,340

The net book values of land and buildings comprise freehold properties at £26,764,936 and leasehold property with a right to purchase, at £213,115. The Association's interests in land and buildings situated in Britain had been valued at £37,798,000.

Following the inception of FRS 15, the trustees have decided not to revalue freehold on the grounds of cost. No tangible fixed assets are held for investment purposes.

8. DEBTORS AND ACCRUED INCOME

1999

Service charges receivable	176,476	150,966
Income Tax reclaimable	9,105	8,907
Convention donations receivable	7,250	33,121
Legacies receivable	415,000	208,475
Bank interest receivable	145,631	108,535
Amount due from associated charities	184,050	184,050
Other Loans	98,668	-
Sundry amounts receivable and payments in advance	16,522	11,399
	£1,052,703	£705,453

9. CREDITORS amounts falling due within one year

1999

General suppliers	58,320	46,785
National convention expenses	20,309	-
Due to Watch Tower Society for literature	246,436	186,092
V.A.T. payable	74,776	17,077
Accrued expenses	224,125	35,673
Unsecured loan notes	975	975
Sundry creditors	47,826	13,922
	£672,767	£300,524

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2000

1999

10 CREDITORS: amounts falling due after more than one year

Loan from connected charity	4,490,845	-
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The above loan was received from the Watch Tower Society of Britain on an arms length basis. The trustees of this charity have given an undertaking that they will not draw on this loan without one year's notice.

11 TRANSACTIONS WITH TRUSTEES AND CONNECTED CHARITIES

The trustees confirm that they have not been involved in any transactions with the charity.

The Association has close connections with Watch Tower Bible and Tract Society of Britain (Watch Tower Society) and The Kingdom Hall Trust. The registered office of the 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.

The Association purchases literature from Watch Tower Bible & Tract Society of Britain. It charges Watch Tower Society for the cost of living accommodation and providing facilities for The Society to carry on its activities.

12 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

1999

Surplus on continuing operations after depreciation	103,312	485,151
Depreciation	738,520	492,987
Decrease in Stocks	19,373	88,654
(Increase)/ Decrease in Debtors	(347,250)	562,847
Increase/(Decrease) in Creditors	4,952,194	(36,261)
Donated intangibles and securities	(231,462)	122,439
Interest receivable	(359,742)	(361,575)
Net cash inflow from operating activities	<u>4,874,946</u>	<u>1,354,242</u>

13 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Income from investments and interest received	359,742	361,575
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14 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(6,728,134)	(2,432,572)
Sale of tangible fixed assets	898,134	482,270
	<u>(5,830,000)</u>	<u>(1,950,302)</u>