

Report and
Financial Statements for the Year Ended 31 August 2003
for
INTERNATIONAL BIBLE STUDENTS ASSOCIATION
(an Unlimited Company)



INTERNATIONAL BIBLE STUDENTS ASSOCIATION

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for the Year Ended 31 August 2003

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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Company Information
for the Year Ended 31 August 2003

TRUSTEES: S A Hardy
J S Andrews
J A Wynn (deceased 24th December 2003)
J D Dutton

SECRETARY: S D Smith

REGISTERED OFFICE: IBSA House
The Ridgeway
London
NW7 1RN

REGISTERED NUMBER: 136726 (England and Wales)

INCORPORATION: The Association was incorporated on 30th June 1914 and is governed by the Memorandum and Articles of that date as amended by special resolutions on 20th April 1951 and 10th January, 1958.

AUDITORS: Calcutt Matthews, Chartered Accountants
The Court Yard
Holding Street
Rainham
Gillingham
Kent
ME8 7HE

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Report of the Trustees for the Year Ended 31 August 2003

The Board of Trustees present their report and the financial statements of the Association for the year ended 31st August 2003. 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 object of the Association is to promote the Christian religion, by supporting 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 and the housing of volunteers engaged in this activity. In addition, religious literature is purchased and distributed free of charge. Conventions for Christian education are arranged on an annual basis.

Governance

The four Trustees of the Association also have key managerial roles at the charity headquarters. They meet at least four times each year, and are in regular contact from day to day. Trustees are elected annually, by a simple majority of the members present at the AGM.

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. The internal audit programme has been achieved. The internal auditor (who is a certified accountant) and his assistant, both drawn from the volunteer workforce, have a set agenda to pursue through the year, and reported again in writing to the trustees in October 2003. Approved recommendations were implemented.

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 only after filling our domestic requirements. Our established policy is to ensure that we have on hand, in liquid funds, at least three months working expenditure. At the year-end, liquid assets on hand equate to 3.7 months of expenditure.

Investment Policy

In harmony with paragraph 3(J) of the Memorandum of the Association, which gives power to invest any monies of the Association not for the time being required for its objects, in such investments as may be thought proper and of varying any such investments, funds are invested with several major financial institutions and in harmony with our Christian principles. The bulk of investments currently held are donated/bequeathed FTSE100 stocks. Our benchmark is to manage these stocks in order to out perform the FTSE100 index. This has been achieved in the year.

Relationship with connected charities

The Association works closely with Watch Tower Bible and Tract Society of Britain. It permits Watch Tower Society to use its facilities 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.

Risk Assessment

The major risks to which the charity is exposed have been reviewed, with particular focus on events that would seriously impede the operations of the charity. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks. The risk register has been reviewed by the trustees and we are satisfied that our risk strategy is sound.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Report of the Trustees for the Year Ended 31 August 2003

Review of the year and financial position

The financial results of the year's activities are shown on page 4. There was a large increase in direct charitable expenditure for the purchase of Bibles and Bible study aids from the Watch Tower Society of Britain, amounting to £6,192,453. The increase is due mainly to the rising demand for these publications in the French-speaking world, and we are pleased to be able to respond by donating these materials. The distribution arrangements were re-structured, such that Kingdom Hall Trust is no longer involved, as reported last year. Other donations of cash and goods were made to overseas charities, primarily in the developing world, totaling £1,306,411. All of this is to assist in the worldwide work of Jehovah's Witnesses, advancing the Christian religion. The trustees would like to thank the growing number of volunteers for their hard work in the year.

The Association has found it necessary to continue expanding the facilities it provides for Watch Tower Society. The two apartment blocks described in last year's report were completed and occupied by volunteers serving Watch Tower Society. The printery building was adapted to make space for the new printing press. The upgrading of the original accommodation at Watch Tower House continues.

Our intention is to continue and expand our support for the work of Jehovah's Witnesses, by purchasing and donating the publications produced by Watch Tower Society. Our reliable donation base, Jehovah's Witnesses, means we can confidently plan to do that, and we do not envisage needing further commercial financing or other external funding.

Statement of Trustees' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

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

Auditors

The auditors, Calcutt Matthews, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
- J.D. Dutton

Dated: 03/02/04

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Report of the Independent Auditors
Year ended 31st August 2003

Independent Auditors report to the members of the International Bible Students Association (IBSA)

We have audited the financial statements of IBSA for the year ended 31st August 2003, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the IBSA and the independent auditors

The trustees' responsibilities for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for the audit.

We read other information contained in the Trustees Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis for opinion

We conduct our audit in accordance with United Kingdom 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 an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity'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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2003 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993 and Companies Act 1985.

Calcutt Matthews

Calcutt Matthews, Chartered Accountants
The Court Yard
Holding Street
Rainham
Gillingham
Kent
ME8 7HE

Dated: *5th February 2004*

INTERNATIONAL BIBLE STUDENTS ASSOCIATION
Statement of Financial Activities (Incorporating an Income & Expenditure Account)
for the Year Ended 31 August 2003

	Notes	2003 £	2002 £
INCOMING RESOURCES			
Donations	1	7,753,115	7,583,265
Legacies		781,742	751,512
<i>Activities in the furtherance of the charity's objectives:</i>			
Charges for residential provision and other facilities for the activities of a connected charity	1	2,594,896	2,666,902
<i>Investment income:</i>			
Interest and dividends receivable		92,930	216,737
TOTAL INCOMING RESOURCES		11,222,682	11,218,416
RESOURCES EXPENDED:			
Charitable expenditure:			
<i>Cost of activities in furtherance of charity's objectives:</i>			
Cost of literature		6,192,453	3,034,651
Cost of conventions		413,719	340,450
Donations made	3	1,306,411	5,741,660
Cost of residential provision and other facilities for the activities of a connected charity	1	2,465,642	2,677,304
Management & administration		300,917	272,145
TOTAL RESOURCES EXPENDED	4	10,679,142	12,066,210
NET INCOMING RESOURCES		543,540	(847,794)
Net gains / (losses) on investments and intangibles		75,638	(272,259)
NET MOVEMENT IN UNRESTRICTED FUNDS		619,178	(1,120,053)
Fund balances brought forward at 1 September 2002		44,914,043	46,034,096
UNRESTRICTED FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2003		45,533,211	44,914,043

None of the charity's activities were acquired or discontinued during the current and previous years.

All gains and losses recognized in the year are included above.

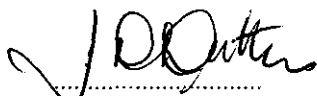
The surplus for the year for Companies Act purposes comprises the net incoming resources for the year together with the net gains / (losses) in investments.
All funds are unrestricted.

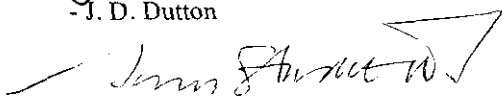
INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Balance Sheet
31 August 2003

	Notes	£	2003 £	£	2002 £
		Unrestricted Funds		Unrestricted Funds	
FIXED ASSETS					
Intangible assets	5		-		2,000
Tangible assets	6		<u>51,727,349</u>		<u>47,052,758</u>
			51,727,349		47,054,758
CURRENT ASSETS					
Stocks		127,984		124,529	
Debtors	7	271,681		643,810	
Investments	8	1,961,056		1,775,690	
Cash at bank and in hand		<u>1,470,633</u>		<u>1,469,511</u>	
		3,831,354		4,013,540	
CREDITORS					
Amounts falling due within one year	9	<u>587,832</u>		<u>316,605</u>	
NET CURRENT ASSETS			<u>3,243,522</u>		<u>3,696,935</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			54,970,871		50,751,693
CREDITORS					
Amounts falling due after more than one 10 year			<u>9,437,650</u>		<u>5,837,650</u>
			<u>£45,533,221</u>		<u>£44,914,043</u>
FUNDS:					
Unrestricted funds			<u>£45,533,221</u>		<u>£44,914,043</u>

These financial statements on pages 5 to 12 were approved by the trustees on February 4 2004 and signed on their behalf by:


.....
- J. D. Dutton


.....
- J S Andrews

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Cash Flow Statement
for the Year Ended 31 August 2003

	Notes	£	2003 £	£	2002 £
Net cash inflow from operating activities	13		5,840,409		3,833,248
Capital expenditure	14		<u>(5,653,921)</u>		<u>(5,482,234)</u>
Increase / (Decrease) in cash in the period			<u>£186,488</u>		<u>£(1,648,986)</u>

Reconciliation of net cash flow to movement in net funds:	15				
Increase / (Decrease) in cash in the period			186,488		(1,648,986)
Cash outflow from increase in liquid resources		<u>185,366</u>		<u>1,330,399</u>	
Change in net funds resulting from cash flows			<u>1,122</u>		<u>(2,979,385)</u>
Movement in net funds in the period			1,122		(2,979,385)
Net funds at 1 September 2002			<u>1,469,511</u>		<u>4,448,896</u>
Net funds at 31 August 2003			<u>£1,470,633</u>		<u>£1,469,511</u>

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000, the Companies Act 1985 and applicable accounting standards.

Fund accounting

The charity has only general funds. General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No income is deferred. Donations are from the public, congregations and other connected charities. Charges for residential provision and other facilities for the activities of a connected charity are made to Watch Tower Bible and Tract Society of Britain, a connected charity on a cost basis in line with the charity's objects. Entitlement to legacies is the earlier of the charity being notified of an impending distribution or the legacy being received.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they all have been allocated to activities on a basis consistent with the use of resources. Costs of residential provision and other facilities for the activities of a connected charity comprise the costs of providing, maintaining accommodation and associated support costs for the purpose of the charge referred to in the incoming resources policy above. Management and administration costs comprise depreciation on overseas properties. All other administrative costs are re-charged.

Tangible fixed assets

All expenditure on computers and all other items individually with a cost of £1,000 or more is capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Land	- Nil
Freehold Buildings	- 50 years straight line
Plant and machinery	- 3-10 years straight line
Motor vehicles	- 4 years reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Connected charities

Transactions are on an arms length and accruals basis.

2. **PERSONNEL**

The Association has no employees but engages only volunteers, providing them with free board, lodging and an allowance for personal and other expenses.

	2003	2002
The average number of volunteers in the year amounted to:	518	483
	<u> </u>	<u> </u>

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Notes to the Financial Statements
for the Year Ended 31 August 2003

3. **DONATIONS MADE**

	2003	2002
	£	£
Donations to the Kingdom Hall Trust	38,000	3,045,067
Donations to overseas branches for Christian work*	1,268,411	2,696,593
	<u>1,306,411</u>	<u>5,741,660</u>

*All cash donations overseas were applied for the benefit of the work of Jehovah's Witnesses for countries in need and in line with the objects of the Association.

4. **ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Other costs	Depreciation	Total
	£	£	£
Cost of literature	6,192,453	-	6,192,453
Cost of conventions	413,719	-	413,719
Donations made	1,306,411	-	1,306,411
Cost of residential provision	1,802,818	662,824	2,465,642
Management & administration	-	300,917	300,917
	<u>9,715,401</u>	<u>963,741</u>	<u>10,679,142</u>

Total resources expended includes the following:

	2003	2002
Depreciation	963,345	654,019
Surplus on disposal of assets	17,864	(211,633)
External auditors remuneration	<u>5,700</u>	<u>5,700</u>

5. **INTANGIBLE FIXED ASSETS**

	Copyrights
	£
COST:	
At 1 September 2002 and 31 August 2003	<u>2,000</u>
DISPOSALS:	<u>(2,000)</u>
NET BOOK VALUE:	
At 31 August 2003	<u>nil</u>
At 31 August 2002	<u>2,000</u>

The trustees consider the royalties to no longer have any appreciable value.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Notes to the Financial Statements
for the Year Ended 31 August 2003

6. **TANGIBLE FIXED ASSETS**

	Land and Buildings £	Plant and Machinery £	Motor Vehicles £	Totals £
COST:				
At 1 September 2002	51,459,751	1,017,379	321,816	52,798,946
Additions	5,571,340	38,891	125,250	5,735,481
Disposals	<u>97,864</u>	<u>16,017</u>	<u>26,009</u>	<u>139,890</u>
At 31 August 2003	<u>56,933,227</u>	<u>1,040,253</u>	<u>421,057</u>	<u>58,394,537</u>
DEPRECIATION:				
At 1 September 2002	5,029,438	588,003	128,747	5,746,188
Charge for the year	844,456	70,365	48,644	963,465
Disposals	<u>10,626</u>	<u>13,813</u>	<u>18,026</u>	<u>42,465</u>
At 31 August 2003	<u>5,863,268</u>	<u>644,555</u>	<u>159,365</u>	<u>6,667,188</u>
NET BOOK VALUE:				
At 31 August 2003	<u>51,069,959</u>	<u>395,698</u>	<u>261,692</u>	<u>51,727,349</u>
At 31 August 2002	<u>46,430,313</u>	<u>429,376</u>	<u>193,069</u>	<u>47,052,758</u>

Included in land and buildings is overseas properties stated at a net book value of £15,111,903. These properties are functional properties, which support activities in other lands.

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £	2002 £
Trade Debtors	1,998	207,071
Other debtors	85,633	252,689
Due from connected charity	<u>184,050</u>	<u>184,050</u>
	<u>271,681</u>	<u>643,810</u>

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Notes to the Financial Statements
for the Year Ended 31 August 2003

8. **CURRENT ASSET INVESTMENTS**

	2003	2002
	£	£
Market value at 1 September 2002	1,775,690	445,291
Additions	1,240,472	3,299,430
Disposal proceeds	(1,132,744)	(1,696,772)
Net investment gains	<u>77,638</u>	<u>(272,259)</u>
	<u>1,961,056</u>	<u>1,775,690</u>
Historical cost at 31 August 2003	<u>2,162,364</u>	<u>2,140,411</u>
UK equities	<u>1,961,056</u>	<u>1,775,690</u>

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

	2003	2002
	£	£
Trade creditors	173,071	71,254
Taxation and social security	1,266	29,377
Due to connected charity	359,950	148,481
Other creditors	<u>53,545</u>	<u>67,493</u>
	<u>587,832</u>	<u>316,605</u>

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

	2003	2002
	£	£
Loan from Watch Tower Society of Britain	<u>9,437,650</u>	<u>5,837,650</u>

The above loan has been granted on an arms length basis. The trustees of this charity have given an undertaking that they will not request any repayment on this loan without one year's notice.

11. **TRANSACTIONS WITH TRUSTEES AND CONNECTED PARTIES**

The trustees confirm that they have not been involved with any transactions of the charity. The Association has close connections with Watch Tower Bible & Tract Society of Britain which is a registered charity and has similar objects. This charity has the same registered office as that of the Association.

12. **TRUSTEES**

The trustees of IBSA receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers at the Association's premises, they receive personal expense allowances of £80 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers. These expenses are paid by the Watchtower Bible and Tract Society of Britain (charity registration number 1077961) a connected charity as explained in note 1.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

Notes to the Financial Statements
for the Year Ended 31 August 2003

13. **RECONCILIATION OF CHANGES IN RESOURCES TO NET INFLOW FROM OPERATING ACTIVITIES**

	2003 £	2002 £
Net incoming resources and investment gains	619,178	(245,843)
Increase in stocks	(3,455)	(7,711)
Decrease in debtors	372,129	1,922,827
Increase in creditors	3,871,348	1,164,189
Deficit on disposal of tangible fixed assets	17,864	7,928
Depreciation	<u>963,345</u>	<u>991,858</u>
Net cash inflow from operating activities	<u><u>5,840,409</u></u>	<u><u>3,833,248</u></u>

14. **ANALYSIS OF CASH FLOWS FROM CAPITAL EXPENDITURE IN THE CASH FLOW STATEMENT**

	2003 £	2002 £
Capital expenditure		
Purchase of tangible fixed assets	(5,735,481)	(5,305,455)
Donated overseas properties	-	(191,095)
Sale of tangible fixed assets	79,560	14,316
Write off of intangible fixed assets	<u>2,000</u>	<u>-</u>
Net cash outflow for capital expenditure	<u><u>(5,653,921)</u></u>	<u><u>(5,482,234)</u></u>

15. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.9.02 £	Cash flow £	At 31.8.03 £
Net cash:			
Cash at bank and in hand	<u>1,469,511</u>	<u>1,122</u>	<u>1,470,633</u>
	<u>1,469,511</u>	<u>1,122</u>	<u>1,470,633</u>
Liquid resources:			
Current asset			
Investments	<u>1,775,690</u>	<u>185,366</u>	<u>1,961,056</u>
	<u>1,775,690</u>	<u>185,366</u>	<u>1,961,056</u>
Total	<u><u>3,245,201</u></u>	<u><u>186,488</u></u>	<u><u>3,431,689</u></u>

16. **POST BALANCE SHEET EVENTS**

On 16th October 2003 land was purchased on which another apartment block is to be built and this is being financed in part by commercial borrowing amounting to £3,000,000.

On 3rd December 2003 it became necessary to purchase a building at Borehamwood, to provide further facilities both for Watch Tower Society and us. This was financed by commercial borrowing in the sum of £2,600,000.