

Report and
Financial Statements for the Year Ended 31 August 2003
for
THE KINGDOM HALL TRUST
(An Unlimited company)



THE KINGDOM HALL TRUST

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for the Year Ended 31 August 2003

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THE KINGDOM HALL TRUST

Charity Information
for the Year Ended 31 August 2003

TRUSTEES:

S A Hardy - *Chairman*
P S Gillies
D A Gibson
J W A Brace
S R Morris

SECRETARY:

J Rastall

REGISTERED OFFICE:

IBSA House
The Ridgeway
London
NW7 1RN

INCORPORATION:

The charity is governed by its memorandum and articles dated June 6th, 1994. The charity is an unlimited company, without share capital, incorporated in England and Wales under the Companies Acts 1985 and 1989.

AUDITORS:

Calcutt Matthews, Chartered Accountants
2nd Floor
Cardine House
30 North Street
Ashford
Kent
TN24 8JR

THE KINGDOM HALL TRUST

Report of the Trustees for the Year Ended 31 August 2003

The Board of Trustees present their report and the financial statements of the Trust 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 principal activity of the Charity is that of Custodian Trustee holding title to freehold and leasehold properties acquired as places of worship for congregations of Jehovah's Witnesses in England and Wales. All new properties purchased are held in the name of the Trust. An ongoing programme of transferring title of existing places of worship from local trustees to the Trust is in progress and will take some years to complete.

Governance

The trustees 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 principal activity of the Charity is to hold title to property on behalf of congregations of Jehovah's Witnesses in Britain. Each congregation signs an undertaking to cover any costs incurred on their behalf by the Trust. The Trust has received written assurance from the closely related Charity, International Bible Students Association, that it will donate sufficient funds to cover the Trust's contingent liabilities in the event that congregations do not meet their obligations. On this basis, the Trust can operate confidently on relatively small reserves. The Reserve has previously been set at an amount equivalent to one year's administration costs. As a result of the change in operations this has been re-assessed as 3 months and, whilst this is not the case at the year-end, will be applied in the future.

Relationship with connected charities

For the first month of the financial year, the Watch Tower Bible and Tract Society of Britain supplied and distributed its printed products on behalf of the Trust. International Bible Students Association made donations to the Trust specifically to enable it to finance the publishing and distribution of French language Bible based literature. As noted in the review of the year, this arrangement has ceased.

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 Trustees are satisfied that the risk strategy is sound.

THE KINGDOM HALL TRUST

Report of the Trustees
for the Year Ended 31 August 2003

Review of the year and financial position

During the year, the Trust took title as custodian trustee to a further 53 places of worship. This programme is ongoing and will continue until all places of worship are transferred into the name of the Trust. On August 31, 2003 a total of 358 properties were held by the Trust as custodian trustee. The figure for the previous year was 305. The declared value of all the properties, as reported by the local congregation's elders, is £83,811,703. This represents an increase of 70% over the previous year, attributable to more accurate reporting and, to a lesser extent, to the increase in property prices.

During the year, following consultation with the trustees of International Bible Students Association (IBSA), it was decided to transfer the publication of French-language Bible-based literature to IBSA. As a consequence, donations received to facilitate the publishing have decreased. The Trust can now concentrate on its primary activity as outlined in the Objects and Activities.

The Financial Results for the period are detailed on Page 5. The net balance carried forward is £7,293; this is sufficient to cover the anticipated expenses of the Trust for the coming year.

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 TRUSTEES:



.....
- J W A Brace

20th May 2004

Independent Auditors report to the members of the Kingdom Hall Trust (KHT)

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, 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 trustees of KHT 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
Second Floor
Cardine House
30 North Street
Ashford
Kent
TN24 8JR

21st May 2004

THE KINGDOM HALL TRUST

**Statement of Financial Activities (Incorporating an Income & Expenditure Account)
for the Year Ended 31 August 2003**

	Notes	Unrestricted funds 2003		Unrestricted funds 2002	
		£	£	£	£
INCOMING RESOURCES					
Donations	2		38,000		3,047,843
<i>Activities in the furtherance of the charity's objectives:</i>					
Rental income	1		12,920		14,880
<i>Investment income:</i>					
Interest receivable			202		31
TOTAL INCOMING RESOURCES			51,122		3,062,754
RESOURCES EXPENDED:					
Charitable expenditure:					
<i>Cost of activities in furtherance of charity's objectives:</i>					
Cost of literature for free distribution in France		37,541		3,035,132	
Rents payable	1	14,220		14,800	
Management & administration	3	2,260		2,708	
TOTAL RESOURCES EXPENDED			54,021		3,052,640
NET RESOURCES EXPENDED/INCOMING RESOURCES			(2,899)		10,114
NET MOVEMENT IN UNRESTRICTED FUNDS					
Fund balances brought forward at 1 September 2002			10,192		78
UNRESTRICTED FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2003			7,293		10,192

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

All funds are unrestricted.

During the year the activity of supplying literature to France ceased.

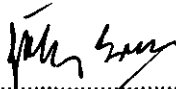
The loss for the year for Companies Act purposes is equivalent to the figure for Net resources expended.


THE KINGDOM HALL TRUST

Balance Sheet
31 August 2003

	Notes	2003 £ Unrestricted Funds	2002 £ Unrestricted Funds
CURRENT ASSETS			
Cash at bank and in hand		9,525	170,241
CREDITORS			
Amounts falling due within one year	4	<u>2,232</u>	<u>160,049</u>
NET CURRENT ASSETS			
		<u>7,293</u>	<u>10,192</u>
FUNDS:			
Unrestricted funds		<u>7,293</u>	<u>10,192</u>

The trustees on approved these financial statements on pages 5 to 8 on 20th May 2004 and these were signed on their behalf by:


.....
- J W A Brace


.....
- P S Gillies

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. Rental income is accounted for at the date it legally becomes due.

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. Rental costs are charged as they become payable. Management and administration costs comprise depreciation on overseas properties. All other administrative costs are re-charged.

Freehold properties held in trust

The company holds, as custodian trustees, 328 freehold and 30 leasehold properties purchased or acquired by congregations of Jehovah's Witnesses in Britain. The Company's legal and financial responsibilities relative to the properties are met by the congregations using the halls. Decisions regarding the purchase, disposal, development, maintenance and use of the halls are under the direction of the respective Bodies of Elders of the congregations using the halls. The congregations are individually responsible for the financing and mortgage commitments, rents, rates, taxes and all other outgoings. The properties, liabilities and running costs are not featured in the accounts.

The total value of the freehold properties held in trust, based on values made by congregation elders totalled £83,811,703 (2002: £49,046,251). There were congregation mortgage and loan liabilities outstanding at 31 August 2003 totalling £3,219,746 (2002: £3,277,297).

Connected charities

Transactions are on an arms length and accruals basis. The Trust works closely with International Bible Students Association (Charity number: 275946) and Watch Tower Bible and Tract Society of Britain (Charity number: 1077961).

THE KINGDOM HALL TRUST

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

2. **DONATIONS RECEIVABLE**

	2003 £	2002 £
International Bible Students Association - a connected charity	38,000	3,045,067
Congregations and individuals	-	2,526
Others	-	250
	<u>38,000</u>	<u>3,047,843</u>

3. **MANAGEMENT AND ADMINISTRATION**

	2003 £	2002 £
Bank charges	28	18
Auditors remuneration	2,232	2,690
	<u>2,260</u>	<u>2,708</u>

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

	2003 £	2002 £
Due to connected charity - Watchtower Bible and Tract Society of Britain	-	157,802
Other creditors	<u>2,232</u>	<u>2,247</u>
	<u>2,232</u>	<u>160,049</u>

5 **TRUSTEES**

The trustees receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers. 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.