

COMPANY NO 355443
REGISTERED CHARITY NO 275946

THE KINGDOM HALL TRUST
(AN UNLIMITED COMPANY)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2006

WEDNESDAY



ARJGTQDW
A09 13/06/2007 663
COMPANIES HOUSE

WE

A27 21/03/2007 515
COMPANIES HOUSE

THE KINGDOM HALL TRUST

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2006**

CHARITY INFORMATION	2
REPORT OF THE TRUSTEES	3
ACCOUNTANTS REPORT TO THE MEMBERS ON THE UNAUDITED FINANCIAL STATEMENTS	6
STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME & EXPENDITURE ACCOUNT)	7
BALANCE SHEET	8
NOTES TO THE FINANCIAL STATEMENTS	9

THE KINGDOM HALL TRUST

CHARITY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2006

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.

REPORTING ACCOUNTANT.

P D Owen FCCA
28 Richmond Court
London
N11 3QJ

**PRINCIPAL BANKERS AND
INVESTMENT ADVISERS**

Barclays Bank Plc
PO Box 12820
London
BX3 2BB

THE KINGDOM HALL TRUST

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 AUGUST 2006

The Board of Trustees present their report and the financial statements of the Trust for the year ended 31st August 2006. The financial statements have been prepared in accordance with current statutory requirements and the company's Memorandum and Articles of Association and Accounting and Reporting by Charities - Statement of Recommended Practice (SORP 2005)

Constitution

On July 28, 1939 the London Company of Kingdom Witnesses was formed as an unlimited company incorporated in England and Wales. It was later formally registered as a charity on June 30, 1978. On November 18, 1994, it was granted status as a Trust Corporation. On June 1st, 1993, new Articles of Association were adopted by Special Resolution. On June 6, 1994 amendments to the Memorandum of Association were adopted by Resolution, including the change in name of the charitable company to The Kingdom Hall Trust. The changes were given legal effect on June 20, 1994. The Kingdom Hall Trust continues as a registered charitable unlimited company without share capital.

Objects and Activities

The objects of The Trust contained in its Memorandum, the governing document of the charity, are to advance the Christian religion as practised by the body of Christian persons known as Jehovah's Witnesses. This is accomplished by the following specific sub-objects:

- a) Publicly making known the Kingdom of Jehovah God under Jesus Christ
- b) Promulgating the teachings of the Bible and instructing men and women in the Holy Scriptures and in right living in connection therewith
- c) Promoting Christian knowledge by the dissemination of Bible truths orally, by the printed page and by the use of all other lawful means
- d) Promoting any charity or charities which directly or indirectly further the objects of The Trust or have the same objects as those of The Trust

The Major activity for the year in question has been

Acting as custodian trustee holding title to freehold and leasehold properties as acquired as places of worship for Jehovah's Witnesses in England and Wales. The properties are used solely to promulgate the teachings and dissemination of Bible truth, which includes practical advice on law-abiding citizenship, targeted working values for modern living and tolerance in a multi-cultural society. All interested persons are welcome.

Governance

The trustees of The Trust have key managerial roles at the charity's headquarters. They meet at least two times a 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.

The recruitment and induction of new trustees is arranged as follows. On an annual basis, trustees will review potential candidates. Their abilities are evaluated by means of the trustees' personal knowledge of candidates. Training is arranged as part of the meeting of the trustees when the charity's policies are discussed. This is supplemented by an annual training session provided by the reporting accountant.

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 chairman of the trustees in October 2006. 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 is assessed as the equivalent of two month's expenditure.

THE KINGDOM HALL TRUST

REPORT OF THE TRUSTEES (CONT'D) FOR THE YEAR ENDED 31 AUGUST 2006

Investment Policy

The trustees invest available funds in any lawful manner having regard to the suitability of the investments and the need for diversification. Any such investments are selected with consideration for Christian principles. The objective of all investments is to preserve capital but to achieve, if possible, a real return greater than the rate of inflation. In the past year, funds of the charity were minimal and all surplus funds were held on deposit achieving 1/2 % below the current bank base rate.

Relationship with Connected Charities

The Trust works closely with International Bible Students Association and Watch Tower Bible and Tract Society of Britain. The Trust acts as custodian trustee for a large proportion of places of worship used by Jehovah's Witnesses. Watch Tower Bible and Tract Society of Britain administers the work of Jehovah's Witnesses in Britain along with International Bible Students Association. The trustees of The Trust work closely with the two connected charities in promoting the work of Jehovah's Witnesses in Britain.

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.

Principal Achievements for the Year

The principal achievement of The Trust continues to be the continuing acquisition of freehold titles on behalf of Jehovah's Witnesses. This has occurred in the following two ways:

- 1) Transfer of existing title of places of worship in the name of local trustees to The Trust. During the year, a procedure was agreed with the Land Registry to simplify and speed up the process and this has considerably reduced the work of The Trust. In this way, more than twenty properties were transferred to The Trust. These included properties as far apart as Frome, Somerset and Dewsbury, West Yorkshire.
- 2) The Trust taking title to newly purchased properties which will either be constructed or converted into places of worship. Some of the properties on which The Trust has taken title are Bideford Devon, Wellingborough, Northants, Kington, Herefordshire, Kendal, Cumbria, Telford, Shropshire and Ashbourne, Derbyshire. Funding for the purchase and subsequent construction or renovation of the properties has been obtained either from the local congregations of Jehovah's Witnesses or in collaboration with the Watch Tower Bible and Tract Society of Britain.

It is truly gratifying to see new places of worship being constructed or renovated. All these properties, when complete, are open to the general public. They provide a base in the local community for activities of Jehovah's Witnesses. The Bible education disseminated from such places of worship help all members of the community to cope with today's problems, while building confidence in the Almighty God Jehovah. The Bible's counsel continues to help both Jehovah's Witnesses and local persons, spiritually, morally and mentally. During the year the average attendance at meetings of Jehovah's Witnesses in Britain was 121,166.

Review of Financial Position

The funds on hand carried forward on September 2006 were £1,794 00. During the year the net income for the charity was £69 00. However there is no real need for large balances on the charity's accounts at present, as all expenditure relating to the transfer of title to The Trust is the responsibility of local congregations of Jehovah's Witnesses. Additionally, as noted in the Reserves Policy, the closely related charity, International Bible Students Association, will support the charity if there are insufficient funds to cover its contingent liabilities. It is noted that The Trust, as custodian trustee, now holds four hundred and thirty freehold and twenty-seven leasehold properties on behalf of congregations of Jehovah's Witnesses in Britain. The total value of the freehold properties held in trust, based on values made by the local congregations of Jehovah's Witnesses, is £137,121,573 00. This represents an increase in the total value of properties held of approximately 7%.

Going forward we believe that the net balance carried forward of £1,794 00 is sufficient to cover the anticipated expenses of The Trust for the coming year.

Future Plans

The Trust will continue to work closely with local congregations of Jehovah's Witnesses and, where it is deemed necessary and prudent. The Trust will take title on behalf of local congregations as custodian trustee.

The Trust will continue its ongoing programme to transfer title of Kingdom Hall properties into the name of The Kingdom Hall Trust. This will take several years to accomplish and, as noted above, preference will be given to situations arising which make it prudent to transfer title immediately.

THE KINGDOM HALL TRUST

REPORT OF THE TRUSTEES (CONT'D) FOR THE YEAR ENDED 31 AUGUST 2006

Volunteers

The Trust would like to acknowledge the invaluable support of the volunteer work force that has unstintingly given time, skills and energies to ensure that its charitable work has continued throughout the year. We are confident that this support will continue for the forthcoming 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

P D Owen FCCA was re-appointed Reporting Accountant to the Charity.

ON BEHALF OF THE TRUSTEES:



J W A Brace

THE KINGDOM HALL TRUST

ACCOUNTANTS REPORT TO THE MEMBERS ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

I report on the Financial Statements for the year ended 31 August 2006, set out on pages 7 to 9

Respective responsibilities of trustees and reporting accountants

As described on page 5 the charity's trustees are responsible for the preparation of the accounts and they consider that the charity is exempt from an audit. It is my responsibility to carry out procedures designed to enable me to report an opinion.

Basis of opinion

My work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so my procedures consisted of comparing the accounts with the accounting records kept by the charity, and making such limited enquiries of the officers of the charity as I considered necessary for the purposes of this report. These procedures provide only the assurance expressed in my opinion.

Opinion

In my opinion

- a) The accounts are in agreement with the accounting records kept by the charity under section 221 of the Companies Act 1985,
- b) Having regard only to, and on the basis of, the information contained in those accounting records
 - i The accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act, and
 - ii The charity satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act

and did not, at any time within that year, fall within any of the categories of the companies not entitled to the exemption specified in section 249B(1)



P D Owen FCCA
Reporting Accountant
28 Richmond Court
London
N11 3QJ

THE KINGDOM HALL TRUST

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2006**

		UNRESTRICTED FUNDS		UNRESTRICTED FUNDS	
	Notes	2006	2006	2005	2005
		£	£	£	£
INCOMING RESOURCES					
Donations	2		10		5
Activities in the furtherance of the charity's objectives:					
Rental income	1		-		13,000
<i>Investment income</i>					
Interest receivable			74		253
TOTAL INCOMING RESOURCES			<u>84</u>		<u>13,258</u>
RESOURCES EXPENDED.					
Charitable expenditure:					
<i>Cost of activities in furtherance of charity's objectives</i>					
Donations to other UK Charities			-	6,000	
Rents payable	1		-	13,000	
Management & administration	3		<u>15</u>	<u>15</u>	
TOTAL RESOURCES EXPENDED			15		19,015
NET RESOURCES EXPENDED/INCOMING RESOURCES			<u>69</u>		<u>(5,757)</u>
NET MOVEMENT IN UNRESTRICTED FUNDS					
Fund balances brought forward at 1 September 2005			<u>1,725</u>		<u>7,482</u>
UNRESTRICTED FUND BALANCES CARRIED FORWARD AT 31 AUGUST 2006			<u><u>1,794</u></u>		<u><u>1,725</u></u>

All gains and losses recognised in the year are included above

All funds are unrestricted

The gain for the year for Companies Act purposes is equivalent to the figure for Net Incoming Resources

THE KINGDOM HALL TRUST

BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2006

	Notes	Unrestricted funds 2006 £	Unrestricted funds 2005 £
CURRENT ASSETS			
Cash at bank and in hand		1,794	2,015
CREDITORS	4	-	(290)
NET CURRENT ASSETS		<u>1,794</u>	<u>1,725</u>
FUNDS:			
Unrestricted funds		<u>1,794</u>	<u>1,725</u>

For the year ended 31 August 2006 the company was entitled to exemption under section 249A(2) of the Companies Act 1985. No members have required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985. The trustees acknowledge their responsibility for

- i Ensuring the company keeps accounting records which comply with section 221, and
- ii Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions in Part VII of the Companies Act 1985 relating to small companies.

The trustees approved these financial statements on pages 7 to 9 on 8 March 2007 and these were signed on their behalf by



J W A Brace



D A Gibson

THE KINGDOM HALL TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2006

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with

- Accounting and Reporting by Charities - Statement of Recommended Practice (SORP 2005)
- and with Accounting Standards
- and with the Companies Act 1985

b) Change in basis

There has been no change to the accounting policies

c) Recognition of incoming resources

These are included in the Statement of Financial Activities (SoFA) when

- the charity becomes entitled to the resources,
- the trustees are virtually certain they will receive the resources, and
- the monetary value can be measured with sufficient reliability

d) Investment Income

This is included in the accounts when receivable

e) Liability Recognition

Generally liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure

f) Governance costs

These include costs of running the charity and costs associated with constitutional and statutory requirements

g) Freehold properties held in trust

The company holds, as custodian trustees, 430 freehold and 27 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 £137,121,573 (2005 £127,119,555). There were congregation mortgage and loan liabilities outstanding at 31 August 2006 totalling £3,649,694 (2005 £3,440,424).

h) Connected charities

Transactions are on an arms length and accruals basis. The Trust works closely with International Bible Students Association (Charity number 216647) and Watch Tower Bible and Tract Society of Britain (Charity number 1077961).

2. DONATIONS RECEIVABLE

	2006	2005
	£	£
Congregations and individuals	<u>10</u>	<u>5</u>

3. MANAGEMENT AND ADMINISTRATION

	2006	2005
	£	£
Bank charges	<u>15</u>	<u>15</u>

4. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Other creditors	<u>-</u>	<u>290</u>

5. TRUSTEES

The trustees receive no payments or reimbursements in their capacity as trustees