

**LODGED BY:**

WATCHTOWER BIBLE AND TRACT SOCIETY OF AUSTRALIA  
12-14 ZOUC ROAD, DENHAM COURT, NSW 2565, AUSTRALIA  
TELEPHONE: (02) 9829 5600

INCORPORATED AS A PUBLIC COMPANY, BEING A COMPANY LIMITED BY  
GUARANTEE—JULY 29, 1985

ENDORSED AS AN INCOME TAX EXEMPT CHARITABLE ENTITY UNDER  
SUBDIVISION 50-B OF THE ITAA 1997—JULY 1, 2000

***WATCHTOWER BIBLE & TRACT SOCIETY OF AUSTRALIA***

ABN 42 002 861 225

***2018***

12-14 ZOUC ROAD  
DENHAM COURT  
NEW SOUTH WALES 2565  
AUSTRALIA

**ANNUAL REPORT & FINANCIAL STATEMENTS**

FOR THE YEAR ENDING AUGUST 31, 2018

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Year ending August 31, 2018

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# WATCHTOWER BIBLE & TRACT SOCIETY OF AUSTRALIA

A.B.N. 42 002 861 225

## CORPORATE GOVERNANCE

AUGUST 31, 2018

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### CONSTITUTION

The company is incorporated in New South Wales, Australia, as a public company, being a company limited by guarantee—July 29, 1985.

### DIRECTORS

Harold Vivian Mouritz  
Terrence John O'Brien  
Winston Reginald Payne  
Gregory John Frank  
Alan John Wood

### SECRETARY

Gregory John Frank

### REGISTERED OFFICE

Watchtower Bible & Tract Society of Australia  
12-14 Zouch Road  
Denham Court  
New South Wales 2565  
Australia

### PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited (ANZ)  
Shop 12 Minto Marketplace  
10 Brookfield Road  
Minto  
New South Wales 2566  
Australia

### AUDITOR

Peter J Mitchell FIPA  
FIPA Registration in Australia: 173627  
Auditor's Registration in Australia: 214

#### ADDRESS:

114 Poplar Parade  
Youngtown TAS 7249  
Australia

# Watchtower Bible and Tract Society of Australia

A.B.N. 42 002 861 225

Not-for-Profit Entity

## Statement of Profit or Loss & Other Comprehensive Income

For the year ended August 31, 2018

	Notes	2018	2017
<b>INCOME</b>			
<b>Revenue</b>			
Interest		20,466	22,027
Other		738,850	1,159,249
Watchtower Travel Revenue		281	2,178
<b>Total Revenue</b>		<b>759,596</b>	<b>1,183,454</b>
<b>Gains/(Losses)</b>			
Disposal of Assets		593,759	66,140
Currency Translation		(1,008)	(3,982)
Donations		25,853,235	23,124,158
<b>Total Gains/(Losses)</b>		<b>26,445,986</b>	<b>23,186,316</b>
<b>TOTAL INCOME</b>		<b>27,205,582</b>	<b>24,369,769</b>
<b>EXPENSES</b>			
Evangelizing		2,126,223	2,032,116
Teaching		1,304,156	1,335,414
Bethel Services		2,064,520	1,990,644
Information Services		343,905	282,866
Facilities		1,062,533	882,977
Fleet Management		62,020	88,208
Donations and Overseas Aid		20,853,359	17,150,533
Administrative Services		567,530	558,537
<b>TOTAL EXPENSES</b>		<b>28,384,247</b>	<b>24,321,294</b>
<b>Surplus/(Deficit)</b>		<b>(1,178,665)</b>	<b>48,475</b>

# Watchtower Bible and Tract Society of Australia

A.B.N. 42 002 861 225

Not-for-Profit Entity

## STATEMENT OF FINANCIAL POSITION

As at August 31, 2018

	Notes	2018	2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Deposits		3,313,957	3,581,184
Receivables & Prepaids		488,808	454,395
Inventory	2	645,404	415,243
<b>Total Current Assets</b>		<b>4,448,168</b>	<b>4,450,822</b>
<b>Non-Current Assets</b>			
Plant, Equipment & Motor Vehicles (Cost Less Depreciation)	3	2,737,783	3,171,901
Land and Buildings	3	1,175,530	1,958,236
Related Entity Loans	4	15,827,180	15,826,551
<b>Total Non-Current Assets</b>		<b>19,740,493</b>	<b>20,956,688</b>
<b>Total Assets</b>		<b>24,188,662</b>	<b>25,407,510</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables		959,507	927,627
Related Entity Loans	4	477,798	702,683
<b>Total Current Liabilities</b>		<b>1,437,305</b>	<b>1,630,310</b>
<b>Non-Current Liabilities</b>			
Related Entity Loans	4	8,879,599	8,726,778
<b>Total Non-Current Liabilities</b>		<b>8,879,599</b>	<b>8,726,778</b>
<b>Total Liabilities</b>		<b>10,316,904</b>	<b>10,357,087</b>
<b>Net Assets</b>		<b>13,871,758</b>	<b>15,050,423</b>
<b>EQUITY</b>			
Unrestricted		13,871,758	15,050,423
<b>Total Equity</b>	6	<b>13,871,758</b>	<b>15,050,423</b>

# Watchtower Bible and Tract Society of Australia

A.B.N. 42 002 861 225

Not-for-Profit Entity

## STATEMENT OF CHANGES IN EQUITY

For the year ended August 31, 2018

	Notes	2018	2017
<b>Unrestricted Equity</b>			
Opening Balance	6	15,050,423	15,001,948
Surplus/(Deficit) for the period		(1,178,665)	48,475
<b>Closing Balance</b>		<b>13,871,758</b>	<b>15,050,423</b>
<b>Restricted Equity</b>			
<b>Closing Balance</b>		<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>13,871,758</b>	<b>15,050,423</b>

# Watchtower Bible and Tract Society of Australia

A.B.N. 42 002 861 225

Not-for-Profit Entity

## STATEMENT OF CASH FLOWS

For the year ended August 31, 2018

	Notes	2018	2017
<b>Cash Flows from Operating Activities</b>			
Donations		25,395,092	22,826,923
Interest received		20,466	22,027
Other receipts		691,460	1,382,607
Cash paid to suppliers and volunteers		(8,649,883)	(9,059,938)
Cash donations to other entities		(18,624,665)	(14,027,564)
<b>Net Cash Provided/Used by Operating Activities</b>		<b>(1,167,531)</b>	<b>1,144,054</b>
<b>Cash Flows from Investing</b>			
Purchase & fabrication of property, plant and equipment		(2,079,183)	(1,590,019)
Proceeds from sale of property, plant & equipment		2,980,494	987,229
<b>Net Cash Provided/Used by Investing Activities</b>		<b>901,311</b>	<b>(602,790)</b>
<b>Cash Flows from Financing Activities</b>			
<b>Net Cash Provided/Used by Financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(266,220)</b>	<b>541,264</b>
Cash and Cash Equivalents at beginning of period (Note 1)	1	3,581,184	3,043,903
Effect of exchange rate changes		(1,008)	(3,982)
<b>Cash and cash Equivalents at end of period (Note 1)</b>	<b>1</b>	<b>3,313,957</b>	<b>3,581,184</b>
<b>Notes to Accounts</b>			
<b>1. Cash and Cash Equivalents</b>			
Cash on hand and balances with banks		3,281,607	3,543,668
Short-term investments		32,350	37,516
<b>Cash and cash equivalents</b>		<b>3,313,957</b>	<b>3,581,184</b>
<b>2. Reconciliation of Net Cash provided/used by Operating Activities to Profit or Loss</b>			
<b>Surplus/(Deficit)</b>		<b>(1,178,665)</b>	<b>48,475</b>
<b>Adjustments for:</b>			
Depreciation		545,591	593,271
Foreign Exchange loss (gain)		1,008	3,982
Gain/loss on sale of assets		(593,759)	(66,140)
<b>Total</b>		<b>(1,225,825)</b>	<b>579,589</b>
(Increase)/decrease in accounts receivable		59,149	47,089
(Increase)/decrease in prepaid expenses		(31,197)	30,855
Increase/(decrease) in accounts payable		(65,671)	190,237
(Increase)/decrease in inventories		2,432	53,210
(Increase)/decrease in related entities		91,292	242,107
(Increase)/decrease in work in progress		2,290	968
<b>Net Cash Flows from Operating Activities</b>		<b>(1,167,531)</b>	<b>1,144,054</b>

## Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED AUGUST 31, 2018

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### Note 1. Statement of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and requirements of the *Australian Charities and Non-for-profits Commission Act 2012*.

#### Basis of Preparation

##### *Reporting Basis and Conventions*

The functional aspects of the Statement of Profit or Loss and Other Comprehensive Income are disclosed in accordance with the Watch Tower Bible & Tract Society of Pennsylvania's worldwide classifications.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

#### (a) Income

**Revenue.** Revenue from the sale of goods is recognised upon delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue including that from the rendering of a service is recognised upon the delivery of the service.

All revenue is stated net of the amount of Goods and Services Tax (GST).

**Gains.** Donations and bequests are recognised in accordance with AASB 1004 (Contributions) at the time of receipt or when in receipt of property at fair market value. (AASB116 Aus15.1)

(b) **Income Tax.** The entity is exempt as a charitable entity from income tax under Subdivision 50-B of the ITAA 1997.

(c) **Inventories.** Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted-average basis.

(d) **Property, Plant, Equipment and Motor Vehicles.** Each class of asset is carried at cost or fair value less, where applicable, any accumulated depreciation. (AASB116.30)

**Property.** Freehold land and buildings are measured at cost less, in the case of buildings, any accumulated depreciation.

**Plant, Equipment and Motor Vehicles.** These are measured at cost less any accumulated depreciation.



**Notes to the Financial Statements**FOR THE FINANCIAL YEAR ENDED AUGUST 31, 2018

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- (e) **Depreciation.** The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight line basis over their useful lives to the entity, commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Asset Class</b>	<b>Depreciation Rate (%)</b>
Plant & Equipment	5 – 20
Computer equipment & software	20 – 33
Vehicles	10 – 20

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

- (f) **Foreign Currency Transactions and Balances**

Foreign currency transactions are translated into Australian currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Changes of Equity.

- (g) **Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

- (h) **Goods & Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the item of the expense. Where applicable, receivables and payables in the Statement of Financial Position are shown as inclusive of GST.

**Notes to the Financial Statements**

FOR THE FINANCIAL YEAR ENDED AUGUST 31, 2018

**Note 2. Inventories**

	<u>2018</u>	<u>2017</u>
Production	78,961	80,645
Supplies, Services, Work in progress	566,443	334,598

**Note 3. Property, Plant, Equipment & Motor Vehicles**

Asset Class	Land & Buildings	Plant & Equipment	Computers & Software	Motor Vehicles
At Cost	1,204,152	6,053,465	687,997	1,811,496
Accumulated depreciation	28,622	4,898,622	492,281	424,272
<b>Carrying amount</b>	<b>1,175,530</b>	<b>1,154,843</b>	<b>195,715</b>	<b>1,387,224</b>
<b>Reconciliation</b>				
Carrying amount 31 August 2017	1,958,236	1,385,631	200,570	1,585,700
Additions	-	6,291	71,657	601,659
Disposals (at carrying amount)	-770,000	-44,524	-723	-535,593
Transfers	-	-	-	-
Depreciation	-12,706	-192,555	-75,787	-264,543
<b>Carrying amount 31 August 2018</b>	<b>1,175,530</b>	<b>1,154,843</b>	<b>195,715</b>	<b>1,387,224</b>

**Note 4. Related Entity Loans**

These amounts are loans due to and due from domestic and overseas entities of Jehovah's Witnesses with respect to promoting the worldwide religion and beliefs of Jehovah's Witnesses.

**Note 5. Events after the Reporting Period**

The directors are not aware of any matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in subsequent financial years.

**Note 6. Equity**

Equity relates to various activities undertaken in the promotion of the Christian religion and study of the Bible, in accordance with the beliefs of Jehovah's Witnesses.

# WATCHTOWER BIBLE & TRACT SOCIETY OF AUSTRALIA

A.B.N. 42 002 861 225

## DIRECTORS' DECLARATION

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In the opinion of the Directors of *Watchtower Bible and Tract Society of Australia*:

1. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, and:

- (a) are in compliance with Australian Accounting Standards - Reduced Disclosure Requirements, including the Australian Accounting Interpretations, and with the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (b) give a true and fair view of its financial position as at August 31, 2018 and of its performance for the financial year ended on that date;

2. there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors and is signed as authorized by the directors in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



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Winston Reginald Payne  
Director



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Alan John Wood  
Director

Dated at Denham Court, NSW this 22nd day of December 2018.

**INDEPENDENT AUDIT REPORT**  
**To the Members of**  
**Watchtower Bible & Tract Society of Australia A.B.N. 42 002 861 225**  
**Not-for-Profit (ACNC Registered) Reduced Disclosure Requirement Entity**

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**Report on the Financial Statements** I have audited the financial statements of Watchtower Bible & Tract Society of Australia (the registered entity) for the year ended August 31, 2018 including the Statement of Profit or Loss and Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Notes to the Financial Statements and Directors' Declaration.

**Director's responsibility for the financial report** The directors of the company are responsible for preparation and fair presentation of the financial report that give a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, including the Australian Accounting Interpretations and the *Australian Charities and Non-for-profits Commission Act 2012* (the "Act"). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; assessing the company's ability to continue as a going concern; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility** My responsibility is to express an opinion on the financial report as a whole based on my audit. My audit has been conducted in accordance with Australian Auditing Standards. Those auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Basis for Opinion** I have conducted my audit in accordance with Australian Auditing Standards. I am independent of the registered entity in accordance with the independence requirements of the Corporations Act and the ethical requirements of the Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code.

**Auditor's Opinion** In my opinion, the financial report is in accordance with the Act including:

1. Giving a true and fair view of the Watchtower Bible & Tract Society of Australia's position on 31 August 2018 and its performance for the year ended on that date.
2. Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Non-for-profits Commission Regulation 2013*.

Signed:   
Peter J. Mitchell—Registered Company Auditor

Date: 21<sup>st</sup> September 2018