

Charity Registration No. 1077961
Company Registration No. 3858051

2002

WATCH TOWER

BIBLE AND TRACT SOCIETY OF BRITAIN



ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31 August 2002

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

REPORTS AND ACCOUNTS

Year ended 31 August 2002

CONTENTS	Page
LEGAL & ADMINISTRATIVE INFORMATION	1.
REPORT OF THE TRUSTEES	2.
AUDITORS' REPORT	5.
STATEMENT OF FINANCIAL ACTIVITIES	6.
BALANCE SHEET	7.
CASH FLOW STATEMENT	8.
NOTES TO THE ACCOUNTS	9-16.

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

LEGAL AND ADMINISTRATIVE INFORMATION

Year ended 31 August 2002

CONSTITUTION

The charity is a company limited by guarantee without share capital and a registered charity governed by its memorandum and articles of association dated October 25th 1999 and amended by Special Resolution dated April 19, 2000.

DIRECTORS AND TRUSTEES

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

Jack Dowson
Ronald Drage - *Chairman*
Peter Ellis
Bevan Vigo

SECRETARY

T P Cruse

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Barclays Bank Plc
PO Box 12820
London
England N20 0WE

AUDITORS

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

REPORT OF THE TRUSTEES

Year ended 31 August 2002

The board of trustees present their report and the financial statements of the Society for the year ended 31st August 2002. 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 objects of the Society are to advance the Christian Religion as practised by the body of Christian persons known as Jehovah's Witnesses by:

- a. preaching the gospel of God's Kingdom under Christ Jesus unto all nations as a witness to the name, word, and supremacy of Almighty God, JEHOVAH;
- b. producing and distributing Bibles and other religious literature in any medium and educating the public in respect thereof;
- c. promoting religious worship;
- d. promoting Christian missionary work;
- e. advancing religious education;
- f. maintaining one or more religious orders or communities of special ministers of Jehovah's Witnesses;

This is accomplished 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 Society; by the printing and distribution of Bibles and Bible-based literature, by making donations primarily in developing countries to local associations of Jehovah's Witnesses countries to local associations of Jehovah's Witnesses and administering the work of Jehovah's Witnesses in Britain.

Governance

The four Trustees of the Society also have key managerial roles at the charity headquarters, meeting whenever required but at least 4 times per annum. Trustees are elected annually by a simple majority of the members present in person or by proxy 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.

A comprehensive internal audit programme has been devised. The internal auditor (who is a chartered certified accountant) and his assistant, both drawn from the volunteer work force, have a set agenda to pursue through the year, and reported in writing to the trustees on October 28, 2002. Approved recommendations were implemented.

Reserves policy

The Society has a consistent income base through Gift Aid. In addition, a primary activity is the manufacture and distribution of Bible based religious literature on behalf of International Bible Students Association, the cost of which is passed on. Based on this income, we can plan confidently with relatively small reserves. The established policy is to ensure that we have on hand in liquid funds at least three months working expenditure. At the year-end, the liquid assets on hand were roughly equivalent to 5 months of expenditure.

REPORT OF THE TRUSTEES (Continued)

Year ended 31 August 2002

Investment policy

In harmony with paragraphs 4.18 and 4.19 of the Memorandum and Articles, which give powers to invest funds in any lawful manner having full regard to the suitability of the investments and the need for diversification, funds are invested with several major financial institutions, the majority of funds being fixed income instruments. All fixed income instruments are classified as investment grade with no single instrument being larger than 5% of the portfolio. The maturity of the instruments is between one and seven years. The instruments have been selected with consideration for our Christian principles. The intention is to preserve capital and where possible to attain a real return of 4% greater than the rate of inflation. In the current year this has been achieved.

Relationship with connected charities

The Society works closely with International Bible Students Association and the Kingdom Hall Trust. International Bible Students Association permits Watch Tower Society to use its facilities for the Society's charitable activities and provides accommodation for volunteers. International Bible Students Association makes a monthly service and maintenance charge to the Society for the facilities it uses and for providing accommodation for volunteers connected with the Society's activities. The Society passes to International Bible Students Association and The Kingdom Hall Trust the cost incurred in printing and distributing the Bible-based religious literature manufactured and delivered to destinations on their behalf and all other overhead costs.

Risk Assessment

The major risks to which the charity is exposed have been reviewed, with particular focus on events which would seriously impede the operation of the Charity. Strategies and safeguards are in place to reduce as far as possible the impact of those risks.

Review of the year and financial development

The financial result of the year's activities is shown on page 6. Direct charitable expenditure through the year includes the cost of manufacturing and distributing Bibles and Bible study aids at a cost of £8,528,878. Financial support was given to full-time ministers in Britain and overseas in the sum of £529,629. The charity was able to make donations of cash and goods to overseas charities in countries, primarily in the developing world totalling £3,608,575 to assist in the worldwide work of Jehovah's Witnesses advancing the Christian religion.

The work of the Watch Tower Bible and Tract Society of Britain has continued to increase over the past year to meet the demand for Bible based religious literature and Bible study aids and it has been necessary to increase production of the principal religious magazines from 101 million to 123 million, an increase of 22%. Currently 25 languages are printed. Most of the languages printed are circulated in Africa. Shipments were made on a regular basis to several countries, mainly Africa, but also in Europe and the Caribbean.

REPORT OF THE TRUSTEES (Continued)

Year ended 31 August 2002

During the year negotiations were commenced with MAN Roland to purchase a new high speed web offset press with ancillary trimming, wrapping and order processing equipment. On August 15th 2002 a 25% deposit was paid on the press. It is anticipated that by July 2003 the press will be ready for shipment with commissioning scheduled for late autumn. Negotiations were also held with IBSA to adjust and modify the printery to accommodate the new press. By the end of the period IBSA had commenced structural alterations for this. IBSA has assured us that their schedule of works will not cause any delay to the commissioning of the press and ancillary equipment.

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:

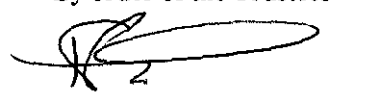
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue to operate.

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



T P CRUSE

Secretary
10th April 2003

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

WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN

REPORT OF THE INDEPENDENT AUDITORS

Year ended 31 August 2002

Independent Auditors report to the members of the Watch Tower Bible & Tract Society of Britain

We have audited the financial statements of Watch Tower Bible and Tract Society of Britain for the year ended 31 August 2002 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.

Respective responsibilities of the Watch Tower Bible & Tract Society of Britain 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 prepared 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 of opinion

We conducted 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 2002 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.

Calcutt Matthews

Calcutt Matthews
Chartered Accountants

11th April 2003

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 August 2002

		General unrestricted fund	Restricted funds (Note 8)	Total funds	2001
INCOME AND EXPENDITURE					
	<i>Notes</i>				
INCOME					
<i>Charitable income:</i>					
Donations and gifts	4	7,990,837	1,093,285	9,084,122	5,455,920
Legacies		298,724	-	298,724	1,567,627
Income from literature	3	9,946,833	-	9,946,833	7,232,057
<i>Other activities to generate funds:</i>					
Investment income received		997,736	25,521	1,023,257	1,354,446
Mortgage interest received		-	-	-	160,151
Total incoming resources		<u>19,234,130</u>	<u>1,118,806</u>	<u>20,352,936</u>	<u>15,770,201</u>
RESOURCES EXPENDED					
<i>Direct charitable expenditure:</i>					
Ministry costs and restricted expenditure	5, 8	529,629	355,557	885,186	863,731
Donations and aid to branches	6	7,760,727	-	7,760,727	5,839,548
Expenditure on literature	3	8,528,878	-	8,528,878	6,315,460
<i>Support costs:</i>					
Service charge from IBSA		2,666,902	-	2,666,902	2,481,221
<i>Managing and administering the charity:</i>					
Administration expenses	7, 8	516,082	125,914	641,996	617,822
Loan interest payable to congregations		211,393	-	211,393	363,746
Total resources expended		<u>20,213,611</u>	<u>481,471</u>	<u>20,695,082</u>	<u>16,481,528</u>
NET (OUTGOING) RESOURCES		(979,481)	637,335	(342,146)	(711,327)
OTHER RECOGNISED GAINS					
Currency exchange rate changes		78,325	-	78,325	2,948
Change in provision for conditional donations	14	34,600	-	34,600	(137,230)
Gains on investments	11	245,530	-	245,530	500,601
Transfers		<u>251,103</u>	<u>(251,103)</u>	<u>-</u>	<u>-</u>
NET MOVEMENT OF RESOURCES		(369,923)	386,232	16,309	(345,008)
Fund balances brought forward at 1 September 2001		13,922,609	8,316,063	22,238,672	22,583,680
Fund balances carried forward at 31 August 2002		<u>£13,552,686</u>	<u>£8,702,295</u>	<u>£22,254,981</u>	<u>£22,238,672</u>

All of the above activities result from continuing activities. All gains and losses recognised in the year are included in the above.


WATCH TOWER BIBLE AND TRACT SOCIETY OF BRITAIN


BALANCE SHEET

Year ended 31 August 2002

	Notes	General unrestricted fund	Restricted funds (Note 8)	Total funds	2001
FIXED ASSETS - Tangible assets					
Payments on account for plant	9	994,381	-	994,381	-
Land and buildings	9	511,098	-	511,098	513,521
Plant and machinery	9	1,654,297	-	1,654,297	1,670,117
Motor vehicles and trailers	9	606,154	357,280	963,434	1,084,646
		<u>3,765,930</u>	<u>357,280</u>	<u>4,123,210</u>	<u>3,268,284</u>
Loan to connected charity	10	5,837,650	-	5,837,650	4,437,650
		<u>9,603,580</u>	<u>357,280</u>	<u>9,960,860</u>	<u>7,705,934</u>
CURRENT ASSETS					
Stocks	12	1,073,235	-	1,073,235	2,054,318
Debtors and accrued income	13	2,717,781	-	2,717,781	3,421,556
Loans receivable	8	-	5,225,369	5,225,369	5,990,553
Investments in fixed interest securities	8 & 11	12,796,350	3,119,646	15,915,996	16,399,002
Investments in short term deposits		10,099,267	-	10,099,267	3,980,547
Deposits in foreign currencies		-	-	-	2,740
Cash at bank and in hand		221,032	-	221,032	35,988
		<u>26,907,665</u>	<u>8,345,015</u>	<u>35,252,680</u>	<u>31,884,704</u>
CREDITORS					
Amounts falling due within one year	14	(18,660,566)	-	(18,660,566)	(17,351,966)
NET CURRENT ASSETS		<u>8,247,099</u>	<u>8,345,015</u>	<u>16,592,114</u>	<u>14,532,738</u>
CREDITORS					
Amounts falling due after more than c	15	(4,297,993)	-	(4,297,993)	-
TOTAL ASSETS LESS LIABILITIES		<u>£13,552,686</u>	<u>£8,702,295</u>	<u>£22,254,981</u>	<u>£22,238,672</u>
FUNDS:					
General unrestricted fund		13,552,686	-	13,552,686	13,922,609
Restricted funds	8	-	8,702,295	8,702,295	8,316,063
TOTAL FUNDS		<u>£13,552,686</u>	<u>£8,702,295</u>	<u>£22,254,981</u>	<u>£22,238,672</u>

The financial statements on pages 6 to 16 were approved by the trustees on 10th April 2003 and signed on their behalf by:


 R. DRAGE
 Chairman


 T. P. CRUSE
 Secretary

CASH FLOW STATEMENT

Year ended 31 August 2002

		<i>2001</i>
	<i>Notes</i>	
Net Cash inflow / (outflow) from operating activities	<i>19</i>	7,355,182 (2,954,822)
Return on investment and servicing of finance	<i>20</i>	(376,743) 1,514,597
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(1,556,296) (1,112,132)
Sale of tangible fixed assets		150,345 573,868
Net funds from sale of / (outlay in) investments		728,536 (6,357,367)
Increase / (Decrease) in cash		6,301,024 (8,335,856)
Reconciliation of Net Cashflow to Movement in Net funds		
Increase / (Decrease) in cash in the year		6,301,024 (8,335,856)
Cash at 31 August 2001		4,019,275 12,355,131
CASH AT 31 AUGUST 2002		<u>£10,320,299</u> <u>£4,019,275</u>
Cash and deposits repayable on demand		
Building society and bank deposits		10,099,267 3,980,547
Cash at bank		221,032 38,728
		<u>£10,320,299</u> <u>£4,019,275</u>

NOTES TO THE ACCOUNTS - STATUS AND ACCOUNTING POLICIES

Year ended 31 August 2002

1. STATUS OF THE SOCIETY

The Society is a limited company incorporated under the Companies Act of 1985 (No. 3858051) and is a registered charity (No. 1077961).

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value. The financial statements have been prepared in accordance with 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) Legacies receivable

Legacy income is recognised when the charity is notified of an impending distribution or when the legacy is received.

c) Resources expended

Resources expended are recognised in the period in which they are incurred. The charity is registered for VAT.

d) Depreciation

Depreciation has been provided to write off tangible fixed assets over the following periods:

● Plant and equipment	10 years
● Motor vehicles	5-7 years
● Office furniture and equipment	5-10 years
● Buildings	50 years
● Land	Nil

Under FRS 15 the trustees have opted to carry forward buildings at historic cost.

e) Stocks

Stocks of materials and unfinished items are valued at cost, or if lower, realisable values. Finished products are included at realisable values.

f) Foreign currencies

Assets and liabilities in foreign currencies have been translated at the rates ruling at the balance sheet date.

g) Investments

Fixed asset investments are stated at market value.

h) Restricted funds (Page 12)

The whole of the expenditure from restricted funds was for the specific purposes of the respective funds. Funds have been established for the following purposes:

Ministers Car Fund

This fund exists to fund the provision of cars for travelling ministers in the British field.

Kingdom Hall Assistance Arrangement

The Hall Upkeep and Assistance Arrangement exists to give aid where losses and damages have been suffered by congregations or individuals.

Kingdom Hall Mortgage fund

The fund has been set up to advance monies to assist with the purchase of places of worship.

Distress relief fund

This fund exists to give support to areas experiencing distress or natural disaster.

Eastern Europe fund

This fund was established to help contribute towards the purchase of places of worship and branch facilities in Eastern Europe.

NOTES TO THE ACCOUNTS - INCOME AND EXPENDITURE

Year ended 31 August 2002

3. LITERATURE ACCOUNT

2001

Value of literature and magazines donated overseas	3,992,458	2,387,489
Value of literature and "Watchtower" and "Awake" magazines	5,954,375	4,844,568
	9,946,833	7,232,057
<i>Costs:</i>		
Value of literature donated by HQ	3,257,853	1,626,024
Paper and ink	2,716,544	2,431,023
Other printing supplies	118,908	72,090
Decrease in literature stock	992,444	735,514
	7,085,749	4,864,651
Fonts and graphics	48,455	44,428
Plant repairs and maintenance	41,390	88,660
Depreciation of plant and equipment	170,883	164,681
	260,728	297,769
<i>Distribution costs:</i>		
Cartons and shipping costs	876,216	846,592
Postage, carriage and associated costs	16,276	19,146
Vehicle running costs	242,238	203,056
(Increase) / Decrease in stocks	(25,590)	17,671
Depreciation of vehicles and loss on disposal	73,261	66,575
	1,182,401	1,153,040
Total expenditure on literature	8,528,878	6,315,460
Net income from literature	£1,417,955	£916,597

NOTES TO THE ACCOUNTS - INCOME AND EXPENDITURE

Year ended 31 August 2002

2001

4. DONATIONS AND GIFTS RECEIVABLE - General fund

Donations from foreign branches	2,085,129	290,834
Contributions, donations and gifts	2,647,855	2,627,041
Donations of literature from Headquarters	3,257,853	1,626,024
	<u>£7,990,837</u>	<u>£4,543,899</u>

5. MINISTRY COSTS - General fund

Travelling ministers allowances	77,563	77,638
Ministers personal expenses	79,970	120,858
Missionary and special assignment allowances	295,365	222,969
Other ministry costs	76,731	87,843
	<u>£529,629</u>	<u>£509,308</u>

6. DONATIONS MADE AND AID TO OTHER BRANCHES - General fund

Donations to IBSA (a Registered Charity)	159,694	378,419
Donations of literature and magazines (see note 3)	3,992,458	2,387,489
Donated to overseas branches for Christian work*	3,608,575	3,073,640
	<u>£7,760,727</u>	<u>£5,839,548</u>

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

7. ADMINISTRATION EXPENSES - General fund

Property taxes	39,610	38,891
Stationery and office expenses	98,055	128,574
Telephones and communications	22,838	46,708
Professional fees	71,983	50,089
Auditors remuneration	6,800	7,800
Bank charges	17,360	19,272
Depreciation of office equipment and loss on disposal	65,476	92,119
Depreciation of plant and equipment - non distribution	6,926	6,790
Vehicle running costs	45,719	50,742
Depreciation of motor vehicles	14,921	19,296
Depreciation of freehold properties	2,423	1,241
Circuit vehicle running costs	49,747	-
Depreciation of circuit motor vehicles	74,224	-
	<u>£516,082</u>	<u>£461,522</u>

NOTES TO THE ACCOUNTS - RESTRICTED FUNDS

Year ended 31 August 2002

	Ministers Car Fund	Kingdom Hall Assistance Arrangement	Kingdom Hall Mortgage Fund	Distress Relief Fund	Missionary Travel Fund	Eastern Europe Fund	TOTAL 2002	TOTAL 2001
8. RESTRICTED FUNDS								
BALANCES BROUGHT FORWARD								
At 1 September 2001	578,128	2,155,288	5,439,812	73,696	-	69,139	8,316,063	8,230,254
INCOME								
Donations	-	322,241	548,520	24,055	19,236	179,233	1,093,285	912,021
Investment income	-	-	19,581	2,517	-	3,423	25,521	221,157
Mortgage interest received	-	-	-	-	-	-	-	160,151
EXPENDITURE								
Charitable expenditure	-	(189,958)	-	(97,017)	-	(68,582)	(355,557)	(354,423)
Depreciation and loss on disposal	(125,914)	-	-	-	-	-	(125,914)	(156,300)
Loan interest payable	-	-	-	-	-	-	-	(239,032)
SURPLUS / (DEFICIT)	(125,914)	132,283	568,101	(70,445)	19,236	114,074	637,335	543,574
TRANSFERS	(94,934)	-	-	-	-	(156,169)	(251,103)	(457,765)
BALANCES CARRIED FORWARD								
at 31 August 2002	£357,280	£2,287,571	£6,007,913	£3,251	£19,236	£27,044	£8,702,295	£8,316,063
Represented by:								
Tangible fixed assets	357,280	-	-	-	-	-	357,280	578,129
Investments	-	2,287,571	782,544	3,251	19,236	27,044	3,119,646	2,707,655
Loans receivable	-	-	5,225,369	-	-	-	5,225,369	5,030,279
	£357,280	£2,287,571	£6,007,913	£3,251	£19,236	£27,044	£8,702,295	£8,316,063

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

9. TANGIBLE FIXED ASSETS

	Payments on account for machinery	Land and buildings	Machinery, equipment & furniture	Motor Vehicles	Unrestricted Total	Restricted cars	Total all funds
Cost							
At 1 September 2001	-	515,762	3,155,107	770,921	4,441,790	794,018	5,235,808
Additions	994,381	-	272,656	289,259	1,556,296	-	1,556,296
(Disposals and w/off)	-	-	(90,047)	(62,000)	(152,047)	(226,700)	(378,747)
At 31 August 2002	<u>994,381</u>	<u>515,762</u>	<u>3,337,716</u>	<u>998,180</u>	<u>5,846,039</u>	<u>567,318</u>	<u>6,413,357</u>
Depreciation							
At 1 September 2001	-	2,241	1,484,990	264,404	1,751,635	215,889	1,967,524
Charge for Period	-	2,423	257,067	160,164	419,654	127,179	546,833
(On disposals and w/off)	-	-	(58,638)	(32,542)	(91,180)	(133,030)	(224,210)
At 31 August 2002	<u>-</u>	<u>4,664</u>	<u>1,683,419</u>	<u>392,026</u>	<u>2,080,109</u>	<u>210,038</u>	<u>2,290,147</u>
Book values							
At 31 August 2002	<u>£994,381</u>	<u>£511,098</u>	<u>£1,654,297</u>	<u>£606,154</u>	<u>£3,765,930</u>	<u>£357,280</u>	<u>£4,123,210</u>
At 31 August 2001	<u>-</u>	<u>£513,521</u>	<u>£1,670,117</u>	<u>£506,517</u>	<u>£2,690,155</u>	<u>£578,129</u>	<u>£3,268,284</u>

A payment on account of £994,381 as a deposit on a new web offset press expected to be delivered and in operation by Autumn 2003. The deposit has not been depreciated. See note 21.

10. LOAN TO CONNECTED CHARITY

Loan to IBSA	£5,837,650	£4,437,650
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This loan was made on a long term basis but without a fixed date for repayment. During the year a further advance of £1.4 million was made.

11. CURRENT ASSET INVESTMENTS

	Cash Equivalents	Narrow range Investments	Total	2001
Market value brought forward at 1 September 2001	1,179,401	15,219,601	16,399,002	17,496,391
Additions	-	4,836,337	4,836,337	1,138,325
Disposals	-	(5,564,873)	(5,564,873)	(2,655,600)
Net investment gains	-	245,530	245,530	419,886
Market value at 31 August 2002	<u>£1,179,401</u>	<u>£14,736,595</u>	<u>£15,915,996</u>	<u>£16,399,002</u>
Historic cost at 31 August 2002	<u>£1,179,401</u>	<u>£14,662,776</u>	<u>£15,842,177</u>	<u>£15,968,448</u>
<i>UK listed investments are represented by:</i>				
Fixed interest securities			14,736,595	16,399,002
Cash deposits			1,179,401	-
			<u>£15,915,996</u>	<u>16,399,002</u>

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

		2001
12. STOCKS		
Printing materials and unfinished products	36,849	68,748
Literature and finished products	993,125	1,985,570
<i>Total literature stocks</i>	<u>1,029,974</u>	<u>2,054,318</u>
Plant components	9,151	-
Motor vehicle spares	34,110	-
	<u>£1,073,235</u>	<u>£2,054,318</u>
13. DEBTORS		
Due from I.B.S.A. for literature	131,421	196,425
Other amounts due from IBSA	17,060	-
Due from The Kingdom Hall Trust for literature	157,802	173,227
Due from other branches	1,063,188	1,063,188
Value Added Tax reclaimable	292,493	189,363
Income Tax repayment claims	59,014	54,182
Legacies receivable	450,948	979,640
Investment income accrued	478,334	679,777
Other Debtors	67,521	91,757
Other amounts receivable and prepayments	-	(6,003)
	<u>£2,717,781</u>	<u>£3,421,556</u>
14. CREDITORS: Amounts falling due within one year		
Suppliers accounts	1,511,028	174,378
Due to IBSA for service charges	207,071	247,052
Personal expenses accounts	176,059	188,845
Other loans	16,195,952	16,115,427
Accruals	<u>68,406</u>	<u>158,811</u>
	18,158,516	16,884,513
Provision for repayment of conditional donations*	<u>502,050</u>	<u>467,450</u>
	<u>£18,660,566</u>	<u>£17,351,963</u>

NOTE: All loans shown above are interest free and unsecured.

*The trustees have for a number of years, on the basis of experience, considered adequate a provision for 50% of the total balances of conditional donations which amounted to £1,004,100.

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

15. CREDITORS: Amounts falling due after more than one year

Other loans	4,297,993	-
	<u>£4,297,993</u>	<u>£0</u>

The loans noted above are subject to notice of 12 months before repayment.

16. CONTINGENT LIABILITIES

Guarantees have been given to the branch bankers in respect of Customs and Excise and other operating commitments in amounts totalling	<u>£30,000</u>	<u>£30,000</u>
The branch has entered into legal undertakings with bankers to guarantee mortgage borrowings secured by Kingdom Halls (freehold properties). These guarantees cover a total commitment of:	<u>£12,518</u>	<u>£178,969</u>

17. PERSONNEL

The Branch has no employees but engages only volunteers and provides them with allowances for personal and other expenses. All travelling ministers and their wives are provided for on the same basis and the total cash allowances and expenses payments to any one person would not exceed £806.40 in the period. These ministers stay in the homes of congregation members for much of the time. During the period there was an average of 156 persons so engaged. Likewise, all missionaries on special assignment are each paid on the same basis and the total cash allowances and expenses payments to any one person would not exceed £4,262.40. During the period there was an average of 122 persons so engaged.

18. TRUSTEE REMUNERATION AND EXPENSES

The trustees, and others involved with the branch's operations based in London, similarly are volunteers and received allowances and expenses from International Bible Students Association full details of which are featured in the accounts of that Association. Remuneration expenses are charged to Watch Tower indirectly through the service charge by IBSA appearing as support costs.

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

NOTES TO THE ACCOUNTS

Year ended 31 August 2002

19. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of changes in resources to inflow from operating activities:

		2001
Net incoming / (outgoing) resources for the Period	(342,146)	(711,327)
Investment income received	(1,023,257)	(1,354,446)
Mortgage interest received	-	(160,151)
Currency gains	78,324	-
Unrealised gains	-	366,319
Depreciation and loss on disposal (Note 9)	551,026	538,264
Increase / (Decrease) in creditors	5,641,193	(1,426,966)
Decrease in loans receivable	765,184	-
Decrease / (Increase) in debtors	703,775	(959,700)
Decrease in stocks	981,083	753,185
Cash inflow / (outflow) from operating activities	£7,355,182	(£2,954,822)

20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Income from investments and interest received	1,023,257	1,354,446
Mortgage interest received	-	160,151
Loan to connected charity	(1,400,000)	-
	<u>(£376,743)</u>	<u>£1,514,597</u>

21. CAPITAL COMMITMENTS

During the year the directors approved the purchase of a new printing press. The press will be delivered in the Autumn 2003. Payments of £3,009,000 will be made in three stages up to November 3, 2003.