

registered company number: 3858051
registered charity number: 1077961

**Report of the trustees and financial statements
Year Ended 31 August 2009**

Watch Tower Bible and Tract Society of Britain

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Watch Tower Bible and Tract Society of Britain
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For the Year Ended 31st August 2009

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Watch Tower Bible and Tract Society of Britain

Trustees' Report

For the Year Ended 31st August 2009

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2009. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

Reference and administrative details

Registered Company number

3858051 (England and Wales)

Registered Charity number

1077961

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

Trustees

R Drage
J Dowson
P Elhs
B Vigo
P S Gillies

Statutory Auditors

Calcutt Matthews
Chartered Accountants and Registered Auditors
2nd Floor Cardine House
30 North Street
Ashford
TN24 8JR

Bankers

Barclays Bank plc
PO Box 12820
London
BX3 2BB

Investment Advisers

Merrill Lynch International Bank Ltd
2 King Edward Street
London
EC1A 1HQ

Structure, governance and management

Governing document

The charity is controlled by its governing document, the memorandum and articles of the company dated 25th October 1999.

Recruitment and appointment, induction and training of trustees

The recruitment and induction of new trustees is arranged as follows. On an annual basis the trustees review potential candidates. These are required to be appointed as elders in congregations of Jehovah's Witnesses. Their abilities are evaluated by means of the trustees' personal knowledge of the candidates or by a "personal qualifications report" provided by elders with knowledge of the individuals. Trustees are given appropriate Charity Commission publications and training is arranged as part of the meetings of the trustees when the charity's policies are discussed. This is supplemented by an annual training session provided by Calcutt Matthews. Additionally arrangements are made for new trustees to attend a comprehensive course that includes training in legal, organisational, and financial matters.

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

Watch Tower Bible and Tract Society of Britain

Trustees' Report

For the Year Ended 31st August 2009

Structure, governance and management

Organisational structure

The charity is a UK company limited by guarantee

The trustees organise the charity into a number of departments. Each department has an experienced, trained overseer who makes regular reports to the trustees.

Wider network

Charities with similar objects exist in many countries around the world. Co-ordination is through the Governing Body of Jehovah's Witnesses, located at their headquarters in the United States.

Related parties

Watch Tower Bible and Tract Society of Britain (the Society) works closely with International Bible Students Association (IBSA), which permits the Society to use its facilities for the Society's charitable activities, and provides accommodation for volunteers. IBSA 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 IBSA the cost incurred in printing and distributing the Bible-based religious literature manufactured and delivered to destinations on its behalf, and all other overhead costs.

Risk management

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. Serious risks include catastrophic loss and failure of internal controls. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks.

Objectives and activities

Objectives and aims

The objects of the Society, contained in its Memorandum and Governing document, are to advance the Christian religion as practiced by the body of Christians known as Jehovah's Witnesses. This is accomplished by the following specific sub-objects:

- a promoting the preaching of the gospel of God's Kingdom under Jesus Christ in all nations as a witness to the name, word and supremacy of the 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.

The major areas of activities for the year in question have been:

- 1 printing and distributing Bibles and Bible-based literature in several languages, which has served to advance religious education and educate the general public in spiritual and moral values.
- 2 supporting congregations of Jehovah's Witnesses and others in Britain with their spiritual and material welfare, by advancing the Christian missionary work, which has promoted religious worship in local communities.
- 3 supporting congregations of Jehovah's Witnesses and others abroad, primarily in developing countries, with their spiritual and material welfare, by making donations to local associations of Jehovah's Witnesses. The donations have been in the form of literature, goods, and services, as well as of funding for the construction of places of worship. All such donations have promoted religious education overseas.

Grantmaking

The charity's grant making policy is as follows. From time to time the charity is asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. The charity first satisfies itself that the expenditure will further the religious work of Jehovah's Witnesses, and after confirming that sufficient funds are available, it then sends the money to the organisation caring for Jehovah's Witnesses in that country. Finally, reports are obtained to confirm the money was properly used.

Volunteers

The charity is run entirely by volunteers kindly provided by IBSA.

Programme related investments

Note 12 to the financial statements explains that at 31 August 2009, £14.3m (2008 £13.4m) had been lent to a connected charity and to congregations of Jehovah's Witnesses in Britain. These interest free loans have been advanced because the objects these charities are supporting accord with the objects of the Society, as shown above.

Watch Tower Bible and Tract Society of Britain

Trustees' Report

For the Year Ended 31st August 2009

Achievement and performance

Charitable activities - Producing and distributing Bible literature

The charity's rotary presses have continued to produce *The Watchtower* and *Awake!* magazines as well as other items of Bible-based literature. In the year, 300 million publications were printed. These included 130 million copies of *The Watchtower* and *Awake!* magazines which were printed in 33 and 11 languages respectively. In total the charity has sent Bible-based literature to 80 countries in 96 languages. There has recently been a 24% increase in production which has made it necessary to run partial double shifts. All of the literature produced is used to advance religious education and educate the general public in spiritual and moral values.

Charitable activities - Promoting Christian Missionary work

In assisting congregations of Jehovah's Witnesses and others in Britain with their spiritual and material welfare, the charity supports over 80 travelling ministers. These visit the congregations on a regular basis, usually twice a year, during which they provide pastoral care. One of the primary objectives of these visits is for the travelling minister to promote the Christian missionary work by providing leadership in the public ministry of Jehovah's Witnesses. Additionally, the charity supports over 140 full-time ministers who assist congregations to which the charity has assigned them. The assistance provided by these ministers enables local congregations of Jehovah's Witnesses to share fully in promoting and preaching the good news of God's Kingdom and teaching principles of Christian living. Such principles include respect for secular authority, persons and property, and the maintenance of personal morality and family values and other facets of Christianity.

The charity also runs a training school for qualified ministers to better equip them to render spiritual and pastoral care in the community. This school, the Ministerial Training School, gives instruction in Bible teachings and in organisational matters. As a result of such training, some are assigned to serve where there is a need for ministers here in Britain, whereas others receive assignments in foreign countries. During the year there were three classes held from which 67 students graduated, bringing to 867 the number who have graduated since the school was inaugurated.

Charitable activities - Making donations to further religious education overseas

During the year the charity continued to support the construction of places of worship in Africa, Asia and Europe through making grants totalling over £520,000. The completed places of worship will be centres for both local congregations of Jehovah's Witnesses and members of the local community who wish to benefit from the practical values contained in the Holy Bible, which promotes both the moral and spiritual edification of mankind.

The charity also provided material and financial assistance to Associations of Jehovah's Witnesses in several developing countries who are responsible for the general oversight of the activities of Jehovah's Witnesses in that country. The funds, over £4,700,000 in total, were given to promote missionary activity, to support general oversight costs of the local Association, and to assist in the operation of local congregations of Jehovah's Witnesses. Additionally, literature with a value of over £3,900,000 was donated overseas, mainly to Africa, for use in advancing religious education.

Public benefit

As evidenced above, much has been accomplished by the charity in the year to advance its objects for the public benefit. Literature has been produced to educate the general public in spiritual and moral values. Ministers have been supported in aiding others to develop personal morality and family values. Places of worship have been financed which are open to all who wish to benefit from the practical values contained in the Holy Bible. These activities bear out that the work of the charity continues to benefit both Jehovah's Witnesses and members of the community. The trustees confirm that they have taken into consideration Charity Commission guidance on public benefit in exercising their powers or duties.

Internal controls

To ensure the charity is able to achieve its objectives, appropriate internal controls have been established. These ensure that the monthly financial reports accurately represent all transactions, provide reasonable assurance that finances are being used for their intended purpose, and verify that proper controls and procedures are in place, and adhered to, so that figures are recorded accurately and the accounts are in balance.

The internal audit programme has been achieved. The internal auditor and his assistant, both drawn from the volunteer work force, have a set agenda to pursue throughout the year, and reported in writing to the trustees in October 2009. Approved recommendations were implemented.

Financial review

Impact of increase in work

As explained above under the heading 'Charitable activities – Producing and distributing Bible literature,' the charity's workload has recently increased by 24%. The trustees have considered the financial and non-financial impact of this increase, and have taken appropriate action to ensure the charity can continue to operate successfully.

Reserves policy

In light of recent economic conditions, the trustees have reviewed the reserves policy and have increased the required level of reserves to be held from the equivalent of 3 months expenditure to 6 months expenditure. At the year-end, reserves stood at £19,776,000, which represented 11 months of expenditure (2008: £20,661,000 and 12 months).

**Watch Tower Bible and Tract Society of Britain
Trustees' Report
For the Year Ended 31st August 2009**

Principal funding sources

The primary funding activity is the manufacture and distribution of Bible-based religious literature on behalf of IBSA, the cost of which is passed on. The charity also relies to a large extent on voluntary donations to support its work and has a consistent income base through Gift Aid. In addition the charity has an active treasury management department to handle investments it has been bequeathed or converted.

Investment policy and objectives

Paragraphs 4.18 and 4.19 of the Memorandum and Articles give power to invest funds in any lawful manner having full regard to the suitability of the investments, the need for diversification and to be a socially responsible investor having due consideration to the beliefs of Jehovah's Witnesses. The objective is to preserve capital and achieve a real return of 4% plus inflation. The portfolio achieved a return on August 31, 2009 of 0.13%. Inflation for the period ending August 31, 2009 was -1.3%. The portfolio did not achieve the target of 4% above inflation. However, the period in question has proved to be one of the most damaging recessions since the Great Depression of the 1930s. To end the period with a modest return continues to reinforce the foresight of the trustees to diversify the portfolio into several asset classes globally and to take a very conservative stance, holding cash instruments rather than investing in other asset classes. The return compares favourably with the market in general.

Since the end of the financial year global financial markets are increasingly becoming positive. However to protect the value of the portfolio the trustees continue to adopt a cautious approach to investing, until they see a genuine financial recovery in place.

Future developments

The charity anticipates being able to continue to have a full share in funding the activities of Jehovah's Witnesses in developing countries and sharing in the construction of much needed places of worship in these countries. For example, it is anticipated that upwards of £2,000,000 in funds along with construction supplies, will be donated to assist with the expansion of the administrative facilities of Jehovah's Witnesses in Nigeria next year. Also the charity is now providing Bible literature for more countries in Europe including Denmark, the Netherlands, Spain and Portugal. This represents a 24% increase in the charity's work.

Statement of trustees' responsibilities

The trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the trustees are aware, there is no relevant information of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any audit information and to establish that the charitable company's auditors are aware of that information.

On behalf of the board:

Trustee



Date 17 MARCH 2010

Independent Auditors' Report to the Members of Watch Tower Bible and Tract Society of Britain For the Year Ended 31st August 2009

We have audited the financial statements of Watch Tower Bible and Tract Society of Britain for the year ended 31 August 2009 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 United Kingdom Generally Accepted Accounting Principles and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

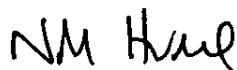
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2009 and of its incoming resources and application of resources, including its income and expenditure for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees Annual Report is consistent with the financial statements.



NM Hume
Senior Statutory Auditor
For and on behalf of Calcutt Matthews, Statutory Auditors
Chartered Accountants and Registered Auditors
2nd Floor Cardine House
30 North Street
Ashford
Kent
TN24 8JR

Date

18 March 2010

Watch Tower Bible and Tract Society of Britain
Statement of Financial Activities (incorporating an income and expenditure account)
For the Year Ended 31st August 2009

	Notes	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds as restated £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	9,986	2,242	12,228	11,426
Investment income	3	1,182	57	1,239	2,154
Incoming resources from charitable activities					
Producing and distributing Bible literature	4	11,944	-	11,944	10,004
Other incoming resources		<u>1,671</u>	<u>-</u>	<u>1,671</u>	<u>2,773</u>
Total incoming resources		<u>24,783</u>	<u>2,299</u>	<u>27,082</u>	<u>26,357</u>
Resources expended					
Charitable activities					
Producing and distributing Bible literature	5	13,497	-	13,497	12,173
Promoting Christian missionary work		597	390	987	864
Making donations to further religious education overseas	6	8,704	514	9,218	7,672
Governance costs	7	<u>13</u>	<u>-</u>	<u>13</u>	<u>25</u>
Total resources expended		<u>22,811</u>	<u>904</u>	<u>23,715</u>	<u>20,734</u>
Net incoming resources before transfers		<u>1,972</u>	<u>1,395</u>	<u>3,367</u>	<u>5,623</u>
Transfers					
Gross transfers between funds		<u>10</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Net incoming resources before other recognised gains and losses		<u>1,982</u>	<u>1,385</u>	<u>3,367</u>	<u>5,623</u>
Other recognised gains/losses					
Realised losses on investment assets		(899)	-	(899)	(888)
Unrealised losses on investment assets		<u>(1,844)</u>	<u>-</u>	<u>(1,844)</u>	<u>(865)</u>
Net movement in funds		<u>(761)</u>	<u>1,385</u>	<u>624</u>	<u>3,870</u>
Reconciliation of funds					
Total funds brought forward		<u>36,300</u>	<u>10,839</u>	<u>47,139</u>	<u>43,269</u>
Total funds carried forward		<u><u>35,539</u></u>	<u><u>12,224</u></u>	<u><u>47,763</u></u>	<u><u>47,139</u></u>

Continuing operations

All incoming resources and resources expended arise from continuing activities

None of the charity's activities were acquired or discontinued during the current and previous years. All gains and losses recognised in the year are included above. The surplus for the year for Companies Act purposes, comprising the net incoming resources for the year together with the realised losses on investments, was £2,469,148 (2008 £ 4,734,658)

Watch Tower Bible and Tract Society of Britain
Balance Sheet
As at 31st August 2009

	Notes	Unrestricted funds £'000	Restricted funds £'000	2009 Total funds £'000	2008 Total funds as restated £'000
Fixed assets					
Tangible assets	11	4,893	543	5,436	6,145
Investments	12				
Investments		47,086	-	47,086	39,087
Programme related investments		<u>10,869</u>	<u>3,457</u>	<u>14,326</u>	<u>13,399</u>
		62,848	4,000	66,848	58,631
Current assets					
Stocks	13	1,024	-	1,024	982
Debtors amounts falling due within one year	14	1,456	-	1,456	930
Investments	15	-	-	-	3,845
Cash at bank		<u>557</u>	<u>8,224</u>	<u>8,781</u>	<u>5,844</u>
		3,037	8,224	11,261	11,601
Creditors					
Amounts falling due within one year	16	(407)	-	(407)	(774)
Net current assets/liabilities					
		<u>2,630</u>	<u>8,224</u>	<u>10,854</u>	<u>10,827</u>
Total assets less current liabilities					
		65,478	12,224	77,702	69,458
Creditors					
Amounts falling due after more than one year	17	(29,079)	-	(29,079)	(21,499)
Provisions for liabilities and charges					
	18	(860)	-	(860)	(820)
Net assets					
		<u>35,539</u>	<u>12,224</u>	<u>47,763</u>	<u>47,139</u>
Funds					
Unrestricted funds	19			35,539	36,300
Restricted funds				<u>12,224</u>	<u>10,839</u>
Total funds					
				<u>47,763</u>	<u>47,139</u>

The financial statements were approved by the Board of Trustees on

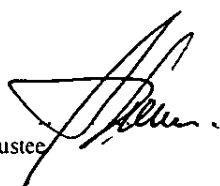
17 MARCH 2010

and were signed on its behalf by

Trustee



Trustee



Watch Tower Bible and Tract Society of Britain
Cash Flow Statement
For the Year Ended 31st August 2009

		2009	2008
	Notes	£'000	as restated £'000
Net cash (outflow)/inflow from operating activities	21	516	2,369
Returns on investments and servicing of finance	22	121	394
Capital expenditure and financial investment	22	(9 127)	(722)
Management of liquid resources	22	3 845	1,625
Financing	22	7,582	1,912
Increase/(decrease) in cash in the period		<u><u>2,937</u></u>	<u><u>5,578</u></u>

Reconciliation of net cash flow to movement in net debt	23		
Increase in cash in the period		2,937	5 578
Cash flow from decrease in liquid resources		(3 845)	(1,625)
Cash flow from increase in financing		(7 582)	(2 200)
Other non-cash change to financing		<u>2</u>	<u>-</u>
Change in net debt		(8 488)	1,753
Net debt at 1 September 2008		<u>(11,810)</u>	<u>(13,563)</u>
Net debt at 31 August 2009		<u><u>(20,298)</u></u>	<u><u>(11,810)</u></u>

Watch Tower Bible and Tract Society of Britain

Notes to the Financial Statements

For the Year Ended 31st August 2009

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, and in accordance with applicable accounting standards the Companies Act 2006 and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities", revised 2005

Donations receivable

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. Donations in the form of assets are included at the market value on the date of the gift.

Income from Bible literature

Income from literature arises from literature sold to International Bible Students Association (IBSA) a connected charity, on a cost basis, in line with the charity's objects.

Legacies

Legacies are recognised at the earlier of the date of notification or being received.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the headings with all aggregate costs related to that category. The trustees are of the opinion that support costs are best allocated to the cost of producing literature.

Governance costs

Governance costs comprise external audit fees and other fees from consultants. All other administrative costs are re-charged.

Tangible fixed assets

Fixed assets are valued at cost less depreciation. Assets costing less than £1,000 are not capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Land & Buildings	-	2% on cost
Plant and machinery	-	10% on cost
Motor vehicles	-	25% on reducing balance

Impairment reviews are carried out on individual assets when there is some indication that the recoverable amount of a fixed asset is below its net book value.

Stocks

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

Investments

Investments are valued at market value. All investments listed on a recognised stock exchange are carried at this value. Unlisted investments are valued using the latest valuation information received from the financial institutions managing the funds.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Deposits

The Society has an arrangement whereby individuals or congregations of Jehovah's Witnesses can deposit funds so that the Society can benefit, on the understanding that these funds can be requested back whenever the depositor wishes. Experience shows that only a small percentage of deposits will be called upon in any one year. The trustees therefore feel it appropriate to reclassify these as falling due after more than one year.

Watch Tower Bible and Tract Society of Britain
Notes to the Financial Statements
For the Year Ended 31st August 2009

Conditional Donations

The charity receives some donations where the donor reserves the right to receive the funds back. Experience has shown that only a small percentage is returned, but prudently the charity provides for fifty percent.

Connected charities

Transactions are on an arms length and accruals basis. Note 20 sets out the relationship with IBSA. Most other countries have a branch office of Jehovah's Witnesses.

Grants payable

Grants payable to other institutions are recognised at the point when their payment has been approved by the trustees.

Other recognised gains and losses

These comprise unrealised and realised gains and losses on investments.

Foreign exchange gains and losses

Foreign currency balances have been translated at the prevailing rate on the balance sheet date. Income and expenditures during the year have been translated at the prevailing rate on the day of the transaction.

2 Voluntary income

	2009 £'000	2008 £'000
Donations of cash and goods	7,317	6,752
Donations of literature	2,156	1,862
Legacies	2,815	2,812
	<u>12,288</u>	<u>11,426</u>

3. Investment income

	2009 £'000	2008 £'000
Interest	1,231	2,048
UK Dividends	8	106
	<u>1,239</u>	<u>2,154</u>

4. Incoming resources from charitable activities

	2009 £'000	2008 £'000
Income from literature donated overseas	3,907	3,091
Income from literature sold to IBSA	8,037	6,913
	<u>11,944</u>	<u>10,004</u>

5. Charitable activities costs

	Direct costs £'000	Support costs £'000	Totals £'000
Producing and distributing Bible literature	8,881	4,616	13,497
Promoting Christian missionary work	987	-	987
Making donations to further religious education overseas	9,218	-	9,218
	<u>19,086</u>	<u>4,616</u>	<u>23,702</u>

Support costs of £4,616,000 (2008 £3,941,000) have been allocated to producing and distributing Bible literature.

Watch Tower Bible and Tract Society of Britain
Notes to the Financial Statements
For the Year Ended 31st August 2009

6. Grants

During the year grants paid to overseas institutions with congruous objectives can be analysed as follows

By continent:

	Cash £'000	Goods £'000	Literature £'000	Totals £'000
Europe	211	50	-	261
Africa	78	2,558	3,712	6,348
Asia	2 000	82	25	2,107
Americas	1	92	96	189
Other	119	120	74	313
	<u>2,409</u>	<u>2,902</u>	<u>3 907</u>	<u>9 218</u>

By activity:

	Cash £'000	Goods £'000	Literature £'000	Totals £'000
Promoting Christian missionary work via the construction of places for worship	525	-	-	525
Promoting Christian missionary work via the construction of regional headquarters	-	1 383	-	1,383
Distribution of Bibles and Bible-based literature	-	-	3 907	3 907
Supporting regional headquarters in their administration of Christian missionary work	1 884	1,519	-	3 403
	<u>2 409</u>	<u>2,902</u>	<u>3 907</u>	<u>9 218</u>

7. Governance costs

	2009 £'000	2008 £'000
Legal fees	1	16
Auditors' remuneration	12	5
Other services provided by the external auditors	-	4
	<u>13</u>	<u>25</u>

8. Net incoming resources

Net incoming resources are stated after charging

	2009 £'000	2008 £'000
Auditors' remuneration	12	5
Other services provided by external auditors	-	4
Loss on disposal of fixed assets	49	-
Depreciation	<u>858</u>	<u>873</u>

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9. Trustees' remuneration and benefits

There were no trustees' remuneration or other benefits for the year ended 31 August 2009 nor for the year ended 31 August 2008

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

The trustees of the Society receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers for IBSA, and as such they receive personal expense allowances of £82 per month and a personal expense gift of £300 per year with free board and lodging from IBSA as indeed do all volunteers

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2009 nor for the year ended 31 August 2008

10. Prior year adjustments

Classification of investments

Cash assets and short-term deposits allocated for future reinvestment have been reclassified from current asset investments to fixed asset investments in accordance with the SORP paragraph 295. Funds held on deposit for operational purposes that are available on demand within twenty-four hours have been reclassified to cash from current asset investments. This is to comply with the SORP paragraph 295, that only investment assets that will be realised without reinvestment of the proceeds should be classified as current asset investments

Provisions for liabilities and charges

Provisions for repayment of conditional donations (as described in note 18) have been reclassified from being a current liability to being shown in the section for provisions for liabilities and charges on the balance sheet, in accordance with the SORP paragraphs 321 to 324

Programme related investments

Loans to congregations and individuals made for the purpose of furthering the charity's objectives have been reclassified from short-term debtors to programme related investments. This is in accordance with the SORP paragraph 308

Long term creditors

The true and fair override applied to creditors in the current year (see note 17) has been extended to apply to the previous year also. Deposits from individuals, circuits and congregations of Jehovah's Witnesses have been reclassified from current liabilities to long term liabilities on the basis that the assets deposited with the Society are held as fixed asset investments. To show a current liability would be prejudicial to the charity's liquidity

Exchange rate gains and losses

In the prior year, gains and losses on currency exchange had been included in gains and losses on investment assets. These have been reclassified as other incoming resources, as the recommended application of Statement of Standard Accounting Practice ("SSAP") 21 given by Appendix 2 of the SORP. This has not impacted on the net movement in funds for the year

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11. Tangible fixed assets

	Land & Buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Totals £'000
Cost				
At 1 September 2008	286	8,912	1,816	11,014
Additions	-	158	153	311
Disposals	-	(438)	(262)	(700)
At 31 August 2009	<u>286</u>	<u>8,632</u>	<u>1,707</u>	<u>10,625</u>
Depreciation				
At 1 September 2008	34	4,223	612	4,869
Charge for year	5	576	277	858
Eliminated on disposal	-	(375)	(163)	(538)
At 31 August 2009	<u>39</u>	<u>4,424</u>	<u>726</u>	<u>5,189</u>
Net book value				
At 31 August 2009	<u>247</u>	<u>4,208</u>	<u>981</u>	<u>5,436</u>
At 31 August 2008	<u>252</u>	<u>4,689</u>	<u>1,204</u>	<u>6,145</u>

12. Fixed asset investments

	2009 £'000	2008 as restated £'000
a Programme related investments	14,326	13,399
b UK and overseas investments at market value	<u>47,086</u>	<u>39,087</u>
	<u>61,412</u>	<u>52,486</u>

a. Programme related investments

Loan to IBSA

These investments comprise monies advanced as a loan to a connected charity, IBSA, to assist in the purchase of buildings thus helping IBSA in achieving its objective of the provision of facilities for the printing and distribution of Bibles and Bible based literature and the housing of the volunteers engaged in this activity. The trustees have made no interest charge to IBSA on the loan, on the basis that both charities have similar objects.

Congregation loans

These investments comprise funds loaned to congregations of Jehovah's Witnesses in Britain for the purpose of purchasing, constructing or renovating buildings as places of worship. The ability of the congregation to repay such monies is assessed prior to the funds being extended. All such loans are on an interest free basis. These loans enable the Society to further its aims of promoting religious education and worship.

	Loan to IBSA £'000	Congregation loans £'000	Total £'000
At 1 st September 2008	10,170	3,229	13,399
Advanced	2,699	1,237	3,936
Repaid	(2,000)	(1,009)	(3,009)
At 31 st August 2009	<u>10,869</u>	<u>3,457</u>	<u>14,326</u>

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b. UK and overseas investments at market value.

Total market values of investment assets held at 31 August 2009 are analysed as follows

	Cash and liquid assets £'000	Listed investments £'000	Unlisted investments £'000	Totals £'000
Investment assets in the UK	18	2,849	-	2 867
Investment assets outside the UK	<u>36,329</u>	<u>4 139</u>	<u>3,751</u>	<u>44 219</u>
Market value at 31 August 2009	<u>36,347</u>	<u>6 988</u>	<u>3,751</u>	<u>47,086</u>

Unlisted investments are comprised of various funds and derivatives managed by professional firms and banks. The valuations are based on the external fund managers' estimates of the underlying assets of the investment vehicle.

Movements on investment assets were as follows

	£'000
Market value at 1 st September 2008	39,087
Additions	28 110
Disposals	(17 418)
Net loss on revaluation	<u>(2 693)</u>
At 31 st August 2009	<u>47 086</u>

13 Stocks

	2009 £'000	2008 £'000
Bibles and other literature	888	855
Raw materials	118	95
Motor vehicle spares and consumables	<u>18</u>	<u>32</u>
	<u>1,024</u>	<u>982</u>

14 Debtors: amounts falling due within one year

	2009 £'000	2008 As restated £'000
Trade debtors	281	294
Other debtors	1,062	467
Prepayments and accrued income	<u>113</u>	<u>169</u>
	<u>1,456</u>	<u>930</u>

15. Current asset investments

	UK Short Term Deposits £'000
Market value at 1 September 2008 as restated	3,845
Acquired - new cash accounts	1,690
Disposals	<u>(5,535)</u>
Market value at 31 August 2009	<u>-</u>

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16. Creditors, amounts falling due within one year

	2009	2008
	£'000	As restated £'000
Trade creditors	57	237
Other creditors	339	307
Accrued expenses	<u>11</u>	<u>230</u>
	<u>407</u>	<u>774</u>

17. Creditors, amounts falling due after more than one year

	2009	2008
	£'000	As restated £'000
Deposits	<u>29,079</u>	<u>21,499</u>

Deposits comprise monies received from individuals, circuits and congregations and held with the Society until they have a need. Based on previous experience, it is considered highly unlikely that the entire balance of deposits will be demanded within the next financial year. In the 2009 financial year, deposits totalling £3.6 million were returned to depositors and an additional £1.1 million was deposited.

The deposits are given on the understanding that the Society will repay them on demand. This would normally lead to them being classified as current liabilities. However, the cash deposited, although held in liquid funds, must be classified as a fixed asset investment to comply with the SORP as it is held for investment purposes. It would be prejudicial to the charity's liquidity to show a current liability for the creditor (for which no repayment date is known) and to show the resultant asset as a fixed asset investment. The trustees have therefore classified the deposits as long-term creditors in order to show a true and fair view.

18. Provisions for liabilities and charges and contingent liabilities

	2009	2008
	£'000	As restated £'000
Conditional donations	<u>860</u>	<u>820</u>

Conditional donations are donations made by individuals on the understanding that they may be recalled should the donor require such funds in the future. The donor retains an option over their donation until they die or write to convert it into an outright donation. While it is considered probable that some of these conditional donations will need to be repaid, it is unknown when this liability will crystallise or how large it will be. The trustees have therefore prudently made a provision for 50% of the balance of conditional donations as shown above. In 2008 and 2009, an average of £23,862 has been requested back. The remaining £860,000 is a contingent liability.

19. Movement in funds

	At 1.9.08	Net movement in funds	At 31.8.09
	£'000	£'000	£'000
Unrestricted funds			
General fund	36,300	(761)	35,539
Restricted funds			
Travelling Overseers Assistance Arrangement	584	109	693
Kingdom Hall Assistance Arrangement	4,091	336	4,427
The Society Kingdom Hall Fund	5,928	800	6,728
Relief Fund	100	38	138
Missionary Convention Travel	<u>136</u>	<u>102</u>	<u>238</u>
	<u>10,839</u>	<u>1,385</u>	<u>12,224</u>
Total funds	<u>47,139</u>	<u>624</u>	<u>47,763</u>

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Net movement in funds, included in the above, are as follows

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Transfers £'000	Movement in funds £'000
Unrestricted funds					
General fund	24 783	22,811	(2,743)	10	(761)
Restricted funds					
Travelling Overseers Assistance Arrangement	351	242	-	-	109
Kingdom Hall Assistance Arrangement	449	113	-	-	336
The Society Kingdom Hall Fund Relief Fund	1 325 38	525 -	- -	- -	800 38
Missionary Convention Travel	<u>136</u>	<u>24</u>	<u>-</u>	<u>(10)</u>	<u>102</u>
	<u>2 299</u>	<u>904</u>	<u>-</u>	<u>(10)</u>	<u>1,385</u>
Total funds	<u>27 082</u>	<u>23 715</u>	<u>(2 743)</u>	<u>-</u>	<u>624</u>

Travelling Overseers Assistance Arrangement

This fund was formerly named the Ministers car fund and was set up for the provision of motor vehicles for travelling ministers in the British field

Kingdom Hall Assistance Arrangement

The Kingdom Hall upkeep and assistance arrangement exists to give aid where losses and damages have been suffered by congregations or individuals

The Society Kingdom Hall Fund

The Society Kingdom Hall fund was set up to provide monies to assist with the purchase of places of worship

Relief Fund

This fund exists for the purpose of giving support to areas experiencing distress or natural disaster

Missionary Convention Travel

This fund has been set up to assist missionaries and others serving in foreign lands to travel to conventions to be held in 2009. All donations to this fund are made on the understanding that any excess remaining in the fund once all expenses have been cared for may be transferred to the "Worldwide work"- the unrestricted funds of the charity. A transfer of £10,000 was made to unrestricted reserves during the year to cover expenses made on behalf of the Missionary Convention Travel fund

20. Related parties

The charity has close connections with IBSA which provides accommodation for volunteers of Watch Tower and is a registered charity with similar objects. IBSA also has the same registered office as that of Watch Tower

During the year, IBSA purchased literature from Watch Tower amounting to £8,037,143. As an integral part of the charitable activities of IBSA, it allowed Watch Tower to use IBSA's fixed assets and supplied volunteer workers to enable Watch Tower to carry out its charitable activities. All services were provided at cost. During the year, IBSA charged Watch Tower £4,176,521 for these services

At the year end, IBSA owed Watch Tower £271,541 in respect of the above transactions

During the year, IBSA carried out work on a property on behalf of Watch Tower, with costs amounting to £141,526. The costs were paid in full by Watch Tower to IBSA. No balance was outstanding at the year end in respect of this transaction

IBSA also has a beneficial loan from Watch Tower to assist it in achieving its objectives. At the year end the balance stood at £10,869,474. This loan is on an interest free basis, with no pay back date. The interest that would be due under normal, commercial rates has been estimated at £400,000

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21 Reconciliation of net incoming resources to net cash inflow from operating activities

	2009	2008
	£'000	as restated £'000
Net incoming resources	3,367	5,623
Currency translation gains relating to investments	(1 629)	(2,738)
Depreciation charges	858	873
Loss on disposal of fixed assets	49	-
Interest received	(1,239)	(2,154)
Interest paid	89	363
(Increase)/Decrease in stocks	(42)	136
(Increase)/Decrease in debtors	(526)	124
(Decrease)/Increase in creditors	(367)	141
Increase in provisions	(40)	(77)
Fixed assets donated	(2)	(8)
Other non-cash donations received	(221)	(176)
Expenses paid from fixed asset investments rather than cash	61	69
Decrease in interest accrual related to investment assets	(56)	(77)
Conditional donations advanced	252	265
Conditional donations repaid	(38)	5
Net cash (outflow)/inflow from operating activities	<u><u>516</u></u>	<u><u>2,369</u></u>

22. Analysis of cash flows for headings netted in the cash flow statement

	2009	2008
	£'000	as restated £'000
Returns on investments and servicing of finance		
Interest received	<u>121</u>	<u>394</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>121</u></u>	<u><u>394</u></u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(309)	(987)
Transferred to long term investments	(6 000)	-
Programme related investments advanced- congregations	(1 237)	(887)
IBSA	(2,699)	-
Programme related investments repaid	1,006	944
Sale of tangible fixed assets	<u>112</u>	<u>208</u>
Net cash inflow/(outflow) for capital expenditure and financial investment	<u><u>(9,127)</u></u>	<u><u>(722)</u></u>
Management of liquid resources		
Cash inflows from the disposal or redemption of investments	<u>3,845</u>	<u>1,625</u>
Net cash inflow for returns on investments and servicing of finance	<u><u>3,845</u></u>	<u><u>1,625</u></u>
Financing		
Loans advanced by depositors	11,055	3,793
Loans repaid to depositors on demand	<u>(3,473)</u>	<u>(1,881)</u>
Net cash inflow for financing	<u><u>7,582</u></u>	<u><u>1,912</u></u>

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23 Analysis of changes in net debt

	At 1 9.08 £'000	Cash flow £'000	Other changes £'000	At 31.8 09 £'000
Net cash				
Cash at bank	5,844	2,937	-	8,781
Liquid resources				
Current asset investments	3,845	(3,845)	-	-
Financing				
Debts falling due after one year	(21,499)	(7,582)	2	(29,079)
	<u>(11,810)</u>	<u>(8 490)</u>	<u>2</u>	<u>(20,298)</u>

24. Going concern

Following the banking crisis in 2008, the trustees have carried out a review of the stability of assets held with banks and other financial institutions at the year end. They are satisfied that assets are held in institutions with only the highest ratings, and no provisions other than those made in the accounts are required.

The trustees are satisfied that they have sufficient liquid funds to run the charity for the foreseeable future.