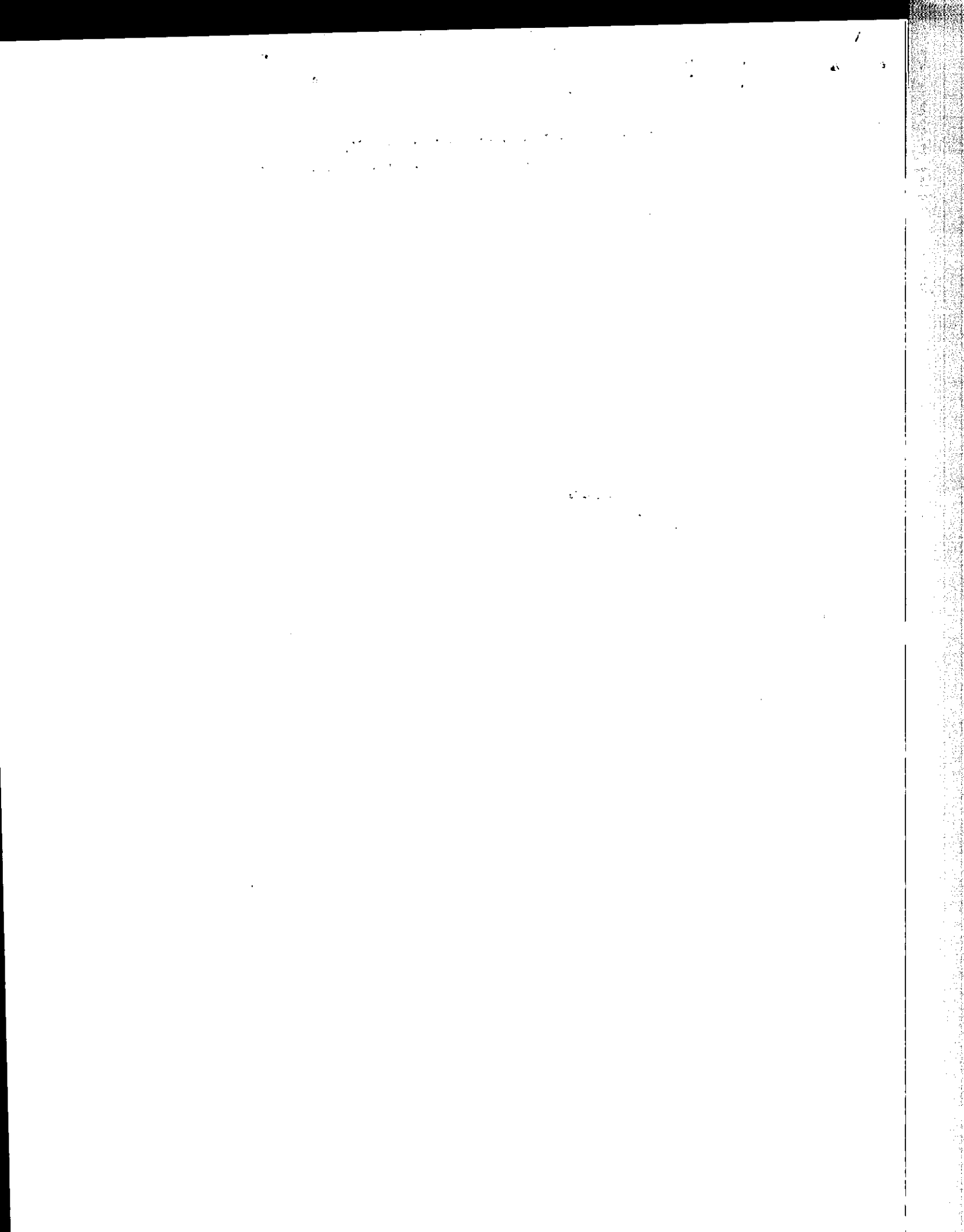


Registration number 105861

Watch Tower Bible and Tract Society of Ireland

Directors' Report and Financial Statements

for the year ended 31/08/06



Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

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THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY

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Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

Directors and other information

Directors	Arthur Edward Matthews Ewen Grant Watt Paul Casey Kenneth McGuire Anthony Murphy Alwyn Smith Peter George Andrews
Secretary	Arthur Edward Matthews
Company number	105861
Registered office	Watchtower House Newcastle Greystones County Wicklow
Auditors	Maxwell and Company Chartered Accountants 117 Baggot Court Dublin 2
Business address	Watchtower House Newcastle Greystones County Wicklow
Bankers	Ulster Bank 86 Main Street Bray County Wicklow Ulster Bank 86 Hill Street Newry County Down BT34 1BT
Solicitors	Margetson & Green 35 Baggot Street Lower Dublin 2

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES

PHYSICS DEPARTMENT

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Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

Directors' report
for the year ended 31/08/06

Following is the annual report and statement of accounts presented by the directors of the Society for the year ended 31 August 2006

Activities

Sustained growth in the evangelising work continued throughout the year. The peak number sharing in the ministry was 5,281. On the average some 659 publishers shared in the full-time ministry. During the year 20,949 Bibles and books were distributed in addition to 51,316 booklets and brochures. Some 1,183,993 copies of *The Watchtower* and *Awake!* were obtained by the public. It was also encouraging to see that an average of 2,376 Bible studies was conducted in peoples' homes each week. Many congregations are now involved in holding weekly meetings in foreign languages particularly in Chinese, French, Polish, Portuguese, Romanian, Russian, Tagalog and Sign Language.

Financial Report

Details of the Society's financial standing are shown in the Income and Expenditure Account and Balance Sheet. Income for the year, derived from voluntary donations and earned interest amounted to €1,416,244. Expenditure, including maintenance of property and general running expenses, was in the sum of €825,994. The main expenditure was €660,206 to cover reimbursements for 119 full-time volunteers, including missionaries and circuit ministers serving in conjunction with 128 congregations and groups. The cost of operating four district conventions was €55,318 but this was mainly offset by contributions at the conventions.

Review of developments

On the night of April 12 congregations throughout the country observed the Memorial of the death of Christ Jesus with 9,929 in attendance. The number of partaking of the emblems was 14. During the month of July we again held four district conventions, three in English and one in French. The combined attendance was 6,217 and 33 were baptised. Additionally each of the seven circuits held a two-day assembly and a one-day assembly. The Regional Building Committee was involved in refurbishing a number of Kingdom Halls and building a new Kingdom Hall in Thurles. The Hospital Liaison Committees continued to do good work and staff members in a number of hospitals expressed appreciation for the high-class material they received from Liaison Committees on strategies for use in bloodless surgery. One haemovigilance officer commented to the effect that bloodless surgery was in everyone's best interests.

Books of Account

Books of account are maintained and kept at the Society's office at Watch Tower House, Newcastle, Greystones, County Wicklow. Measures taken by the directors to ensure compliance with section 202 of the Companies Act, 1990 have continued

Directors retiring

In accordance with the Articles of Association, the directors are not required to retire by rotation.

Subsequent Events

There have been no circumstances or events subsequent to the year-end, which require adjustment to, or disclosure in the financial statements or in the notes thereto.

Accounting records

The directors acknowledge their responsibility under Section 202 of the Companies Act 1990 to keep proper books and records for the company. To this end we have a full-time bookkeeper. Our books and records are kept at our registered office.

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Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

Directors' report
for the year ended 31/08/06

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Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

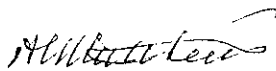
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable to ensure that the financial statements comply with the Companies Acts 1963 to 2003. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditors

The auditors, Maxwell and Company, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

This report was approved by the Board on 28/02/07 and signed on its behalf by



Arthur Edward Matthews
Director



Ewen Grant Watt
Director

Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

Statement of Directors' responsibilities for the shareholders' financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure the financial statements comply with the Companies Acts 1963 to 2005 and all Regulations to be construed as one with those Acts. They are responsible for ensuring that the company otherwise complies with the provisions of those Acts relating to financial statements in so far as they are applicable to the company. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and hence to prevent and detect fraud and other irregularities.

On behalf of the board



Arthur Edward Matthews
Director



Ewen Grant Watt
Director

Date: 28th February 2007

Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

**Independent auditors' report to the shareholders of
Watch Tower Bible and Tract Society of Ireland**

We have audited the financial statements of Watch Tower Bible and Tract Society of Ireland for the year ended 31/08/06 which comprise the income and expenditure account, 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.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and Irish Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Auditing Standards promulgated by the Auditing Practices Board in Ireland and the United Kingdom.

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 Companies Acts 1963 to 2005. We also report to you whether in our opinion: proper books of account have been kept by the company and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet and its profit and loss account are in agreement with the books of account.

We report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

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

**Independent auditors' report to the shareholders of Watch Tower Bible and Tract Society of Ireland
(continued)**

Basis of audit opinion

We conducted our audit in accordance with 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

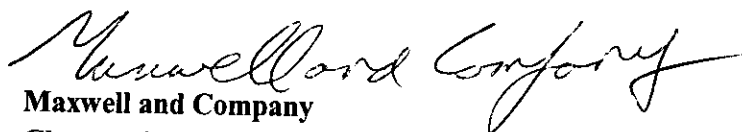
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31/08/06 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2005.

We have obtained all the information and explanations that we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

Section 40 (1) of the Companies (Amendment) Act, 1983 is not applicable as the company is limited by guarantee and does not have any share capital.



**Maxwell and Company
Chartered Accountants
Registered Auditors**

**117 Baggot Court
Dublin 2**

Date: 28/02/07

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Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)


**Income and expenditure account
for the year ended 31/08/06**

		Continuing operations	
		2006	2005
	Notes	€	€
Turnover	2	1,416,244	1,043,366
Administrative expenses		(825,994)	(824,029)
Operating surplus	3	<u>590,250</u>	<u>219,337</u>
Other interest receivable and similar income		1,912	1,524
Surplus on ordinary activities		<u>592,162</u>	<u>220,861</u>
Retained surplus for the year		592,162	220,861
Retained surplus brought forward		3,505,286	3,284,425
Retained surplus carried forward		<u><u>4,097,448</u></u>	<u><u>3,505,286</u></u>

There are no recognised gains or losses other than the surplus or deficit for the above two financial years.

On behalf of the board


Arthur Edward Matthews
Director

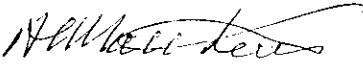

Ewen Grant Watt
Director

Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

Balance sheet
as at 31/08/06

	Notes	2006		2005	
		€	€	€	€
Fixed assets					
Tangible assets	5		3,349,527		3,359,576
Current assets					
Debtors	6	1,535,923		817,436	
Cash at bank and in hand		178,558		324,591	
		<u>1,714,481</u>		<u>1,142,027</u>	
Creditors: amounts falling due within one year	7	(966,560)		(996,317)	
Net current assets			<u>747,921</u>		<u>145,710</u>
Total assets less current liabilities			<u>4,097,448</u>		<u>3,505,286</u>
Net assets			<u>4,097,448</u>		<u>3,505,286</u>
Capital and reserves					
Income and expenditure account			4,097,448		3,505,286
Income and expenditure account	8		<u>4,097,448</u>		<u>3,505,286</u>

On behalf of the board


Arthur Edward Matthews
Director


Ewen Grant Watt
Director

Watch Tower Bible and Tract Society of Ireland
(being a company limited by guarantee and not having a share capital)

Cash flow statement
for the year ended 31/08/06

	Notes	2006 €	2005 €
Reconciliation of operating surplus to net cash outflow from operating activities			
Operating surplus		590,250	219,337
Depreciation		27,087	35,072
(Increase) in debtors		(718,487)	(168,230)
(Decrease) in creditors		(15,295)	695
Net cash outflow from operating activities		<u>(116,445)</u>	<u>86,874</u>
Cash flow statement			
Net cash outflow from operating activities		(116,445)	86,874
Returns on investments and servicing of finance	9	1,912	1,524
Capital expenditure	9	(17,038)	(43,154)
Decrease in cash in the year		<u>(131,571)</u>	<u>45,244</u>
Reconciliation of net cash flow to movement in net debt (Note 10)			
Decrease in cash in the year		(131,571)	45,244
Net cash inflow from issue of shares classed as financial liabilities		-	-
Net funds at 01/09/05		310,129	264,885
Net funds at 31/08/06		<u>178,558</u>	<u>310,129</u>

THE UNIVERSITY OF CHICAGO

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Watch Tower Bible and Tract Society of Ireland

Notes to the financial statements for the year ended 31/08/06

1. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1. Basis of preparation

The audited financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board.

1.2. Tangible fixed assets and depreciation

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less residual value, of each asset systematically over its expected useful life, as follows:

Computer Equipment	-	33% Straight Line
Fixtures, fittings and equipment	-	20% Straight Line
Motor vehicles	-	20% Straight Line

1.3. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Income and Expenditure account.

2. Donations

The total amount of donations received for the year has been derived from its principal activity wholly undertaken in Ireland.

3. Operating surplus

	2006	2005
	€	€
Operating surplus is stated after charging:		
Depreciation and other amounts written off tangible assets	28,647	34,326
Auditors' remuneration	9,061	5,445
and after crediting:		
Profit on disposal of tangible fixed assets	1,560	(746)
Net foreign exchange gain	(8,459)	(2,642)

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Watch Tower Bible and Tract Society of Ireland

**Notes to the financial statements
for the year ended 31/08/06**

..... continued

4. Employees

There were no employees during the year apart from the directors.

5. Tangible fixed assets	Land and buildings freehold	Fixtures, fittings and equipment	Motor vehicles	Total
	€	€	€	€
Cost				
At 01/09/05	3,301,319	118,514	45,590	3,465,423
Additions	-	2,738	17,000	19,738
Disposals	-	-	(26,590)	(26,590)
At 31/08/06	<u>3,301,319</u>	<u>121,252</u>	<u>36,000</u>	<u>3,458,571</u>
Depreciation				
At 01/09/05	-	76,597	29,250	105,847
On disposals	-	-	(25,450)	(25,450)
Charge for the year	-	21,447	7,200	28,647
At 31/08/06	<u>-</u>	<u>98,044</u>	<u>11,000</u>	<u>109,044</u>
Net book values				
At 31/08/06	<u>3,301,319</u>	<u>23,208</u>	<u>25,000</u>	<u>3,349,527</u>
At 31/08/05	<u>3,301,319</u>	<u>41,917</u>	<u>16,340</u>	<u>3,359,576</u>

6. Debtors

	2006	2005
	€	€
Other debtors	1,521,088	817,436
Prepayments and accrued income	14,835	-
	<u>1,535,923</u>	<u>817,436</u>

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Watch Tower Bible and Tract Society of Ireland

**Notes to the financial statements
for the year ended 31/08/06**

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7. Creditors: amounts falling due within one year	2006 €	2005 €
Bank overdraft	-	14,462
Accruals and deferred income	966,560	981,855
	<u>966,560</u>	<u>996,317</u>
8. Reconciliation of movements in funds	2006 €	2005 €
Surplus for the year	592,162	220,861
Opening surplus funds	3,505,286	3,284,425
Closing surplus funds	<u>4,097,448</u>	<u>3,505,286</u>
9. Gross cash flows	2006 €	2005 €
Returns on investments and servicing of finance		
Interest received	1,912	1,524
Capital expenditure		
Payments to acquire tangible assets	(19,738)	(43,304)
Receipts from sales of tangible assets	2,700	150
	<u>(17,038)</u>	<u>(43,154)</u>

Department of Health, Education and Welfare

Division of Health Care Administration

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Watch Tower Bible and Tract Society of Ireland

Notes to the financial statements
for the year ended 31/08/06

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10. Analysis of changes in net funds

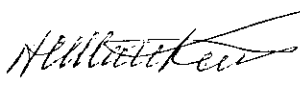
	Opening balance	Cash flows	Closing balance
	€	€	€
Cash at bank and in hand	324,591	(146,033)	178,558
Overdrafts	(14,462)	14,462	-
	<u>310,129</u>	<u>(131,571)</u>	<u>178,558</u>
Net funds	<u>310,129</u>	<u>(131,571)</u>	<u>178,558</u>

11. Accounting Periods

The current accounts are for a full year. The comparative accounts are for a full year.

12. Approval of financial statements

The financial statements were approved by the Board on 28 February 2007 and signed on its behalf by


Arthur Edward Matthews
Director


Ewen Grant Watt
Director