
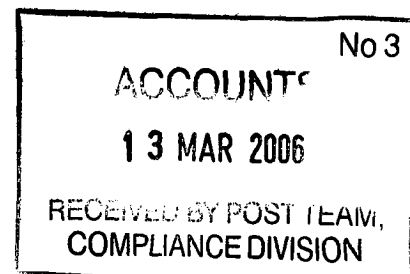


1077961



**WATCH TOWER**  
BIBLE AND TRACT SOCIETY OF BRITAIN

ANNUAL REPORT AND ACCOUNTS 2005



COMPANY NO. 3858051

REGISTERED CHARITY NO. 1077961

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## Charity Information

TRUSTEES	R Drage - Chairman J Dowson P Ellis B Vigo
SECRETARY	T P Cruse
REGISTERED OFFICE	IBSA House THE Ridgeway London NW7 1RN
REGISTERED NUMBER	3858051 (England and Wales)
AUDITORS	Calcutt Matthews 2nd Floor Cardine House 30 North Street Ashford Kent TN24 8JR
PRINCIPAL BANKERS	Barclay's Bank plc PO Box 12820 London N20 0WE
INVESTMENT ADVISERS	Merrill Lynch International Bank Ltd 2 King Edward Street London EC1A 1HQ

## Trustees' Report

The Board of Trustees present their report and the financial statements of the Society for the year ended 31st August 2005. The financial statements have been prepared in accordance with current statutory requirements and the charitable company's Memorandum and Articles of Association dated October 25, 1999 and the Statement of Recommended Practice (SORP 2000) - Accounting and Reporting by Charities.

### Constitution

The charity was formed as an overseas corporation on 21st May 1953. On the 5th September 1993 it was registered as a Branch of an overseas company. On the 8th October 1999 it was re-registered as a UK Company limited by guarantee with its Memorandum and objects carried over, but updated to reflect current legislation.

### Objects and Activities

The objects of the Society, contained in its memorandum, the governing document of the charity, are to advance the Christian religion as practiced 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 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;

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 and administering the work of Jehovah's Witnesses in Britain.

Our grant making policy is as follows. From time to time we are asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. We first satisfy ourselves that the expenditure will further the religious work of Jehovah's Witnesses, and after confirming that we have sufficient funds available, we then send the money to the organization caring for Jehovah's Witnesses in that country. Finally, we obtain reports to confirm the money was properly used.

### Governance

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

The recruitment and induction of new trustees is arranged as follows. On an annual basis 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. 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 the auditors.

### 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 the accounts are in balance. The internal audit programme has been achieved. The internal auditor (who is a certified accountant) and his assistant, both drawn from the volunteer work force, have a set agenda to pursue throughout the year, and reported in writing to the trustees in November 2005. Approved recommendations were implemented.

### Reserves Policy

The Society has a consistent income base through Gift Aid. In addition, the 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 4 months working expenditure. At the year-end, the liquid assets on hand were equivalent to 6.6 months of expenditure (2004: 6.0 months).

### Investment Policy

In harmony with paragraphs 4.18 and 4.19 of the Memorandum and Articles, which give power to invest funds in any lawful manner having full regard to the suitability of the investments and the need for diversification. Investments are selected with consideration for our Christian principles. The objective is to preserve capital and achieve a real return of 4% greater than the rate of inflation. This was achieved.

### Relationship with connected charities

The Society works closely with International Bible Students Association, which 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 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 Assessment

The major risks to which the charity is exposed have been reviewed, with particular focus on events that would seriously impede the operations of the charity. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks. The risk register has been reviewed by the trustees and in view of the additional printing requirement; there is a need to plan further safeguards.

### Review of the Year and Financial Position

Looking back on the year, there have been many global events, in particular, natural disasters which have affected the activities of the charity. Volunteers working with the charity have continued to respond to the changing global situations as they have arisen and the charity has been able to continue promoting its objects and activities on an international scale which continues to meet the criteria for public benefit. The trustees are pleased to give the following review of the year, including financial developments.

During the course of the year, there have been several international natural disasters, including the Tsunami, affecting Asia in December 2004, hurricanes in the Caribbean occurring approximately over the same period and ongoing requirements for food aid to various countries in Africa affected by abnormal weather conditions. Donations received during the year allowed the charity to donate the sum of £151,783 towards the Asia Tsunami disaster, £313,400 towards relief work following the hurricane disaster in the Caribbean and provide food aid to various countries in Africa in the sum of £60,425.

The charity was also able to make donations to twenty-five countries totaling £4,610,284 specifically for the construction of places of worship for use by local members of Jehovah's Witnesses and members of the public in the areas in which the buildings are located. The areas of the world to which the funds were donated were Eastern Europe, islands of the Pacific, countries in Africa and Asia and islands in the Caribbean and countries in Central America.

The charity was also able to make donations of cash, goods and donated literature to the central organization of Jehovah's Witnesses in twenty-three countries in the sum of £2,723,000. The countries are located in Eastern Europe, Africa, Asia and the Caribbean. The funds were donated to assist in covering the general operating expenses of the local branch of Jehovah's Witnesses. These funds are used to support the charitable activities of the local congregations of Jehovah's Witnesses in the respective countries. The weekly meetings to which the general public are invited offers practical advice on law-abiding citizenship and targeted workable family values for modern living and advises Christian tolerance in a multi-cultural society which has a broad cross community appeal and benefits the local population.

In 2005, the charity made interest-free loans to International Bible Students Association with whom it works closely, in the sum of £3,500,000. This was for the purpose of enabling International Bible Students Association to reduce their indebtedness to their bankers, thereby saving financial costs to the Association. The loan was raised by International Bible Students Association initially to purchase property which is now used by Watch Tower Society.

During the year, the trustees considered ways of making donations to the charity more accessible. In September 2004, the trustees authorized the setting-up of a donation website to enable donations, including tax-effective giving, to be made over the Internet. The site went live in November 2004 and over the period, to the end of the financial year, the trustees were pleased to see that the site has been well used, receiving donations totaling £245,000.

During the year, consideration has been given to the charitable status of congregations in Scotland. It is anticipated that all congregations in Scotland will be required to register with the Office of the Scottish Charity Regulator (OSCR). A meeting was held with the OSCR on behalf of congregations of Jehovah's Witnesses in Scotland, and the charity is continuing to monitor developments on behalf of the local congregations in Scotland to ensure that their current status as charities is maintained.

Further to the note in the Review of the Year and Financial Development for the year ending 31 August 2004, the charity agreed to a reduction in the charge for the production and supply of printed matter by 25% to International Bible Students Association. Taking into account various factors affecting production over the year this has resulted in a 12% reduction in income from the sale of literature and magazines to IBSA. This has however not affected the charity's ability to promote its activities and objects.

A major activity of the charity continues to be the printing and distribution of Bibles and Bible study aids, primarily for International Bible Students Association. The literature is distributed free of charge by IBSA to congregations of Jehovah's Witnesses and then to the public in general. The Society administers the work of Jehovah's Witnesses in Britain and notes that in the year under review, almost 18,000,000 hours were spent by Jehovah's Witnesses in Britain working in their communities helping people morally and spiritually. The Bible study aids printed by the charity offers practical advice on law-abiding citizenship, targeted workable family values for modern living and advises Christian tolerance in a multi-cultural society. Information on such values has a wide appeal as can be seen for the request for more Bibles and Bible study aids by both Jehovah's Witnesses and members of the public.

## Trustees' Report (cont...)

During the year, a total of 232,000,000 items were printed on the charity's two rotary presses. The main bulk of these items were the Watchtower and Awake journals which had a total printing of approximately 145,000,000. During the year, we increased the number of languages in which the Watchtower and Awake magazines were printed to twenty-eight. The additional languages are for various countries in Africa.

In October 2005, the charity was able to take occupation of a new facility [purchased and renovated by International Bible Students Association]. This facility houses the shipping and warehousing departments of the charity and has released much needed space in IBSA House for printing and finishing of magazines and brochures. The new MAN Roland Rotary Press has lived up to expectations and along with the computer controlled finishing and distribution lines, have enabled the charity to meet its commitments with regard to the introduction of new languages and increasing orders for the printed publications.

The financial result for the year's activity is shown on page 6. Donations received were £9,821,000, 31% higher than in the previous year. The total incoming resources were slightly up on 2004 which has enabled the charity to make substantial donations to Jehovah's Witnesses in other areas of the world while at the same time responding to unexpected natural disasters. The trustees are pleased with the report for the year and believe that both the financial situation and the introduction of new facilities and printing equipment leaves the charity well placed to continue promoting its objects and activities in the coming year.

### Volunteers

Over the past year, due to natural disasters and an increase in the normal work of the charity, there has been a need on the part of many volunteers to spend more time than would have otherwise been required in assisting the charity. There has been wholehearted support from the volunteer workforce which has unstintingly given time, skills and energies to ensure that the charitable work of the Society has continued uninterrupted over the past year. We gratefully acknowledge their invaluable support and look forward to it continuing in the coming year.

### Statement of Trustees' responsibilities

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

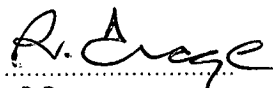
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The auditors, Calcutt Matthews, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

### ON BEHALF OF THE TRUSTEES:



- R Drage

Dated 12 January 2006

# Report of the Independent Auditors

We have audited the financial statements of IBSA for the year ended 31st August 2005, 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.

This report is made solely to the charity's trustees, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's 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 charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Watch Tower Society 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 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 are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Directors' 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 for opinion**

We conduct 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 2005 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 and Companies Act 1985.

*Calcutt Matthews*

Calcutt Matthews  
2nd Floor Cardine House  
30 North Street  
Ashford  
Kent  
TN24 8JR

Dated: 12 January 2006

## Statement Of Financial Activities

		Unrestricted funds	Restricted funds	Total Funds 2005	Total Funds 2004
<b>Incoming Resources</b>	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Donations and contributions	2	7,039	2,782	9,821	7,496
Legacies		1,640	23	1,663	2,209
Activities in furtherance of the charity's objectives					
Income from literature	3	6,970	-	6,970	8,498
Investment income					
Interest and dividends receivable		1,155	135	1,290	867
<b>Total incoming resources</b>		<b>16,804</b>	<b>2,940</b>	<b>19,744</b>	<b>19,070</b>
<b>Resources expended</b>	<b>5</b>				
Cost of activities in furtherance of charity's objectives:					
Ministry costs		533	62	595	1,114
Donations and aid to branches	4	2,723	5,136	7,859	4,294
Expenditure on literature	3	5,939	-	5,939	6,196
Support costs:					
Charges from a connected charity for residential provision and other facilities		3,565	-	3,565	3,409
Management and administration		853	-	853	903
<b>Total resources expended</b>	<b>5</b>	<b>13,613</b>	<b>5,198</b>	<b>18,811</b>	<b>15,916</b>
<b>Net (outgoing) / incoming resources</b>		<b>3,191</b>	<b>(2,258)</b>	<b>933</b>	<b>3,154</b>
Net gains investments		203	-	203	289
Transfers		48	(48)	-	-
<b>Net movement in funds</b>		<b>3,442</b>	<b>(2,306)</b>	<b>1,136</b>	<b>3,443</b>
Fund balances brought forward at 1st September 2004		21,472	11,114	32,586	29,143
<b>Fund balances carried forward at 31st August 2005</b>		<b>24,914</b>	<b>8,808</b>	<b>33,722</b>	<b>32,586</b>

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.

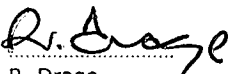
The surplus for the year for Companies Act purposes comprises the net incoming resources for the year together with the realised gains on investments of £927,377 (2004: £3,443,292).



# Balance Sheet

			2005	2004
<b>Fixed Assets</b>	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible assets	6		7,269	7,913
Investments	7		16,968	13,468
<b>Current Assets</b>				
Stocks		824		616
Debtors	8	5,155		5,749
Investments	9	25,303		27,582
Cash at bank and in hand		748		189
		<u>32,030</u>		<u>34,136</u>
<b>Creditors</b>				
Amounts falling due within one year	10	13,200		15,664
		<u>13,200</u>		<u>15,664</u>
<b>Net Current Assets</b>			<u>18,830</u>	<u>18,472</u>
<b>Total Assets Less Current Liabilities</b>			<u>43,067</u>	<u>39,853</u>
<b>Creditors</b>				
Amounts falling due after more than one year	11		9,345	7,267
			<u>9,345</u>	<u>7,267</u>
<b>Net Assets</b>			<u>33,722</u>	<u>32,586</u>
<b>Funds</b>				
Unrestricted funds	12		24,914	21,472
Restricted funds	12		8,808	11,114
			<u>33,722</u>	<u>32,586</u>
<b>Total funds</b>			<u>33,722</u>	<u>32,586</u>

These financial statements on pages 6 to 14 were approved by the trustees on <sup>26</sup> January 2006 and signed on their behalf by:

  
R. Drage

  
P. Ellis

## Cash Flow Statement

		<b>2005</b>	<b>2004</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Net cash inflow from operating activities	15	2,102	6,546
Returns on investments and servicing of finance	16	(3,500)	(2,874)
Capital expenditure & financial investment	17	1,957	(3,746)
<b>Increase / (Decrease) in cash in the period</b>		<b>559</b>	<b>(74)</b>
<b>Reconciliation Of Net Cash Flow To Movement In Net Funds</b>			
Increase / (Decrease) in cash in the period		559	(74)
 Movement In Net Funds In The Period			
Net Funds At 1st September 2004		189	263
<b>Net Funds At 31st August 2005</b>		<b>748</b>	<b>189</b>

## 1. Accounting Policies

### Accounting Convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000, the Companies Act 1985 and applicable accounting standards.

### Fund Accounting

The charity has only general and restricted funds. General funds are unrestricted funds and are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Restricted funds are funds raised that are raised for specific purposes.

### Incoming Resources

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. Income from literature arise from literature sold to International Bible Students Association (IBSA), a connected charity on a cost basis in line with the charity's objects. Entitlement to legacies is the earlier of the charity being notified of an impending distribution or the legacy being received.

### Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they all have been allocated to activities on a basis consistent with the use of resources. Costs of residential provision and other facilities comprise the costs of providing, maintaining accommodation and associated support costs are charged at an at cost basis by IBSA, a connected charity. Management and administration costs comprise depreciation on overseas properties and interest payable. All other administrative costs are re-charged.

Our grant making policy (donations) 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 consider whether the budget permits. If this is the case the charity satisfies itself that the expenditure will further the religious work of Jehovah's Witnesses and the charity then send the money to the organization caring for Jehovah's Witnesses in that country. Finally, the charity obtain reports to confirm the money was properly used.

### Tangible Fixed Assets

All expenditure on computers and all other items individually with a cost of £1,000 or more is capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Land	- Nil
Freehold Buildings	- 50 years straight line
Plant and machinery	- 3-10 years straight line
Motor vehicles	- 4 years reducing balance

### Stocks

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

### 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 are returned, but prudently the charity provides for fifty percent.

### Connected Charities

Transactions are on an arms length and accruals basis. Note 13 sets out the relationship with IBSA. Most other countries have a branch office of Jehovah's Witnesses.

## 2. Donations Receivable

	2005	2004
	£000	£000
Literature from headquarters	1,749	925
From individuals	3,040	2,544
From congregations	4,394	3,738
From others	638	289
	<b>9,821</b>	<b>7,496</b>

## Notes to the Financial Statements

### 3. Literature Account

	2005	2004
	£000	£000
Value of literature and magazines donated overseas	930	1,697
Value of literature and magazines sold to IBSA	6,040	6,801
<b>Income from literature</b>	<b>6,970</b>	<b>8,498</b>
Value of literature donated by HQ (and other branches)	1,749	925
Shipment / Production expenses	4,392	5,160
Increase in literature stock	(202)	111
<b>Expenditure on literature</b>	<b>5,939</b>	<b>6,196</b>
<b>Net income from literature</b>	<b>1,031</b>	<b>2,302</b>

	Unrestricted	Restricted	Total 2005	2004
	£000	£000	£000	£000
<b>4. Donations Made</b>				
Analysis by Purpose:				
Distress Relief	-	526	526	-
Construction of Kingdom Halls, Branch facilities and Missionary homes	-	4,610	4,610	502
Cash, goods and donated literature*	2,723	-	2,723	3,792
	<b>2,723</b>	<b>5,136</b>	<b>7,859</b>	<b>4,294</b>
Analysis by Geography:				
Europe	171	830	1,001	811
Africa	2,195	2,038	4,233	2,029
Asia	127	872	999	572
Other	230	1,396	1,626	882
<b>Total donations made</b>	<b>2,723</b>	<b>5,136</b>	<b>7,859</b>	<b>4,294</b>

\*All cash, goods and literature were for the benefit of the work of Jehovah's Witnesses for countries in need, and in line with the objects of the Society.

### 5. Analysis Of Total Resources Expended

	Other costs	Depreciation	Total	Total
	£000	£000	£000	£000
Cost of literature	5,153	786	5,939	6,196
Ministry costs	595	-	595	1,616
Donations	7,859	-	7,859	3,792
Charges from connected charity for residential provision and other facilities	3,565	-	3,565	3,409
Management and Administration	608	245	853	903
	<b>17,780</b>	<b>1,031</b>	<b>18,811</b>	<b>15,916</b>

## Notes to the Financial Statements

### 6. Tangible Fixed Assets

	Land & Buildings £000	Plant and Machinery £000	Motor Vehicles £000	Total £000
<b>Cost:</b>				
At 1st September 2004	286	9,321	1,603	11,210
Additions	-	107	469	576
Disposals	-	(631)	(482)	(1,113)
At 31 August 2005	286	8,797	1,590	10,673
<b>Depreciation:</b>				
At 1st April 2004	13	2,530	754	3,297
Charge for the year	5	786	240	1,031
Eliminated on disposals	-	(544)	(380)	(924)
At 31st March 2005	18	2,772	614	3,404
<b>Net Book Value:</b>				
At 31st March 2005	<b>268</b>	<b>6,025</b>	<b>976</b>	<b>7,269</b>
At 31st March 2004	273	6,791	849	7,913

### 7. Fixed Asset Investments

	2005 £000	2004 £000
At 1st September 2004	13,468	9,438
Further advance	3,500	4,030
<b>At 31st August 2005</b>	<b>16,968</b>	<b>13,468</b>

The loan is to IBSA, a connected charity (see note 13) and is made interest free but secured by promissory notes.

### 8. Debtors

	2005 £000	2004 £000
Trade debtors	4	1
Other debtors	254	263
Due from congregations	3,440	3,769
Prepayments and accrued income	711	733
Due from connected charity	590	681
Due from overseas branches	156	302
<b>Total</b>	<b>5,155</b>	<b>5,749</b>

## Notes to the Financial Statements

<b>9. Current Asset Investments</b>	<b>Cash equivalents</b>	<b>Narrow range investments</b>	<b>Total 2005</b>
	£000	£000	£000
<b>Market Value at 1st September 2004</b>	6,799	20,783	27,582
Additions	-	4,146	4,146
Disposal proceeds	(1,188)	(5,440)	(6,628)
Net investment gains	-	203	203
	<b>5,611</b>	<b>19,692</b>	<b>25,303</b>
<b>Market Value at 31st August 2005</b>			
	5,611	19,038	24,649

The investments at market value comprise:

UK bonds and cash	17,641
European bonds	7,662
<b>Total Market Value</b>	<b>25,303</b>

### 10. Creditors: Amounts Falling Due Within One Year

	<b>2005</b>	<b>2004</b>
	£000	£000
Trade Creditors	230	1,036
Other Creditors	246	2,425
Deposits (see note 11)	11,875	11,747
Conditional donations	518	447
Accruals	-	9
Due to connected charity	331	-
<b>Total creditors falling due within one year</b>	<b>13,200</b>	<b>15,664</b>

### 11. Creditors: Amounts Falling Due After More Than One Year

	<b>2005</b>	<b>2004</b>
	£000	£000
Other loans*	4,443	2,197
Deposits**	4,902	5,070
<b>Total creditors falling due after more than one year</b>	<b>9,345</b>	<b>7,267</b>

\*Other loans represent monies held in investments due to Watch Tower Bible and Tract Society in Spain.

\*\*Congregations, circuits, and individuals deposit monies currently not needed by themselves with the charity so that the Society may benefit from the use of the funds whilst not needed.

## Notes to the Financial Statements

### 12a. Funds

	At 1 Sept 2004	Income Including gains	Expenditure	Transfers	At 31 Aug 2005
	£000	£000	£000	£000	£000
<b>Unrestricted:</b>					
General fund	21,472	17,007	13,613	48	24,914
<b>Restricted:</b>					
Travelling overseers assistance arrangement	48	322	-	(48)	322
Kingdom Hall assistance arrangement	2,696	449	20	-	3,125
The Society Kingdom Hall fund	8,323	1,192	4,610	-	4,905
Distress Relief fund	19	848	526	-	341
Eastern Europe fund	28	129	42	-	115
<b>Total restricted funds</b>	<b>11,114</b>	<b>2,940</b>	<b>5,198</b>	<b>(48)</b>	<b>8,808</b>
<b>Total funds</b>	<b>32,586</b>	<b>19,947</b>	<b>18,811</b>	<b>-</b>	<b>33,722</b>

#### 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. For the past three years the appeal was closed and vehicles were purchased through the General fund. However, in 2004, the trustees once again sent out an appeal re-opening the fund with the name change. The fund has been established with an option to use funds in excess of requirements to unrestricted funds.

#### 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. As explained in note 4, during the year significant funds were sent overseas for Kingdom Hall building.

#### Distress Relief fund

This fund exists for the purpose of giving 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 of branch facilities in Eastern Europe.

### 12b. Assets by Fund

	Unrestricted £000	Restricted £000	Total £000	2004 £000
Tangible fixed assets	7,269	-	7,269	7,913
Loans	16,968	-	16,968	13,468
Net Current assets	10,022	8,808	18,830	18,472
Creditors: falling due after more than one year	(9,345)	-	(9,345)	(7,267)
	<b>24,914</b>	<b>8,808</b>	<b>33,722</b>	<b>32,586</b>

### 13. Transactions With Trustees And Connected Parties

The trustees confirm that they have not been involved with any transactions of the charity. The Society has close connections with International Bible Students Association which is a registered charity and has similar objects. This charity has the same registered office as that of the Society.

### 14. Trustees

The trustees of Watch Tower receive no payments or reimbursements in their capacity as trustees. The trustees are also volunteer workers at the Association's premises, they receive personal expense allowances of £80 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers.

## Notes to the Financial Statements

### 15. Reconciliation Of Changes In Resources To Net Inflow From Operating Activities

	2005 £000	2004 £000
Net incoming resources and investment gains	1,136	3,154
Investment gains/(losses)	133	(867)
(Increase) / Decrease in Stocks	(208)	111
(Increase) / Decrease in Debtors	595	882
Increase / (Decrease) in Creditors	(585)	2,165
Depreciation	1,031	1,101
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>2,102</b>	<b>6,546</b>
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### 16. Returns On Investment and Servicing Of Finance

	2005 £000	2004 £000
Investment income	-	867
Loan to IBSA	(3,500)	(4,030)
Investment gains	-	289
	<hr/>	<hr/>
	<b>(3,500)</b>	<b>(2,874)</b>
	<hr/>	<hr/>

### 17. Analysis Of Cash Flow From Capital

#### Expenditure In The Cash Flow Statement

	2005 £000	2004 £000
<b>Capital Expenditure And Financial Investment:</b>		
Loan Advances	65	-
Purchase Of Tangible Fixed Assets	(576)	(2,035)
Sale Of Tangible Fixed Assets	189	449
Net outlay on investments	2,279	(2,160)
	<hr/>	<hr/>
	<b>1,957</b>	<b>(3,746)</b>
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