

Company No. 136726
Registered Charity No. 216647

IBSA
2001

**International
Bible Students
Association**

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
Year ended 31st August 2001



INTERNATIONAL BIBLE STUDENTS ASSOCIATION

LEGAL STATUS, OFFICERS AND ADVISERS

31st August 2001

CONSTITUTION

The Association is an unlimited company, without share capital, incorporated in England under the Companies Acts 1908 and 1913 and is a Registered Charity.

DIRECTORS AND TRUSTEES

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

S.A.Hardy *President*
J. S. Andrews *Vice-President*
J. A. Wynn
J. D. Dutton

SECRETARY

Sydney D. Smith

REGISTERED OFFICE

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

PRINCIPAL BANKERS

Barclays Bank plc
Hampstead & Whetstone
Corporate Banking Centre
PO Box 12820
London N20 0WE

AUDITORS

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

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE TRUSTEES

Year ended 31st August 2001

The board of trustees present their report and the financial statements of the Association for the year ended 31st August 2001. The financial statements have been prepared in accordance with current statutory requirements and the company's memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities.

Objects and activities

The object of the Association is to promote the Christian religion, 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 Association. This is achieved mainly by the provision of facilities for the printing and distribution of Bibles and Bible based literature, coupled with the housing of workers engaged in this activity. In addition, religious literature is purchased and distributed free of charge. Conventions for Christian education are arranged on an annual basis.

Governance

The four Trustees of the Association also have key managerial roles at the charity headquarters. They meet every week, and at the same time confer closely with the Trustees of Watch Tower Society of Britain, as the activities of the two charities are closely related. Their decisions are then based on these joint strategy meetings.

Internal controls

These controls ensure that the monthly financial reports accurately represent all transactions; provide reasonable assurance that finances are being used for their intended purpose; verify that proper controls and procedures are in place, and adhered to, so that the figures are recorded accurately and accounts are in balance.

A comprehensive internal audit programme has been devised. The internal auditor (who is a certified accountant) and his assistant, both drawn from the volunteer work-force, have a set agenda to pursue through the year, and will report in writing direct to the Trustees at the end of the year.

Reserves policy

The Association has a reliable donation base, being primarily the 1,400 congregations of Jehovah's Witnesses in the U. K. Hence, we can plan confidently with relatively small reserves, having in mind that we charge Watch Tower Society for the cost of running the HQ Complex, and we respond to the need for funds overseas only after filling our domestic requirements. Our established policy is to ensure that we have on hand, in liquid funds, at least three months working expenditure. At the year end, liquid assets on hand equate to seven months of expenditure, indicating scope for responding to overseas needs as they arise. A programme of Kingdom Hall building in parts of the under-developed world has been announced, and we aim to assist in funding that to the extent possible.

Investment policy

Funds are invested with several major financial institutions, using money market instruments. Donated stocks and shares are managed or sold, according to professional advice on the soundness of the institution and in harmony with our Christian principles.

Relationship with connected charities

The Association works closely with Watch Tower Bible and Tract Society of Britain and The Kingdom Hall Trust. It permits Watch Tower Society to use its facilities for the Society's charitable work and provides accommodation for the volunteers. A service and maintenance charge is made. The Association purchases religious material from the Society and donates these to congregations of Jehovah's Witnesses. The Association makes donations to The Kingdom Hall Trust, enabling it to further its work, primarily in the French speaking world.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE TRUSTEES (Continued)

Year ended 31st August 2001

Risk management

The trustees are engaged in the process of identifying the major risks that apply to the charity and drawing up systems to mitigate and manage major risks. Once a strategy has been formulated a risk register will be maintained. Next year's report will advise on completion of the project and the trustees will be in a position to make the appropriate declaration.

Review of the year and financial position

The financial results of the year's activities are shown on page 5. The direct charitable expenditure included the purchase of Bibles and Bible study aids, from Watch Tower Society of Britain, at a cost of £3,251,732. These were then distributed free, through congregations of Jehovah's Witnesses. The charity was also able to make donations of cash and goods to overseas charities primarily in the developing world totalling £2,463,890 and £2,012,000 to the Kingdom Hall Trust, all of this to assist in the worldwide work of Jehovah's Witnesses, advancing the Christian religion.

The work of the Association continued to increase, because of the need to provide enhanced facilities for Watch Tower Society, due to the demand for its printed matter. Internal alteration and upgrading of the Association's buildings at Watch Tower House and IBSA House has been undertaken, in order to care for the community of workers. This was completed in the spring of 2001.

In October 2001, following a comprehensive review of all the establishments worldwide serving the needs of Jehovah's Witnesses, the decision was taken not to proceed with the relocation of the London premises. Consequently the printing load and factory work will be adjusted by Watch Tower Society to ensure that the facilities we can provide in Britain, will be adequate.

Trustees responsibilities in respect of the preparation of accounts

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

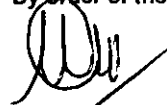
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue to operate.

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

Auditors

A resolution will be proposed at the Annual General Meeting that Calcutt Matthews, Chartered Accountants, be re-appointed as auditors to the charity for the ensuing year.

By order of the Trustees



S. D. SMITH
Secretary

January 2002

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

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE AUDITORS

Year ended 31st August 2001

Report of the auditors to the members of the International Bible Students Association

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the accounting policies set out on page 8.

Respective responsibilities of trustees and auditors

As described on page 3 the trustees are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of 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 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 circumstances of the charity, 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 affairs of the charity at 31st August 2001 and of the incoming resources and resources expended, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Calcutt Matthews
Charities Unit
Chartered Accountants
Registered Auditors

January 2002

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES (Including income & Expenditure Account)

Year ended 31st August 2001

	<i>Notes</i>	2000
INCOMING RESOURCES		
<i>Charitable activities:</i>		
Donations and contributions	6,300,672	7,491,176
Convention donations	540,135	515,219
Legacies	2,180,493	1,063,269
<i>Total income from charitable activities:</i>	9,021,300	9,069,664
<i>Other activities to generate funds:</i>		
Interest and dividends received	316,622	359,742
Service charges made to Watch Tower Society of Britain	2,480,966	2,086,774
Total incoming resources available for charitable application	11,818,888	11,516,180
RESOURCES EXPENDED		
<i>Charitable expenditure:</i>		
Costs of literature	<i>4a</i> 3,251,732	3,280,248
Donations made	<i>4b</i> 4,475,890	5,594,116
<i>Operating and administrative expenses:</i>		
Operating expenditure - charged to Watch Tower Society of Britain	<i>5</i> 1,953,786	1,671,717
Depreciation - part recharged to Watch Tower Society of Britain	<i>7</i> 1,267,928	738,520
Interest payable on connected charity loan	160,150	128,267
Total expenditure	11,109,486	11,412,868
NET INCOMING RESOURCES	709,402	103,312
OTHER RECOGNISED GAINS		
(Loss) on disposal of tangible fixed assets	-85,467	-29,524
(Losses) / gains on quoted investments	-164,102	111,130
Other Gains	15,739	7,499
Donated overseas properties	2,718,918	1,718,750
	2,485,087	1,807,855
NET MOVEMENT OF FUNDS	3,194,490	1,911,167
Fund balances brought forward at 1 September 2000	42,839,607	40,928,440
at 31 August 2001	£46,034,097	£42,839,607

The statement of financial activities includes all gains and losses recognised in the year.

All incoming resources and resources expended derive from continuing activities.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

BALANCE SHEET

31st August 2001

	<i>Notes</i>	2000
FIXED ASSETS		
Tangible assets	7	
Land and buildings	26,344,093	26,978,051
Overseas properties	15,518,818	13,096,994
Plant and machinery	489,260	666,187
Motor vehicles	218,139	209,109
	<hr/>	
		42,570,310
		<hr/>
		40,950,340
Intangible assets		
Copyrights		2,000
		<hr/>
		2,000
Investments		
Quoted investments		445,291
		<hr/>
		507,008
		<hr/>
		43,017,601
		<hr/>
		41,459,348
CURRENT ASSETS		
Stocks on hand	116,818	97,487
Debtors and accrued income	8 2,566,637	1,052,703
Building society and bank deposits	4,853,255	5,239,416
Cash at bank - current accounts	258,376	1,323
Congregation contributions in transit	211,476	152,943
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	8,006,562	6,543,872
CREDITORS: falling due within one year	9 (552,416)	(672,767)
	<hr/>	
NET CURRENT ASSETS		7,454,146
		<hr/>
		5,871,105
CREDITORS: falling due after more than one year	10	4,437,650
		<hr/>
		4,490,845
		<hr/>
TOTAL ASSETS LESS LIABILITIES		£46,034,097
		<hr/>
		£42,839,607
		<hr/>
FUNDS		£46,034,097
		<hr/>
		£42,839,607

Approved by the Trustees and signed on their behalf by:

Stephen A. Hardy

S. A. HARDY
President

S. D. Smith

S. D. SMITH
Secretary

January 2002

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

CASH FLOW STATEMENT

Year ended 31st August 2001

	Notes	2000
Net Cash (outflow) / inflow from operating activities	12	(148,488) 4,874,945
Return on investment and servicing of finance	13	316,622 359,742
Capital expenditure and financial investment	14	(238,710) (5,830,000)
Decrease in cash		<u>(70,576)</u> <u>(595,313)</u>
Reconciliation of Net Cashflow to Movement in Net funds:		
Decrease in cash in the year		(70,576) (595,313)
Cash at 1 September 2000		5,393,682 5,988,995
CASH AT 31 AUGUST 2001		<u>£5,323,107</u> <u>£5,393,682</u>
Cash and deposits repayable on demand:		
Building society and bank deposits		4,853,255 5,239,416
Cash at bank		258,376 1,323
Cash and cash in transit		211,476 152,943
		<u>£5,323,107</u> <u>£5,393,682</u>

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2001

1. STATUS OF THE ASSOCIATION

The Association is an unlimited company without share capital, incorporated under the Companies Acts 1908 and 1913 (No.136726) and is a Registered Charity (No.216647).

2. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) issued in October 2000, applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

a) *Donations and interest receivable*

Income from donations and interest is included as it is receivable. If the donor specifies that monies are to be used for specific purposes this income is included in a restricted fund.

b) *Depreciation* is provided on fixed assets to write off the cost over the following periods:-

Land	No depreciation
Freehold and overseas properties	50 years
Leasehold property	15 years
Machinery, equipment and fixtures	7 - 10 years
Computers	3 years

c) *Incoming resources* are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

d) *Resources expended* are included in the Statement of Financial Activities on an accruals basis.

e) *Stock* is included at the lower of cost or net realisable value.

3. PERSONNEL

a) The Association has no employees but engages only voluntary workers, providing them with free board, lodging and an allowance for personal and other expenses. During the year there was an average of 458 (417 in 2000) persons engaged. The trustees received no payments or re-imbursments in their capacity as trustees.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2001

2000

4a. COSTS OF LITERATURE AND CONVENTIONS

Cost of Bible literature for public distribution	2,901,250	3,033,127
Christian education convention costs	350,482	247,121
	<u>3,251,732</u>	<u>£3,280,248</u>

4b. DONATIONS MADE

Donations to The Kingdom Hall Trust	2,012,000	2,108,090
Donated to overseas branches for Christian work*	2,463,890	3,228,277
Donation to Watch Tower Society of Britain	-	257,750
	<u>4,475,890</u>	<u>£5,594,116</u>

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

5. OPERATING EXPENDITURE

Cost of services charged to Watch Tower Society:

Allowances to personnel	620,349	512,477
Dining room and kitchen supplies	332,994	241,310
Accommodation expenses	146,191	101,257
Staff shop net (income)	-1,050	-985
Farm supplies	34,683	55,801
Electricity, fuel and water	336,130	308,784
Property costs, general and vehicle maintenance	347,426	355,307
Property rents and taxes	53,615	64,781
Professional charges	83,448	32,985
	<u>£1,953,786</u>	<u>£1,671,717</u>

Services charges also include a charge of part of the depreciation incurred on relevant assets.

6. AUDITORS REMUNERATION

Professional charges include		
auditors remuneration of	£5,700	£5,700
Other services provided by external auditors	£450	-
	<u>£6,150</u>	<u>£5,700</u>

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2001

7. FIXED ASSETS	Land and buildings	Overseas property	Plant and machinery	Motor vehicles	TOTAL
Cost or valuation					
At 1st Sept 2000	29,832,048	13,298,026	1,233,611	278,109	44,641,794
Additions	233,731		89,079	43,450	366,260
Donated		2,802,787			2,802,787
Disposals and w/o	(59,650)	(85,525)	(298,608)	(12,480)	(456,263)
At 31st Aug 2001	30,006,129	16,015,288	1,024,082	309,079	47,354,578
Depreciation					
At 1st Sept 2000	2,853,997	201,032	567,424	69,000	2,962,879
Charge for the year	808,039	297,094	130,169	32,626	1,267,928
Disposals and w/o		(1,656)	(162,771)	(10,686)	(175,113)
At 31st Aug 2001	3,662,036	496,470	534,822	90,940	4,784,268
Book values					
At 31st Aug 2000	26,978,051	13,096,994	666,187	209,109	40,950,341
At 31st Aug 2001	26,344,093	15,518,818	489,260	218,139	42,570,310

The net book values of U.K. land and buildings comprise freehold properties at £26,147,265 and leasehold property with a right to purchase, at £196,828. The Association's interests in land and buildings situated in Britain had been valued at £42,681,000.

The Association's policy is to carry all assets at historical cost, except for inherited assets which are included on the balance sheet at a valuation existing at 1 September 1999 when IBSA implemented FRS 15 for the first time.

8. DEBTORS AND ACCRUED INCOME	2000	
Service charges receivable	258,934	176,476
Income Tax reclaimable	6,002	9,105
Convention donations receivable	3,129	7,250
Legacies receivable	1,890,675	415,000
Bank interest receivable	130,069	145,631
Amount due from associated charities	184,050	184,050
Other Loans	93,778	98,668
Sundry amounts receivable and payments in advance	-	16,522
	£2,566,637	£1,052,703

9. CREDITORS amounts falling due within one year	2000	
General suppliers	105,672	58,320
National convention expenses	-	20,309
Due to Watch Tower Society for literature	196,425	246,436
Other amounts due to Watch Tower Society	107,775	-
V.A.T. payable	19,521	74,776
Accrued expenses	68,562	224,125
Unsecured loan notes	975	975
Sundry creditors	53,486	47,826
	£552,416	£672,767

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 2001

2000

10 CREDITORS: amounts falling due after more than one year

Loan from connected charity	4,437,650	4,490,845
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The above loan was received from the Watch Tower Society of Britain and is secured by promissory notes. The trustees of this charity have given an undertaking that they will not draw on this loan without one year's notice.

11 TRANSACTIONS WITH TRUSTEES AND CONNECTED CHARITIES

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

The Association has close connections with Watch Tower Bible and Tract Society of Britain (Watch Tower Society) and The Kingdom Hall Trust. The registered office of the Watch Tower Society and the registered office of The Kingdom Hall Trust are at the registered office of the Association. These charities have common or related objectives.

The Association purchases literature from Watch Tower Bible & Tract Society of Britain. It charges Watch Tower Society for the cost of living accommodation and providing facilities for The Society to carry on its activities.

12 RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

2000

Surplus on continuing operations after depreciation	709,402	103,312
Depreciation	1,267,928	738,520
(Increase)/ Decrease in Stocks	(19,331)	19,373
(Increase) in Debtors	(1,513,934)	(347,250)
(Decrease)/ Increase in Creditors	(173,545)	4,952,194
Donated intangibles and securities	(102,385)	(231,462)
Interest receivable	(316,622)	(359,742)
Net cash (outflow) / inflow from operating activities	(148,488)	4,874,945

13 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Income from investments and interest received	316,622	359,742
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14 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(370,739)	(6,728,134)
Sale of tangible fixed assets	132,029	898,134
	(238,710)	(5,830,000)

We hereby certify this is a true copy of the
Balance Sheet and Accounts of International
Bible Students Association, adopted at the
Annual General Meeting of the Association on
February 15, 2002.

S.A. Hardy
President

S.D. Smith
Secretary