

Company No. 136726
Registered Charity No. 216647

IBSA

1999

**International
Bible Students
Association**

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

ANNUAL REPORT AND ACCOUNTS

Year ended 31st August 1999



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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

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Year ended 31st August 1999

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INTERNATIONAL BIBLE STUDENTS ASSOCIATION

LEGAL STATUS, OFFICERS AND ADVISERS

31st August 1999

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 COUNCIL MEMBERS

S.A.Hardy *President*
J. S. Andrews *Vice-President*
M. G. Henschel (Resigned 3/11/99)
L. A. Swingle (Resigned 3/11/99)
J. A. Wynn
J. D. Dutton (Appointed 3/11/99)

SECRETARY / TREASURER

Sydney D. Smith

REGISTERED OFFICE

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

PRINCIPAL BANKERS

The Royal Bank of Scotland PLC
97 New Bond Street
London
England W1Y 0EU

AUDITORS

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

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE COUNCIL

Year ended 31st August 1999

The members of the Council present their report and the financial statements of the Association for the year ended 31st August 1999. The financial statements have been prepared in accordance with UK statutory requirements and the company's memorandum and articles.

Activities

The principal activities of the Association are the provision of facilities for the printing and distribution of Bibles and Bible based literature, the housing of workers engaged in this activity and the promotion of the Christian religion by holding conventions for Christian education. The activities also include giving support to congregations of Jehovah's Witnesses and to others in connection with their spiritual and material welfare, in Britain and abroad, within the charitable purposes of the Association.

Review of the year and financial position

The financial results of the year's activities are shown on pages 5 and 8 of the financial statements. The direct charitable expenditure included the purchase of literature for public distribution of £3,387,561. The charity was also able to make donations of cash and goods to overseas charities totaling £1,664,752 and £1,686,398 to The Kingdom Hall Trust, primarily to assist in the world wide work of Jehovah's Witnesses.

This year has seen a large increase in the work of the Association. At the beginning of the year under review, preparations had to be made to provide extra facilities for Watch Tower Society, following the decision to take on printing of religious magazines for the French speaking world. Initially some 50 volunteers arrived from France. As the work increased still more, doubling the printing output, the Association found it necessary to acquire further residential accommodation as shown in the accounts. Domestic facilities were enlarged at Watch Tower House, primarily a conservatory adjacent to the dining room.

A decision has been made to seek suitable property in order to entirely relocate, in view of the restrictions on the present site. Reserves are being kept in hand with this in prospect. Watch Tower Society would move with us of course, and we have an undertaking from them, made possible by their worldwide connections, that they will underwrite our relocation costs, having in mind that we will not realise the value in our present properties until we are fully located elsewhere.

Reserves

The trustees have considered the annual budget for 1999/00. Provision was made in co-operation with Watch Tower Society to finance the balance due on Harrogate Court, £2,153,000, and plans were made to cover the further purchase of Whitby Court for £3,683,000. Subsequently, a scheme was formulated to move departments and facilities around within Watch Tower House and IBSA House to cope with expanding needs in the medium term, this being costed now at £560,000. The trustees are of the opinion that the charity has sufficient reserves to meet its current requirements, it however, remains heavily dependent on donations for its future activity.

Funds

The charity has since 1983 held a restricted fund referred to as the William J Davidson fund. Note 10 to the accounts explains that during the year application to the executors of the estate was made for the winding up of the fund. On receipt of permission from the executors, in March 1999, these funds were merged with the general fund. The trustees confirm that all assets of the general fund are available and free from charge.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE COUNCIL (continued)

Year ended 31st August 1999

Relationship with connected charities

The Association works closely with Watch Tower Bible and Tract Society of Pennsylvania Britain Branch (now Watch Tower Bible and Tract Society of Britain), and The Kingdom Hall Trust. It permits Watch Tower Society to use its premises for the Society's charitable work and provides accommodation for the Watch Tower volunteers. An "at cost" 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.

Health and safety and the environment

The Association has a continuing commitment to health and safety and environmental issues. It has a department with the specific assignment to ensure that good working practices are implemented and constantly monitored and that there is compliance with all applicable laws and regulations.

Council Members

The Council members, who are the directors and trustees, have all served throughout the financial year, with the exception of J D Dutton and are as follows:-

J. S. Andrews
S.A. Hardy
M. G. Henschel (resigned 3/11/99)
L. A. Swingle (resigned 3/11/99)
J. A. Wynn
J. D. Dutton (appointed 3/11/99)

Auditors

During the year, Calcutt Matthews, Chartered Accountants, were appointed as the Association's auditors and a resolution for their re-appointment will be considered at the annual general meeting.

By order of the Council



S. D. SMITH
Secretary and Treasurer

22 February 2000

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

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

COUNCIL MEMBERS' RESPONSIBILITIES STATEMENT

Year ended 31st August 1999

Council members' responsibilities in respect of the preparation of accounts

Company law requires the directors/trustees of a charity to prepare financial statements each financial year which give a true and fair view of its incoming resources and application of resources for the year and of the state of affairs of the charity at the end of the year. In preparing those financial statements the directors/trustees should follow best practice and

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Take account of expenses and income relating to the period being reported on, whether or not they have been paid or received in that period; and

Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Association will continue to operate.

The Council members believe that the financial statements comply with these requirements, have been prepared in accord with "Accounting by Charities - Statement of Recommended Practice" (SORP) and comply with the Companies Act 1985.

The Council members are responsible for maintaining proper accounting records which disclose the financial position of the Association and which ensure that the financial statements comply with statutory requirements. They are also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

REPORT OF THE AUDITORS

Year ended 31st August 1999

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

We have audited the accounts on pages 5 to 13 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of council members and auditors

The Council members, who are the trustees and directors of the Association, are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

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 accounts. It also includes assessment of the significant estimates and judgements made by the council members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association'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 accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Association at 31st August 1999 and of the movement of funds, including the income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Calcutt Matthews

Calcutt Matthews
Charities Unit
Chartered Accountants
Registered Auditors

22 February 2000

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31st August 1999

1998

	<i>Notes</i>	General fund	Restricted fund (Note 10)	Total funds	<i>Total funds</i>
INCOMING RESOURCES					
Donations and contributions		7,308,504	-	7,308,504	5,950,156
Convention donations		545,844	-	545,844	704,160
Legacies		262,521	-	262,521	332,147
		<hr/>		<hr/>	
Total voluntary income		8,116,869	-	8,116,869	6,986,463
Rents received		-	-	-	7,020
Interest and dividends received		357,900	2,621	360,521	393,584
Mortgage interest received		-	7,546	7,546	8,490
Service charges made to Watch Tower		1,806,016	-	1,806,016	1,252,168
		<hr/>		<hr/>	
Total incoming resources		10,280,785	10,167	10,290,952	8,647,725
RESOURCES EXPENDED					
Direct charitable expenditure	(Note 4)	7,573,791	-	7,573,791	6,844,878
Operating expenditure - charged to Watch Tower Society	(Note 5)	1,730,116	-	1,730,116	1,142,208
Depreciation of fixed assets	(Note 7)	492,987	-	492,987	435,808
		<hr/>		<hr/>	
Total operating expenditure		9,796,894	-	9,796,894	8,422,894
NET INCOMING RESOURCES					
		483,891	10,167	494,058	224,831
OTHER RECOGNISED GAINS					
Realised (loss)/gain on sale of freehold properties		(27,388)	-	(27,388)	280,679
Unrealised gains on stocks and shares		96,359	-	96,359	12,543
Donated overseas properties	(Note 14)	10,091,054	-	10,091,054	
		<hr/>		<hr/>	
		10,160,025	-	10,160,025	293,222
NET MOVEMENT OF FUNDS					
		10,643,916	10,167	10,654,083	518,053
Fund balances brought forward at 1 September 1998		30,061,458	212,899	30,274,357	29,756,304
Transfer to close fund	(Note 10)	223,066	(223,066)	-	-
		<hr/>		<hr/>	
at 31 August 1999		£40,928,440	£Nil	£40,928,440	£30,274,357

All of the Association's activities derive from continuing operations.
The notes on pages 9 to 13 form part of these accounts.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

BALANCE SHEET

31st August 1999

1998

	<i>Notes</i>		
FIXED ASSETS			
Tangible assets	(Note 7)		
Land and buildings		33,464,811	22,093,025
Fixtures and fittings		37,315	199,639
Plant and machinery		498,042	198,381
Motor vehicles		131,534	66,163
Convention equipment		8,408	61,112
		<u>34,140,110</u>	<u>22,618,320</u>
Intangible assets			
Copyrights		2,000	-
		<u>2,000</u>	<u>-</u>
Investments			
Quoted investments		275,546	155,107
Congregation hall mortgages		-	149,328
		<u>275,546</u>	<u>304,435</u>
		<u>34,417,656</u>	<u>22,922,755</u>
CURRENT ASSETS			
Stocks on hand		116,860	205,514
Debtors and accrued income	(Note 8)	705,453	1,259,393
Building society and bank deposits		5,874,255	6,110,500
Cash at bank - current accounts		14,105	27,167
Congregation contributions in transit		100,635	85,813
		<u>6,811,308</u>	<u>7,688,387</u>
CREDITORS: falling due within one year	(Note 9)	<u>(300,524)</u>	<u>(336,785)</u>
NET CURRENT ASSETS		<u>6,510,784</u>	<u>7,351,602</u>
TOTAL ASSETS LESS LIABILITIES		<u>£40,928,440</u>	<u>£30,274,357</u>
FUNDS			
Unrestricted		40,928,440	30,061,458
Restricted	(Note 10)	-	212,899
		<u>£40,928,440</u>	<u>£30,274,357</u>

Approved by the Council and signed on their behalf by:

Stephen A. Hardy
S. A. HARDY
President

22 February 2000

S. D. Smith
S. D. SMITH
Secretary and Treasurer

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

CASH FLOW STATEMENT

Year ended 31st August 1999

1998

	<i>Notes</i>		
Net Cash inflow / (outflow) from operating activities	(Note 14)	1,354,242	(278,908)
Return on investment and servicing of finance	(Note 15)	361,575	409,094
Capital expenditure and financial investment	(Note 16)	(1,950,302)	588,389
		<u> </u>	<u> </u>
(Decrease) / Increase in cash		(234,485)	718,575
 Reconciliation of Net Cashflow to Movement in Net funds			
Increase in cash in the year		(234,485)	
Cash at 1 September 1998		<u>6,223,480</u>	
CASH AT 31 AUGUST 1999		<u>£5,988,995</u>	
 Cash and deposits repayable on demand			
Building society and bank deposits		5,874,255	6,110,500
Cash at bank		14,105	27,167
Cash and cash in transit		100,635	85,813
		<u> </u>	<u> </u>
		£5,988,995	£6,223,480

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT

Year ended 31st August 1999

1998

*Notes***GROSS INCOME**

Donations, contributions and legacies	7,634,049	6,986,463
Income from investments	357,900	409,094
Service charges to Watch Tower Society	1,806,016	1,252,168
Total income	9,797,965	8,647,725

EXPENDITURE

Direct charitable expenditure	(Note 4)	7,573,791	6,844,878
Cost of service charges	(Note 5)	1,237,129	1,142,208
Depreciation of fixed assets	(Note 7)	492,987	435,808
		9,303,907	8,422,894

OPERATING SURPLUS FOR THE YEAR

494,058	224,831
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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Surplus on continuing operations after depreciation of assets	494,058	224,831
Realised (loss)/gain on disposal of freehold properties	(27,388)	280,679
Unrealised gains on securities	96,359	12,543
Donated freehold property	(Note 13)	10,091,054
SURPLUS FOR THE YEAR	10,654,083	518,053
All funds at 1 September 1998	30,274,357	29,756,304
At 31 August 1999	£40,928,440	£30,274,357

All of the Association's operations are classed as continuing.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 1999

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).

The Association has close connections with Watch Tower Bible and Tract Society (Watch Tower Society) and The Kingdom Hall Trust. The branch address in Britain of 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.

2. ACCOUNTING POLICIES

a) The accounts are prepared under the historical cost convention as modified by the revaluation of quoted investments.

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

Land	No depreciation
Freehold properties and developments	50 years
Leasehold property	15 years
Other fixed assets	7 - 10 years

c) The Convention costs (Note 4) do not include a charge for depreciation of convention equipment as this is included in the overall provision for depreciation of fixed assets.

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 378 (286 in 1998) persons engaged.

b) All personnel, including the Members of the Council, are paid on the same basis. Those engaged in the usual work of the Association are required to live in the Association's premises. The total cash allowances, expenses payments and value of board and lodging did not exceed £3,000 (1998 £3,000) during the year for any one person.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 1999

1998

4. DIRECT CHARITABLE EXPENDITURE

Cost of literature for public distribution	3,387,561	3,020,200
Donations to The Kingdom Hall Trust	1,686,398	1,283,131
Cash and goods donated to overseas branches	1,664,752	2,194,633
Donation to Watch Tower Society	591,620	33,705
Convention costs	243,460	313,209
	<u>£7,573,791</u>	<u>£6,844,878</u>

5. OPERATING EXPENDITURE**Cost of services charged to Watch Tower Society**

Allowances to personnel	449,970	354,313
Dining room and kitchen supplies	282,821	245,420
Accommodation expenses	79,435	72,266
Staff shop net income	(973)	(3,183)
Farm supplies	61,237	84,510
Electricity, fuel and water	268,338	200,644
Property costs and maintenance	508,135	128,860
Property rents and taxes	65,005	29,367
Professional charges	16,148	30,011
	<u>£1,730,116</u>	<u>£1,142,208</u>
Charge		
Less: depreciation	(£492,987)	-
	<u>1,237,129</u>	<u>1,142,208</u>
To page 8:		

6. AUDITORS REMUNERATION

Professional charges include		
auditors remuneration of	<u>£5,500</u>	<u>£3,250</u>

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 1999

7. FIXED ASSETS	Land and buildings	Fixtures and fittings	Plant and machinery	Motor vehicles	Convention equipment	TOTAL
Cost or valuation						
At 31st Aug 1998	24,192,104	523,612	674,981	102,438	155,001	25,648,136
Additions	2,224,586	40,575	75,067	83,759	8,585	2,432,572
Donated*	10,091,054					
Disposals and w/o Transfers	(611,000)	(516,222)	(292,034)	(10,738)	(155,001)	(1,068,773)
At 31st Aug 1999	35,896,744	47,965	974,236	175,459	8,585	37,102,989
Depreciation						
At 31st Aug 1998	2,099,079	323,973	476,600	36,275	93,889	3,029,816
Charge for the year	396,470	4,605	70,174	21,561	177	492,987
Disposals and w/o	(63,616)	(317,928)	(70,580)	(13,911)	(93,889)	(559,924)
At 31st Aug 1999	2,431,933	10,650	476,194	43,925	177	2,962,879
Book values						
At 31st Aug 1998	22,093,025	199,639	198,381	66,163	61,112	22,618,320
At 31st Aug 1999	33,464,811	37,315	498,042	131,534	8,408	34,140,110

The net book values of land and buildings comprise freehold properties at £23,156,293 and leasehold property with a right to purchase, at £217,464. The Association's interests in land and buildings situated in Britain had been valued at £25,415,000.

No tangible fixed assets are held for investment purposes.

*The charity has changed its accounting policy (Note 13) to recognise freehold properties donated by overseas co-operating charities.

8. DEBTORS AND ACCRUED INCOME	1998	1998
Service charges receivable	150,966	152,290
Income Tax reclaimable	8,907	35,293
Value Added Tax reclaimable	-	4,941
Convention donations receivable	33,121	6,517
Legacies receivable	208,475	400,155
Bank interest receivable	108,535	52,734
Balance receivable on disposal of freehold property	-	223,377
Advance deposit paid on purchase of freehold property	-	190,750
Amount due from associated charities	184,050	185,591
Sundry amounts receivable and payments in advance	11,399	7,745
	<u>£705,453</u>	<u>£1,259,393</u>

9. CREDITORS amounts falling due within one year	1998	1998
General suppliers	46,785	154,394
International convention expenses	-	21,029
Due to Watch Tower Society for literature	186,092	123,757
V.A.T. payable	17,077	4,685
Accrued expenses	35,673	31,945
Unsecured loan notes	975	975
Sundry creditors	13,922	-
	<u>£300,524</u>	<u>£336,785</u>

NOTES TO THE ACCOUNTS

Year ended 31st August 1999

10. RESTRICTED FUND

1998

A bequest was made to the Association for the benefit of congregations in Scotland. So that many congregations might benefit on a continuing basis, the fund has been used to finance, on mortgage, Kingdom Halls owned by Scottish congregations with the balance being invested with the general funds. However, during the year an application was made to the executors of the Estate of the benefactor, to vary this bequest and allow funds to be merged with general funds. Before the year end, these funds had been donated to a connected charity - Watch Tower Bible and Tract Society of Pennsylvania - Britain Branch.

The movement of the fund therefore during the year was as follows:-

Opening balance	212,899	200,734
Mortgage interest received	7,546	8,490
Investment income received	2,621	3,675
	<hr/>	<hr/>
Transferred to General fund (Page 5)	£223,066	-
	<hr/>	<hr/>
Closing balance	-	212,899
	<hr/>	<hr/>
Employment of fund at 31 August 1999		
Congregation mortgages	-	149,328
Funds retained for future use	-	63,571
	<hr/>	<hr/>
Accumulated value of fund, as above	£Nil	£212,899
	<hr/>	<hr/>

11. CAPITAL COMMITMENTS

Capital commitments entered into:

To provide additional accommodation for personnel at Mill Hill.	£2,153,650	£1,722,480
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12. TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

The trustees confirm that they have not been involved in any transactions with the charity other than as described in note 3b) to these financial statements.

13. CHANGE OF ACCOUNTING POLICY

The charity has received donations of buildings occupied by co-operating charities operating overseas as far back as 1972. The charity has previously had a policy of not capitalising such property. However, in recognition of the SORP para 108, Acc 34.2, the trustees have accepted the need to recognise such assets in the financial statements. All properties acquired have been capitalised and since they are occupied locally for similar charitable purposes these will be amortised over the same existing rates. Where available, these properties have been internally valued in 1999 at local fair market value.

INTERNATIONAL BIBLE STUDENTS ASSOCIATION

NOTES TO THE ACCOUNTS

Year ended 31st August 1999

1998

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

Surplus on continuing operations after depreciation	494,058	224,831
Depreciation	492,987	435,808
(Decrease) in Stocks	88,654	(38,604)
(Decrease) in Debtors	553,940	(469,961)
Decrease in Creditors	(36,261)	4,130
Donated intangibles and securities	122,439	(15,510)
Interest receivable	(361,575)	(393,584)
Decrease in Mortgage lending	.	(26,018)
	<u>1,354,242</u>	<u>(278,908)</u>
Net cashflow inflow/(outflow) from operating activities		

15 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Income from investments and interest received	<u>361,575</u>	<u>409,094</u>
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16 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(2,432,572)	(156,230)
Sale of tangible fixed assets	482,270	744,569
	<u>(1,950,302)</u>	<u>588,339</u>