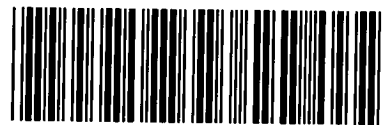


REGISTERED COMPANY NUMBER: 00136726 (England and Wales)
REGISTERED CHARITY NUMBER: 216647
OSCR NUMBER: SCO46866

**Report of the Trustees and
Financial Statements for the Year Ended 31st August 2017
for
International Bible Students Association**

TUESDAY



A07 *A72MMGZD* #48
27/03/2018
COMPANIES HOUSE

International Bible Students Association

**Contents of the Financial Statements
for the Year Ended 31st August 2017**

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International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2017

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st August 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The object of the Association is to promote the Christian religion as practiced by the body of Christians known as Jehovah's Witnesses, 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 has been achieved by:

1. The purchase and distribution of religious literature, free of charge.
2. The arranging of conventions for Bible education.
3. Financially assisting legal entities of Jehovah's Witnesses with similar aims and objectives, both foreign and domestic.
4. Paying expenses for and taking care of living arrangements for some members of the Worldwide Order of Special-full-time Servants of Jehovah's Witnesses (the Order).

The Association facilitates the activities of Jehovah's Witnesses whose aims include assisting individuals to discern how to apply Bible principles in their daily lives. Individuals are taught Godly values, promoting well-being and respect for others, along with such qualities as honesty and kindness.

Some of the criteria used to assess achievements in any given period include the amount of literature distributed, and the number of individuals attending conventions.

Significant activities

The Charity's aim, to facilitate the ongoing activities of Jehovah's Witnesses, remains the same each year. Therefore the short and long term objectives are synonymous with each other. Specific current activities are described in the following paragraphs.

There is an ongoing demand for the religious literature we receive from Watch Tower Bible and Tract Society of Britain, a related charity with similar aims and objectives.

Significant progress has been made in the construction of the new headquarters site near Chelmsford. We expect to move all of the Association's operations to the new site by the end of 2019. At the 31 August 2017 the remaining contractual obligation on this project stood at £75 million.

The Association has begun to progressively sell its property assets in its current location in North London. This will continue for the next few years.

Public benefit

In addition to being a religious entity, the Trustees confirm that they have taken into consideration Charity Commission guidance on public benefit in exercising their powers and duties. This is amply demonstrated in this report and in particular the following:

1. Bible literature we have supplied without charge to congregations of Jehovah's Witnesses in the UK, has been distributed gratis, by those congregations, to interested members of the public in their local communities, in the following quantities: 14,836,474 copies of The Watchtower and Awake! and 23,805,463 other publications including, Bibles and Bible study aids, brochures, tracts and invitations to meetings.
2. Our conventions for Bible education are widely advertised by personal invitations delivered by individual Jehovah's Witnesses to the public nationwide. Admission is free.

Grant making

Our grant making policy is as follows:

From time to time we are asked to consider helping entities of Jehovah's Witnesses, with similar aims and objectives in countries where a need exists. We first consider whether the budget permits. If this is the case we then send the money to the organisation caring for Jehovah's Witnesses in that country. We thereafter obtain reports to confirm the money was properly used.

In 2013 the Association entered into a formal arrangement with a related charity in Germany, Jehovas Zeugen in Deutschland. The agreement allows us to send excess funds for them to use and distribute in accordance with our aims and objectives.

All grants made support the Christian ministry of Jehovah's Witnesses in many countries, assisting with literature needs, disaster relief, the building of places of worship and other requirements of associations of Jehovah's Witnesses who pursue the same aims we do. Charity donors are made aware of the worldwide nature of our work and activities.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2017

OBJECTIVES AND ACTIVITIES

Workers

All who care for the work of the Association are religious ministers who are members of the Worldwide Order of Special-full-time Servants of Jehovah's Witnesses (the Order).

These individuals are not employed and do not receive a salary. Their basic needs are cared for, so that they are able to carry out any task which the Association deems appropriate to assign. Many work to assist individuals and congregations throughout the branch territory, while others help in providing the literature and planning conventions. Others visit congregations and care for assembly halls.

STRATEGIC REPORT

Achievement and performance

Charitable activities

Provision of literature for Bible education

The literature we donate to congregations of Jehovah's Witnesses plays a pivotal role in their Bible teaching activity. This activity reached out to the communities in the area covered by the congregations resulting in families and individuals receiving free instruction in their own homes. Many Bible study courses were provided each month by individual Jehovah's Witnesses throughout the branch territory.

Conventions for Bible education

These summer conventions were again well attended; the total of 157,846 was gratifying. All sessions were open to the public, and there were no charges for admission. Those attending were educated through talks that applied Bible principles to modern day living, video presentations of Bible accounts and the relating of personal experiences.

Financially assisting legal entities of Jehovah's Witnesses

We had adequate funds to be able to respond to all of the requests received for charitable aid, supporting entities with similar aims and objectives. A total value of £8,825,847 was donated during the year, which includes £1,331,793 of non-cash donations. Assistance has also been provided historically by allowing some of these entities to occupy and operate free of charge in properties owned by IBSA overseas.

Over the years, when possible, these properties have been donated to entities within the particular country. In 2017 however the Charity received back into these financial statements some previously donated properties at a net book value of £5,984,407. This was because local entities had not been able to sufficiently assume title for various reasons. These properties are operated and cared for by local entities through appropriate powers of attorney.

Caring for Members of the Order

During the year, the modest living expenses of 878 members of the Order were cared for. This enabled them to concentrate fully on their services to the Association, and carry out assignments during the year as directed by the Association.

Fundraising activities

We do not engage in fundraising activities.

Investment performance

The trustees are satisfied with the results for the year, taking into account interest rates generally. Money is held in first class banks.

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 and verify that proper controls and procedures are in place and adhered to, so that the figures are recorded accurately and accounts are in balance. The internal audit programme has been achieved. The internal auditor and his assistant have a set agenda to pursue through the year and reported again in writing to the Trustees in November 2017. All was found to be in order.

Financial review

Financial position

The Association showed a £6 million surplus on the Statement of Financial Activities (SOFA) at 31 August 2017. This must be considered along with the fact that approximately £25 million was invested in capital expenditure in the period.

Net Assets at the end of the year stood at approximately £121 million. The vast majority of this is made up of tangible assets (with an NBV at historic cost of £125 million) this demonstrates that the Association is continuing to utilise its resources effectively.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2017

STRATEGIC REPORT

Financial review

Principal funding sources

The Association is funded by voluntary donations and legacies. This income supported the Association in achieving all of its key objectives during the year.

Other

The major element of capital additions during the year was the part completed project to build new headquarters in Chelmsford. Cash reserves had been built up to a suitable level in order to finance this acquisition.

Reserves policy

The Association has a reliable donation base, being primarily the resources of Jehovah's Witnesses in the 1,626 congregations of Jehovah's Witnesses in the UK. The Association also works closely with Jehovas Zeugen in Germany, a related charity. These two factors currently guarantee an appropriate level of reserves at any given time, and due to the varying nature and timing of charitable expenditure there is no set amount targeted.

At the year-end current, unrestricted revenue reserves stood at approximately £7,600,000. This currently represents approximately 3 and a half months of expected expenditure, including planned capital expenditure.

The Association responds to the needs for funds overseas only after satisfying our domestic requirements.

Going concern

There are no uncertainties about the Charity continuing as a going concern.

Principal risks and uncertainties

The major risks to which the Association is exposed have been formally reviewed, with particular focus on events that would seriously impede the operations of the Association. Strategic safeguards are in place to reduce, as far as possible, the impact of those risks. The risk register was updated most recently in June 2017.

The principal risks and uncertainties are in the following areas: Health and safety, IT disaster recovery and planning; lack of building fabric maintenance.

Health and Safety

Caring for sizeable facilities and a large group of workers brings with it the risks of accidents either at work or in accommodation.

This risk is mitigated by a rigorous health and safety routine. Experts in this area give constant advice and direction as to how working and living practices can be made safer. The workers are continuously trained in the procedures they should undertake, and how they should carry out their tasks in the safest manner. Documentation is provided as part of their training.

IT disaster recovery and planning

The systems used to achieve aims of the Charity, are completely reliant on IT services. The potential for such services to be damaged or impeded in some way is a serious risk to the operations of the Association. This risk is mitigated by extremely detailed IT backup procedures. Offsite backups are regularly done, with sensitive data being backed up more frequently. Should a physical server be lost, remote servers are kept offsite that can take over and ensure the continued running of operations. In the unlikely event that the network goes down, a strong, robust infrastructure allows for operations to continue uninterrupted.

Lack of building fabric maintenance

Regular repair and maintenance programmes are carried out to a high standard. Experts in relevant areas give training and monitor these areas carefully. Ongoing training and documentation is provided based on appropriate standards and followed by those who have the responsibility for caring for the buildings.

Environmental performance

The Association also monitors its effect on the environment.

Utility usage was monitored during the year. High efficiency boilers implemented in 2016 continue to bring cost and environmental savings.

More than 60 tonnes of garden waste produced each year is composted and used again on our properties. Our wormery consumes 2 to 3 tonnes of food waste each year.

International Bible Students Association

Report of the Trustees for the Year Ended 31st August 2017

STRATEGIC REPORT

Future plans

We anticipate a continuing demand for Bible literature in the year ahead, and we are planning accordingly.

The project to plan and build new headquarters is proceeding well.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity was incorporated on 30th June 1914 and is governed by the Memorandum and Articles of Association of that date as amended by special resolutions on 20th April 1951, 10th January 1958, 28th November 2005, 4th January 2006, 20th February 2014 and 13th April 2016.

Organisational structure

The charity is constituted as a company limited by guarantee.

The Trustees organise the running of the charity through a number of departments. Each department is headed up by a trained and experienced department overseer who will make regular reports to the Trustees. Policy decisions are made by the Trustees. In some cases, a separate committee is given a budget, and can make decisions within the approved budget.

Members Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amounts as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Recruitment, appointment, induction and training of new trustees

The Trustees of the Association who held office during the year, and at the date of this report, are set out below. These trustees have key roles at the charity's headquarters. They meet together each month and are in regular contact from day to day. The Trustees have the power to appoint or remove Trustees by a simple majority vote.

The recruitment and induction of new Trustees is arranged as follows. When necessary, the Trustees review potential candidates, on the basis set out in the Articles of Association. Their abilities and qualifications are evaluated by the Trustees. New Trustees are given training in both operational and financial matters with the aid of the existing trustees and relevant documentation and guidance provided by the Charity Commission.

Wider network

Charities with similar objects exist in many countries around the world. Cooperation with these charities facilitates an efficient and economic use of resources, and helps the Association to meet its stated objectives.

The Association reviews policies, procedures and guidelines used by entities of Jehovah's Witnesses globally with similar aims and objectives and, where applicable, seeks to implement them.

Close ties have also been maintained with Jehovas Zeugen in Deutschland (Jehovah's Witnesses in Germany).

Related parties

The Association works closely with Watch Tower Bible and Tract Society of Britain (Watch Tower). It provided serviced facilities for Watch Tower to use in its charitable activities. It also works closely with the Kingdom Hall Trust, which shares the same registered office.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00136726 (England and Wales)

Registered Charity number

216647

OSCR Number

SC046866

Registered office

IBSA House
The Ridgeway
London
NW7 1RN

International Bible Students Association

**Report of the Trustees
for the Year Ended 31st August 2017**

Trustees

S Papps
P S Gillies
K Snaith
I Darby
P Buttner - resigned 10.7.17
J Manley - appointed 30.11.17

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Calcutt Matthews Ltd
Chartered Accountants and Statutory Auditor
19 North Street
Ashford
Kent
TN24 8LF

Bankers

Barclays Corporate North London Team
1-2 Trinity Way
Chingford
London
E4 8TD

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of International Bible Students Association for the purposes of company law) are responsible for preparing the Report of the Trustees, including the Strategic Report, and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ~~FEBRUARY 22, 2018~~ and signed on the board's behalf by:


.....
S Papps - Trustee

Report of the Independent Auditors to the Members of International Bible Students Association

Opinion

We have audited the financial statements of International Bible Students Association (the 'charitable company') for the year ended 31st August 2017 on pages eight to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees incorporating the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Report of the Independent Auditors to the Members of International Bible Students Association

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page five, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Nicholas Mark Hume

Nicholas Mark Hume
For and on behalf of
Calcutt Matthews
Chartered Accountants
Statutory Auditors
19 North Street
Ashford
Kent, TN24 8JR
England

22 February 2018



International Bible Students Association

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2017**

| | Notes | Unrestricted fund £ | Restricted fund £ | 2017 Total funds £ | 2016 Total funds £ |
|----------------------------------------------|-------|---------------------------|-------------------------|---------------------------|---------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 2 | 26,307,869 | 1,265,173 | 27,573,042 | 42,980,618 |
| Investment income | 3 | 35,266 | - | 35,266 | 9,574 |
| Other income | | <u>1,983,077</u> | <u>-</u> | <u>1,983,077</u> | <u>19,485</u> |
| Total | | 28,326,212 | 1,265,173 | 29,591,385 | 43,009,677 |
| EXPENDITURE ON | | | | | |
| Charitable activities | 4 | | | | |
| Provision of literature for Bible education | | 7,470,836 | - | 7,470,836 | 7,536,161 |
| Provision of conventions for Bible education | | 1,386,009 | - | 1,386,009 | 1,109,120 |
| Donations and aid | | 8,825,847 | - | 8,825,847 | 3,090,733 |
| Caring for members of the Order | | <u>5,641,369</u> | <u>-</u> | <u>5,641,369</u> | <u>6,943,143</u> |
| Total | | 23,324,061 | - | 23,324,061 | 18,679,157 |
| Net gains/(losses) on investments | | <u>674</u> | <u>-</u> | <u>674</u> | <u>2,582</u> |
| NET INCOME | | 5,002,825 | 1,265,173 | 6,267,998 | 24,333,102 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 115,503,130 | - | 115,503,130 | 91,170,028 |
| TOTAL FUNDS CARRIED FORWARD | | <u>120,505,955</u> | <u>1,265,173</u> | <u>121,771,128</u> | <u>115,503,130</u> |

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

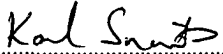
The notes form part of these financial statements

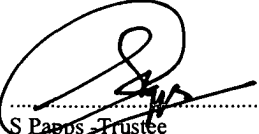
International Bible Students Association

**Balance Sheet
At 31st August 2017**

| | Notes | Unrestricted fund £ | Restricted fund £ | 2017 Total funds £ | 2016 Total funds £ |
|----------------------------------------------|-------|------------------------|----------------------|--------------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | 124,340,520 | 1,265,173 | 125,605,693 | 105,222,012 |
| CURRENT ASSETS | | | | | |
| Stocks | 10 | 222,102 | - | 222,102 | 228,500 |
| Debtors | 11 | 1,910,501 | - | 1,910,501 | 5,392,479 |
| Investments | 12 | 368 | - | 368 | 6,605 |
| Cash at bank and in hand | | <u>8,889,972</u> | <u>-</u> | <u>8,889,972</u> | <u>9,888,890</u> |
| | | 11,022,943 | - | 11,022,943 | 15,516,474 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>(3,362,883)</u> | <u>-</u> | <u>(3,362,883)</u> | <u>(2,307,475)</u> |
| NET CURRENT ASSETS | | <u>7,660,060</u> | <u>-</u> | <u>7,660,060</u> | <u>13,208,999</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 132,000,580 | 1,265,173 | 133,265,753 | 118,431,011 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 14 | <u>(11,494,625)</u> | <u>-</u> | <u>(11,494,625)</u> | <u>(2,927,881)</u> |
| NET ASSETS | | <u>120,505,955</u> | <u>1,265,173</u> | <u>121,771,128</u> | <u>115,503,130</u> |
| FUNDS | | | | | |
| Unrestricted funds | 16 | | | 120,505,955 | 115,503,130 |
| Restricted funds | | | | <u>1,265,173</u> | <u>-</u> |
| TOTAL FUNDS | | | | <u>121,771,128</u> | <u>115,503,130</u> |

The financial statements were approved by the Board of Trustees on FEBRUARY 22, 2018 and were signed on its behalf by:


K Snaithe - Trustee


S Papps - Trustee

The notes form part of these financial statements

International Bible Students Association

**Cash Flow Statement
for the Year Ended 31st August 2017**

| | Notes | 2017 £ | 2016 £ |
|---------------------------------------------------------------------------|-------|---------------------|---------------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 19 | <u>19,971,643</u> | <u>21,037,856</u> |
| Net cash provided by (used in) operating activities | | <u>19,971,643</u> | <u>21,037,856</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (25,459,469) | (12,929,151) |
| Sale of tangible fixed assets | | 4,441,950 | 92,330 |
| Sale of fixed asset investments | | 11,692 | 20,517 |
| Interest received | | <u>35,266</u> | <u>9,574</u> |
| Net cash provided by (used in) investing activities | | <u>(20,970,561)</u> | <u>(12,806,730)</u> |
| Change in cash and cash equivalents in the reporting period | | | |
| | | (998,918) | 8,231,126 |
| Cash and cash equivalents at the beginning of the reporting period | | <u>9,888,890</u> | <u>1,657,764</u> |
| Cash and cash equivalents at the end of the reporting period | | <u>8,889,972</u> | <u>9,888,890</u> |

The notes form part of these financial statements

International Bible Students Association

Notes to the Financial Statements for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, a company limited by guarantee, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015)', Financial Reporting Standard 102' The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention or transaction value, unless stated in the relevant accounting policy note(s).

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported value of assets, liabilities, income and expenditure. The nature of estimation and judgement means that actual outcomes could differ from expectation. A significant area of estimation and judgement is when support costs have been allocated to activity on a basis consistent with their use of resources.

Income

All income, whether in the form of donations, or legacies is recognised in the Statement of Financial Activities once the Association has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations in the form of assets are generally included at fair value. Where obtaining a fair value is not practical or beneficial, the value provided by the donor may be used.

For legacies, entitlement is taken as the earlier of the date on which either: the Association is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Association has been notified of the executor's intention to make a distribution.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Association to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated as described in the following paragraphs.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of costs

Where a cost is incurred for the purpose of directly achieving one of the Charitable aims it is allocated to that particular aim.

Some costs do not relate to one particular aim, but support all of the aims of the Association. When this is the case the support cost is apportioned to the activity based on the proportion of direct costs it incurs. This does not include the donations activity as minimal support costs are incurred in this activity. This is a change to previous periods, where numbers of FTE workers were used as an allocation method. A comparison of the results of both approaches found that support costs reported extremely similarly. Therefore a direct cost proportion approach was deemed more appropriate.

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2017**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Fixed assets are valued at cost less depreciation. Assets costing less than £3,000 are not capitalised. Depreciation is provided at the following annual rates in order to write each asset down to its residual value over its estimated useful life:

| | | |
|--------------------------------------|---|-----------------|
| Freehold land | - | Not depreciated |
| Buildings | - | 2% on cost |
| Plant and machinery | - | 10% on cost |
| Motor vehicles | - | 20% on cost |
| Assets in the course of construction | - | Not depreciated |
| Fixtures and fittings | - | 20% on cost |
| Computer Equipment | - | 33% on cost |

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

Stocks

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

Taxation

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

Fund accounting

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

Foreign currencies

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

Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Donated goods

Donated goods are recognised as income when the Association has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Association of the item is probable and that economic benefit can be measured reliably.

International Bible Students Association

Notes to the Financial Statements - continued for the Year Ended 31st August 2017

1. ACCOUNTING POLICIES - continued

Investments

Investments are included in the balance sheet at market value.

Other recognised gains and losses

These comprise unrealised and realised gains and losses on investments. Unrealised gains and losses represent the difference between the market value brought forward (or cost, for assets bought within this financial year) and the market value at the balance sheet date. Realised gains and losses represent the difference between sales proceeds and market value brought forward (or cost, for assets bought within this financial year.)

Grants payable

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

Irrecoverable VAT

Irrecoverable VAT is included in the relevant cost headings on the face of the Statement of Financial Activities and is not shown as a separate item.

Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Debtors

Debtors are recognised at the total amount due to the Association. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes current and deposit accounts as well as trivial amounts of petty cash.

Creditors

Creditors are recognised where the Association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The Association has only basic financial assets and liabilities. These are initially recognised at transaction value and subsequently measured at their settlement value if there is any variance. If any are for a period longer than twelve months these are amortised when appropriate.

Going Concern

The Trustees consider the Association a going concern and have no material uncertainties in this regard. A strong balance sheet position and consistent income base contribute to this conclusion.

2. DONATIONS AND LEGACIES

| | 2017 | 2016 |
|--------------------|-------------------|-------------------|
| | £ | £ |
| Legacies | 3,476,012 | 1,195,869 |
| Grants | 146 | 2,600,000 |
| Non-cash donations | 6,237,429 | - |
| Cash donations | 17,822,326 | 39,184,749 |
| Other Income | 37,129 | - |
| | <u>27,573,042</u> | <u>42,980,618</u> |

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2017**

3. INVESTMENT INCOME

| | 2017 £ | 2016 £ |
|---------------------------------|---------------|--------------|
| Deposit account interest | 34,859 | 8,327 |
| Current asset investment income | <u>407</u> | <u>1,247</u> |
| | <u>35,266</u> | <u>9,574</u> |

4. CHARITABLE ACTIVITIES COSTS

| | Direct costs £ | Grant funding of activities (See note 5) £ | Support costs (See note 6) £ | Totals £ |
|----------------------------------------------|-------------------|-----------------------------------------------------|------------------------------------|-------------------|
| Provision of literature for Bible education | 6,632,301 | - | 838,535 | 7,470,836 |
| Provision of conventions for Bible education | 1,230,442 | - | 155,567 | 1,386,009 |
| Donations and aid | 1,331,793 | 7,494,054 | - | 8,825,847 |
| Caring for members of the Order | <u>4,880,046</u> | <u>-</u> | <u>761,323</u> | <u>5,641,369</u> |
| | <u>14,074,582</u> | <u>7,494,054</u> | <u>1,755,425</u> | <u>23,324,061</u> |

5. GRANTS PAYABLE

| | 2017 £ | 2016 £ |
|-------------------|------------------|------------------|
| Donations and aid | <u>7,494,054</u> | <u>2,815,598</u> |

During the year, grants were paid by the Charity to assist institutions with congruous objectives can be analysed as follows:

By continent:

| | Cash £ |
|---------------|------------------|
| Europe | 7,143,443 |
| Oceania | 8,557 |
| North America | 39,046 |
| South America | 6,590 |
| Asia | 259,815 |
| Africa | <u>39,603</u> |
| | <u>7,494,054</u> |

Material grants (in the context of grant-making) were made to the following institutions:

Jehovas Zeugen in Deutschland K.d.ö.R, Germany- £6,500,000
The Kingdom Hall Trust - £650,000

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2017**

5. GRANTS PAYABLE - continued

The equivalent figures for the 2016 year end were as follows:

By continent:

| | Cash |
|---------------|------------------|
| | £ |
| Europe | 2,435,600 |
| Oceania | 9,030 |
| North America | 33,898 |
| South America | 747 |
| Asia | 230,648 |
| Africa | 48,422 |
| | <u>2,758,345</u> |

6. SUPPORT COSTS

| | Finance £ | Information technology £ | Other £ | Governance costs £ | Totals £ |
|----------------------------------------------|---------------|--------------------------------|----------------|--------------------------|------------------|
| Provision of literature for Bible education | 20,960 | 308,101 | 476,364 | 33,110 | 838,535 |
| Provision of conventions for Bible education | 3,889 | 57,159 | 88,376 | 6,143 | 155,567 |
| Caring for members of the Order | <u>19,031</u> | <u>279,730</u> | <u>432,501</u> | <u>30,061</u> | <u>761,323</u> |
| | <u>43,880</u> | <u>644,990</u> | <u>997,241</u> | <u>69,314</u> | <u>1,755,425</u> |

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2017 £ | 2016 £ |
|----------------------------------------------|--------------------|--------------|
| Auditors' remuneration | 16,549 | 12,160 |
| Auditors' remuneration for non audit work | - | 287 |
| Depreciation - owned assets | 2,367,274 | 1,481,763 |
| Other operating leases | 911,591 | 817,815 |
| (Surplus)/deficit on disposal of fixed asset | <u>(1,733,436)</u> | <u>5,982</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

The Trustees do not receive any remuneration or benefits for their role as trustees of the charity. However, all Trustees are members of a worldwide religious order. By virtue of their membership of the religious order, they (and if married to a member of the order, their spouse) receive from the Association accommodation, meals, a modest allowance and certain other personal services depending on age.

The total allowance paid to each trustee, by virtue of their membership of the religious order, in the year ending 31 August 2017 was £2,003 (2016: £1,923).

Trustees' expenses

No expenses were reimbursed to trustees during this year or the previous year.

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2017**

9. TANGIBLE FIXED ASSETS

| | Freehold property £ | Assets in the course of construction £ | Plant and machinery £ |
|------------------------|---------------------------|-------------------------------------------------|-----------------------------|
| COST | | | |
| At 1st September 2016 | 106,838,470 | 12,775,126 | 2,545,207 |
| Additions | 5,984,407 | 19,295,968 | - |
| Disposals | <u>(2,627,705)</u> | <u>-</u> | <u>(450,349)</u> |
| At 31st August 2017 | <u>110,195,172</u> | <u>32,071,094</u> | <u>2,094,858</u> |
| DEPRECIATION | | | |
| At 1st September 2016 | 15,819,822 | - | 1,407,613 |
| Charge for year | 2,119,901 | - | 134,793 |
| Eliminated on disposal | <u>(179,207)</u> | <u>-</u> | <u>(245,552)</u> |
| At 31st August 2017 | <u>17,760,516</u> | <u>-</u> | <u>1,296,854</u> |
| NET BOOK VALUE | | | |
| At 31st August 2017 | <u>92,434,656</u> | <u>32,071,094</u> | <u>798,004</u> |
| At 31st August 2016 | <u>91,018,648</u> | <u>12,775,126</u> | <u>1,137,594</u> |

| | Fixtures and fittings £ | Motor vehicles £ | Computer equipment £ | Totals £ |
|------------------------|-------------------------------|---------------------|----------------------------|--------------------|
| COST | | | | |
| At 1st September 2016 | 44,896 | 724,346 | 97,879 | 123,025,924 |
| Additions | 4,620 | 59,395 | 115,079 | 25,459,469 |
| Disposals | <u>(19,888)</u> | <u>(54,920)</u> | <u>(60,228)</u> | <u>(3,213,090)</u> |
| At 31st August 2017 | <u>29,628</u> | <u>728,821</u> | <u>152,730</u> | <u>145,272,303</u> |
| DEPRECIATION | | | | |
| At 1st September 2016 | 28,566 | 528,018 | 19,893 | 17,803,912 |
| Charge for year | 5,939 | 47,518 | 59,123 | 2,367,274 |
| Eliminated on disposal | <u>(14,801)</u> | <u>(46,080)</u> | <u>(18,936)</u> | <u>(504,576)</u> |
| At 31st August 2017 | <u>19,704</u> | <u>529,456</u> | <u>60,080</u> | <u>19,666,610</u> |
| NET BOOK VALUE | | | | |
| At 31st August 2017 | <u>9,924</u> | <u>199,365</u> | <u>92,650</u> | <u>125,605,693</u> |
| At 31st August 2016 | <u>16,330</u> | <u>196,328</u> | <u>77,986</u> | <u>105,222,012</u> |

At the reporting date, an entity has a binding sale agreement on land and buildings from the freehold property asset group, being the offices and land of the Charity Headquarters. The Charity will have relocated to new premises by 2020 therefore contracts have been exchanged on its current offices. The net carrying value of this is £9,216,482

10. STOCKS

| | 2017 £ | 2016 £ |
|----------------------------------------------------|----------------|----------------|
| Stocks - electrical, maintenance and home supplies | <u>222,102</u> | <u>228,500</u> |

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2017**

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|--------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Other debtors | 437,238 | 5,349,159 |
| Prepayments and accrued income | <u>1,473,263</u> | <u>43,320</u> |
| | <u><u>1,910,501</u></u> | <u><u>5,392,479</u></u> |

12. CURRENT ASSET INVESTMENTS

| | 2017 | 2016 |
|-------------------------------------|------------|--------------|
| | £ | £ |
| Listed investments | <u>368</u> | <u>6,605</u> |
| Market value at 1st September 2016 | | £ 6,605 |
| Additions | | 4,780 |
| Disposals | | (11,426) |
| Net gain on revaluation | | <u>409</u> |
| Market value at 31st August 2017 | | <u>368</u> |
| Historical cost at 31st August 2017 | | <u>356</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|---------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade creditors | 158,744 | 334,103 |
| Other creditors | 1,335,018 | 935,973 |
| Due to associated charity | 1,715,361 | 895,948 |
| Accrued expenses | <u>153,760</u> | <u>141,451</u> |
| | <u><u>3,362,883</u></u> | <u><u>2,307,475</u></u> |

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2017 | 2016 |
|------------------------------|--------------------------|-------------------------|
| | £ | £ |
| Other loans (see note 15) | 2,927,881 | 2,927,881 |
| Accruals and deferred income | <u>8,566,744</u> | - |
| | <u><u>11,494,625</u></u> | <u><u>2,927,881</u></u> |

The loan is from Watchtower Bible and Tract Society of Australia and there are no repayments due in the short term. It is not secured against any assets of the Association.

Deferred income relates to a deposit received for a property sale.

International Bible Students Association

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2017**

15. LOANS

An analysis of the maturity of loans is given below:

| | 2017 £ | 2016 £ |
|----------------------------------------------|------------------|------------------|
| Amounts falling due in more than five years: | | |
| Repayable otherwise than by instalments: | | |
| Other loans | <u>2,927,881</u> | <u>2,927,881</u> |

16. MOVEMENT IN FUNDS

| | At 1.9.16 £ | Net movement in funds £ | At 31.8.17 £ |
|---------------------------|--------------------|-------------------------------|--------------------|
| Unrestricted funds | | | |
| General fund | 115,503,130 | 5,002,825 | 120,505,955 |
| Restricted funds | | | |
| Relocation Project | - | 1,265,173 | 1,265,173 |
| TOTAL FUNDS | <u>115,503,130</u> | <u>6,267,998</u> | <u>121,771,128</u> |

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

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|-----------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 28,326,212 | (23,324,061) | 674 | 5,002,825 |
| Restricted funds | | | | |
| Relocation Project | 1,265,173 | - | - | 1,265,173 |
| TOTAL FUNDS | <u>29,591,385</u> | <u>(23,324,061)</u> | <u>674</u> | <u>6,267,998</u> |

The restricted funds are amounts donated specifically for the relocation project, these are being spent immediately on the contract to build the Association's new facilities near Chelmsford.

17. CAPITAL COMMITMENTS

| | 2017 £ | 2016 £ |
|-------------------------------------------------------------|-------------------|-------------------|
| Contracted but not provided for in the financial statements | <u>75,000,000</u> | <u>94,000,000</u> |

This represents the remaining amount on the contract to build the Association's new facilities near Chelmsford. We expect to move all of the Association's operations to the new site by the end of 2019. This project will be funded by reserves and ongoing income.

International Bible Students Association

Notes to the Financial Statements - continued for the Year Ended 31st August 2017

18. RELATED PARTY DISCLOSURES

The Association has close connections with Watch Tower Bible and Tract Society of Britain ("Watch Tower"), which prints Bible based literature and which is a registered charity with similar objects. This charity also has the same registered office as that of the Association.

During the year, the Association purchased literature along with other sundry items from Watch Tower amounting to £6,594,690 (2016: £6,493,194).

The Association was also charged by Watch Tower for the ongoing building of new facilities at Chelmsford. Costs incurred this year were £19,233,457 (2016: £12,775,126).

The Association also incurred utility recharges from Watch Tower amounting to £303,107 (2016: £352,088)

Amounts due to Watch Tower at the year-end amounted to £1,715,361 (2016: £895,948).

The Association now allows Watch Tower use of its facilities free of charge, including a fully serviced factory, warehouse and office space.

The Association has close connections with the Kingdom Hall Trust, a registered charity which also shares the Association's registered office.

During the year the Association made donations of £650,000 to the Kingdom Hall Trust (2016: £250,000).

19. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2017 | 2016 |
|-------------------------------------------------------------------------------------------|-------------------|-------------------|
| | £ | £ |
| Net income for the reporting period (as per the statement of financial activities) | 6,267,998 | 24,333,102 |
| Adjustments for: | | |
| Depreciation charges | 2,367,272 | 1,481,762 |
| Gain on investments | (663) | (2,582) |
| (Profit)/loss on disposal of fixed assets | (1,733,436) | 5,982 |
| Interest received | (35,266) | (9,574) |
| Investments received | (4,780) | (11,350) |
| Unrealised gain on investments | (10) | - |
| Decrease in stocks | 6,398 | 1,094 |
| Decrease/(increase) in debtors | 3,481,978 | (4,837,677) |
| Increase in creditors | 9,622,152 | 77,099 |
| Net cash provided by (used in) operating activities | <u>19,971,643</u> | <u>21,037,856</u> |