

REGISTERED COMPANY NUMBER: 03858051 (England and Wales)
REGISTERED CHARITY NUMBER: 1077961

**Report of the Trustees and
Financial Statements for the Year Ended 31st August 2014
for**

**Watch Tower Bible and Tract Society of
Britain**

FRIDAY



A48GMWTV

A44

29/05/2015

#343

COMPANIES HOUSE

**Watch Tower Bible and Tract Society of
Britain**

**Contents of the Financial Statements
for the Year Ended 31st August 2014**

	Page
Report of the Trustees	1 to 5
Report of the Independent Auditors	6 to 7
Statement of Financial Activities	8 to 9
Balance Sheet	10 to 11
Cash Flow Statement	12
Notes to the Financial Statements	13 to 24

**Watch Tower Bible and Tract Society of
Britain**

**Report of the Trustees
for the Year Ended 31st August 2014**

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 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
03858051 (England and Wales)

Registered Charity number
1077961

Registered office
IBSA House
The Ridgeway
London
NW7 1RN

Trustees	
R Drage	- resigned 20.8.14
J Dowson	- resigned 20.8.14
P Ellis	- resigned 19.8.14
B J Vigo	
P P Bell	
P Longstaff	
R Li	- appointed 11.3.15
A J Llewellyn	- appointed 11.3.15
J Rastall	- appointed 11.3.15
S J Morice	- appointed 11.3.15

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

Investment Advisers
Merill Lynch
Private Banking and Investment Group
225 Liberty Street
35th Floor
New York
NY10281

Bankers
Barclays Bank plc
PO Box 12820
London
BX3 2BB

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity, a UK company limited by guarantee, is controlled by its governing document, the memorandum and articles of the company dated 25th October 1999, as amended by special resolutions dated 19th April 2000 and 21st November 2013.

Watch Tower Bible and Tract Society of Britain

Report of the Trustees for the Year Ended 31st August 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment, induction and training of new trustees

The recruitment and induction of new trustees is arranged as follows: The trustees may at any time co-opt any person duly qualified to be appointed as a trustee to fill a vacancy in their number or as an additional trustee. Such a person must be a member of the charity and serve as one of Jehovah's Witnesses. Trustees are given appropriate Charity Commission publications and training is arranged as part of the meetings of the trustees when the charity's policies are discussed. This is supplemented by periodic training provided by other professional bodies when new legislation affecting the charity is introduced.

The trustees of the charity also have key supervisory/oversight roles at the charity headquarters. They meet several times each month, and are in regular contact from day to day.

Organisational structure

The trustees organise the charity into a number of departments. Each department has an experienced, trained overseer who makes regular reports to the trustees. All major decisions are made by the body of trustees.

Wider network

Watch Tower Bible and Tract Society of Britain (the Society) works closely with International Bible Students Association (IBSA). IBSA provides it with serviced facilities for its charitable activities, and the Society provides IBSA with printed material. The Society has also continued to work closely with a charity in Germany. Other charities with similar objects exist in many countries around the world, and cooperation with these charities facilitates an efficient and economic use of its resources, and this cooperation also helps the Society to meet its stated objectives.

Risk management

The major risks to which the charity is exposed were reviewed by the trustees in October 2013 and January 2015. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objects of the Society, contained in its Memorandum and Governing document, are to advance the Christian religion as practiced by the body of Christians known as Jehovah's Witnesses. This is accomplished by the following specific sub-objects:

- a. promoting the preaching of the gospel of God's Kingdom under Jesus Christ in all nations as a witness to the name, word and supremacy of the Almighty God, JEHOVAH;
- b. producing and distributing Bibles and other religious literature, in any medium, and educating the public in respect thereof;
- c. promoting religious worship;
- d. promoting Christian missionary work;
- e. advancing religious education.

Significant activities

The major areas of activities for the year in question have been:

1. printing and distributing Bibles and Bible-based literature in several languages.
2. supporting congregations of Jehovah's Witnesses and others in Britain with their material welfare, by advancing the Christian missionary work.
3. supporting congregations of Jehovah's Witnesses and others abroad, primarily in developing countries, with their material welfare, by making donations to local associations of Jehovah's Witnesses. The donations have been in the form of literature, goods, and services, as well as of funding for the construction of places of worship. All such donations have promoted religious education overseas.

Grantmaking

The charity's grant making policy is as follows: From time to time the charity is asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists.

**Watch Tower Bible and Tract Society of
Britain**

**Report of the Trustees
for the Year Ended 31st August 2014**

OBJECTIVES AND ACTIVITIES

Public benefit

As evidenced above, much has been accomplished by the charity in the year to advance its objects for the public benefit. Literature has been produced for distribution to the general public on spiritual and moral values. Ministers have been supported. Places of worship have been financed which are open to all who wish to benefit from the practical values contained in the Holy Bible. The trustees confirm that they have complied with their duty to have due regard to the Charity Commission guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Workers

All who care for the work of the charity are religious ministers who are members of the Worldwide Order of Special-Full-time Servants of Jehovah's Witnesses

STRATEGIC REPORT

Achievement and performance

Charitable activities - producing and distributing bible literature

The charity's rotary presses have continued to produce The Watchtower and Awake! magazines, as well as other items of Bible-based literature. In the year, over 454 million publications were printed. These included 176 million copies of The Watchtower and Awake! magazines, which were printed in 33 and 22 languages respectively. In total, the charity has sent Bible-based literature to 91 countries in 216 languages. All of the literature produced is used to advance religious education and educate the general public in spiritual and moral values.

Charitable activities - making donations to further religious education overseas

During the year the charity continued to provide material and financial assistance to associations of Jehovah's Witnesses in several countries. The aid, over £12.8m in total, was given to promote missionary activity, to support general costs of the local association, and to assist in the operation of local congregations of Jehovah's Witnesses. Additionally, literature with a value of over £5.6m was donated overseas, mainly to Africa, for use in advancing religious education.

The trustees are pleased with the increased production and distribution.

Internal controls

To ensure the charity is able to achieve its objectives, appropriate internal controls have been established. These 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 figures are recorded accurately and the accounts are in balance.

The internal audit programme has been achieved. The internal auditor and his assistant have a set agenda to pursue throughout the year, and reported in writing to the trustees in September 2014. Approved recommendations were implemented.

Financial review

Reserves policy

Although the charity has a consistent income base, the trustees have arranged to work closely with a similar charity overseas. This arrangement continues to work well. At the year-end, free reserves stood at £24,179,000 which represented 6 months of expenditure (2013: £21,471,000 and 8 months). The trustees feel that such a policy is prudent in the current financial climate and makes best use of the charity's income, and are confident that it in no way adversely affects the charity's ability to both sustain and increase its activity.

Principal funding sources

The primary funding activity is the manufacture and distribution of Bible-based religious literature on behalf of IBSA, the cost of which is passed on. The charity also relies to a large extent on voluntary donations to support its work, and has a consistent income base through Gift Aid and legacies. As mentioned above, the charity is also working closely with similar charities overseas.

The trustees are confident that the charity is in a strong financial position as demonstrated by the attached financial statements.

Watch Tower Bible and Tract Society of Britain

Report of the Trustees for the Year Ended 31st August 2014

STRATEGIC REPORT

Financial review

Investment policy and objectives

The memorandum and articles give power to invest funds in any lawful manner having full regard to the suitability of the investments, the need for diversification, and to be a socially responsible investor having due consideration to the beliefs of Jehovah's Witnesses. The objective is to balance the following issues: Preserve the purchasing power, provide adequate liquidity and provide consistent long-term returns. Over the fiscal period, the Portfolio remained diversified by currency, overweighting the US dollar and due to the charity re-location project, holding mainly highly liquid assets. During the period, the value of sterling improved versus other currencies the portfolio holds. This is reflected in the value of the Fund decreasing by 4.5%, in sterling terms, primarily due to currency effects. It is anticipated that sterling will weaken against the US dollar reversing the loss in the following quarters. The trustees continue to see the wisdom in holding to the current strategy favouring portfolio diversification both by asset class and currency exposure, having adequate liquidity in investment quality.

Principal risks and uncertainties

The principal risks and uncertainties facing the charity are: Litigation; Failure to comply with legal requirements on health and safety, fire, environment, waste; Disaster in Kingdom Hall construction or maintenance.

Statutory inquiry

The Charity Commission has opened a statutory inquiry.

Plans for future periods

The charity is actively seeking to relocate its facilities in order to save funds.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Watch Tower Bible and Tract Society of Britain for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Watch Tower Bible and Tract Society of
Britain**

**Report of the Trustees
for the Year Ended 31st August 2014**

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 22 May 2015 and signed on the board's behalf by:


.....
B J Vigo - Trustee

**Report of the Independent Auditors to the Members of
Watch Tower Bible and Tract Society of
Britain**

We have audited the financial statements of Watch Tower Bible and Tract Society of Britain for the year ended 31st August 2014 on pages eight to twenty four. 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).

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.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page four, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2014 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Watch Tower Bible and Tract Society of
Britain**

Matters on which we are required to report by exception

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.

Nicholas Hume FCA

Nicholas Hume FCA (Senior Statutory Auditor)
for and on behalf of Calcutt Matthews Ltd
Chartered Accountants and Statutory Auditor
19 North Street
Ashford
Kent
TN24 8LF

Date: *22 May 2015*

**Watch Tower Bible and Tract Society of
Britain**

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2014**

	Notes	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	33,919,327	1,606,031	35,525,358	17,073,074
Investment income	3	89,892	44,974	134,866	1,009,445
Incoming resources from charitable activities					
Producing and distributing Bible literature	4	8,759,227	-	8,759,227	11,103,376
Other incoming resources	5	163,166	-	163,166	1,374,375
Total incoming resources		<u>42,931,612</u>	<u>1,651,005</u>	<u>44,582,617</u>	<u>30,560,270</u>
RESOURCES EXPENDED					
Costs of generating funds					
Investment management costs	6	208,776	-	208,776	294,033
Charitable activities					
Producing and distributing Bible literature	7	13,811,638	-	13,811,638	10,812,132
Promoting Christian missionary work		7,073,879	680,434	7,754,313	1,403,238
Making donations to further religious education overseas		12,849,769	999	12,850,768	19,004,136
Exceptional items	13	-	9,245,076	9,245,076	-
Governance costs	10	11,700	-	11,700	13,200
Total resources expended		<u>33,955,762</u>	<u>9,926,509</u>	<u>43,882,271</u>	<u>31,526,739</u>
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS					
		8,975,850	(8,275,504)	700,346	(966,469)
Gross transfers between funds	24	(288)	288	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		8,975,562	(8,275,216)	700,346	(966,469)
Realised gains/(losses) on fixed asset investments		637,409	-	637,409	861,751
Net income/(expenditure)		9,612,971	(8,275,216)	1,337,755	(104,718)
Unrealised gains/(losses) on fixed asset investments		57,975	-	57,975	(280,140)
Net movement in funds		9,670,946	(8,275,216)	1,395,730	(384,858)
RECONCILIATION OF FUNDS					
Total funds brought forward		18,281,969	18,548,375	36,830,344	37,215,202
TOTAL FUNDS CARRIED FORWARD		<u>27,952,915</u>	<u>10,273,159</u>	<u>38,226,074</u>	<u>36,830,344</u>

The notes form part of these financial statements

**Watch Tower Bible and Tract Society of
Britain**

**Statement of Financial Activities - continued
(Incorporating an Income and Expenditure Account)
for the Year Ended 31st August 2014**

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

None of the charity's activities were acquired or discontinued during the current and previous years. All gains and losses recognised in the year are included above.

The notes form part of these financial statements

**Watch Tower Bible and Tract Society of
Britain**

**Balance Sheet
At 31st August 2014**

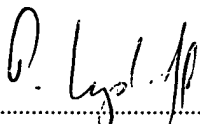
	Notes	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
FIXED ASSETS					
Tangible assets	14	3,773,274	670,948	4,444,222	3,964,259
Investments					
Investments	15	11,112,995	-	11,112,995	11,642,544
Investment property	16	250,000	-	250,000	180,000
Programme related investments	17	-	-	-	9,200,647
		<u>15,136,269</u>	<u>670,948</u>	<u>15,807,217</u>	<u>24,987,450</u>
CURRENT ASSETS					
Stocks	18	1,749,343	-	1,749,343	1,398,511
Debtors	19	1,673,401	-	1,673,401	1,133,755
Investments	20	100,000	-	100,000	100,000
Cash at bank and in hand		<u>39,574,314</u>	<u>9,602,211</u>	<u>49,176,525</u>	<u>51,189,112</u>
		<u>43,097,058</u>	<u>9,602,211</u>	<u>52,699,269</u>	<u>53,821,378</u>
CREDITORS					
Amounts falling due within one year	21	(28,220,824)	-	(28,220,824)	(40,218,220)
NET CURRENT ASSETS		<u>14,876,234</u>	<u>9,602,211</u>	<u>24,478,445</u>	<u>13,603,158</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,012,503</u>	<u>10,273,159</u>	<u>40,285,662</u>	<u>38,590,608</u>
PROVISIONS FOR LIABILITIES	23	(2,059,588)	-	(2,059,588)	(1,760,264)
NET ASSETS		<u><u>27,952,915</u></u>	<u><u>10,273,159</u></u>	<u><u>38,226,074</u></u>	<u><u>36,830,344</u></u>
FUNDS	24				
Unrestricted funds:					
General Fund				27,779,420	18,178,474
Revaluation Reserve				173,495	103,495
				<u>27,952,915</u>	<u>18,281,969</u>
Restricted funds				<u>10,273,159</u>	<u>18,548,375</u>
TOTAL FUNDS				<u><u>38,226,074</u></u>	<u><u>36,830,344</u></u>

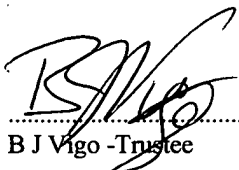
The notes form part of these financial statements

**Watch Tower Bible and Tract Society of
Britain**

**Balance Sheet - continued
At 31st August 2014**

The financial statements were approved by the Board of Trustees on 22 May 2015 and were signed on its behalf by:


.....
P Longstaff - Trustee


.....
B J Vigo - Trustee

The notes form part of these financial statements

**Watch Tower Bible and Tract Society of
Britain**

**Cash Flow Statement
for the Year Ended 31st August 2014**

		2014 £	2013 £
Net cash outflow from operating activities	Notes 26	(5,184,492)	(1,194,869)
Returns on investments and servicing of finance	27	132,641	1,007,248
Capital expenditure and financial investment	27	(66,040)	38,690,543
		<u>(5,117,891)</u>	<u>38,502,922</u>
Financing	27	3,105,304	3,156,841
(Decrease)/increase in cash in the period		<u>(2,012,587)</u>	<u>41,659,763</u>

**Reconciliation of net cash flow to movement in
net debt**

28

(Decrease)/increase in cash in the period	(2,012,587)	41,659,763
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing	<u>(3,111,645)</u>	<u>(3,112,425)</u>
Change in net debt resulting from cash flows	(5,124,232)	38,547,338
Other non-cash change to debt	<u>14,828,916</u>	<u>-</u>
Movement in net debt in the period	9,704,684	38,547,338
Net debt at 1st September	<u>12,588,786</u>	<u>(25,958,552)</u>
Net debt at 31st August	<u>22,293,470</u>	<u>12,588,786</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31st August 2014**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with applicable accounting standards, the Companies Act 2006 and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities."

Donations receivable

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No income is deferred. Donations are from the public, congregations and other similar charities. Donations in the form of assets are included at the market value on the date of the gift.

Income from Bible literature

Income from literature arises from literature sold to International Bible Students Association (IBSA) on a cost basis, in line with the charity's objects.

Legacies

Legacies are recognised at the earlier of the date of notification or being received.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The trustees are of the opinion that support costs are best allocated to the costs of producing Bible literature. No grants are offered subject to conditions.

Costs of generating funds

These are comprised of investment management costs incurred during the year. The charity does not engage in fund raising.

Governance costs

Governance costs comprise external audit fees and other fees from consultants. All other administrative costs are re-charged.

Tangible fixed assets

Fixed assets are valued at cost less depreciation. Assets costing less than £1,000 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% or 6.7% on cost,
Motor vehicles	-	33%, 20% or 14% on cost
Fixtures and fittings	-	10% or 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.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

Stocks

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

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

1. ACCOUNTING POLICIES - continued

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.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Where a restricted fund has fulfilled its purpose and excess funds remain, the balance will be transferred into unrestricted funds, provided that this was understood by the donors at the time of their donation.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Foreign exchange gains and losses

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. Gains and losses arise when foreign currency assets change in value between their purchase and the balance sheet date.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Investments are valued at market value. All investments listed on a recognised stock exchange are carried at this value. Unlisted investments are valued using the latest valuation information received from the financial institutions managing the funds.

Deposits

The Society has an arrangement whereby individuals or congregations of Jehovah's Witnesses can deposit funds so that the Society can benefit, on the understanding that these funds can be requested back whenever the depositor wishes. Deposits repayable on demand are classified as falling due within one year.

Conditional donations

The charity receives some donations where the donor reserves the right to receive the funds back. Experience has shown that only a small percentage is returned, but prudently the charity provides for fifty percent.

Grants payable

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

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.)

Donated literature received

Literature received is recognised as a donation when it is received, valued at the equivalent of production cost. It is then held in stock until it is sold.

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

1. ACCOUNTING POLICIES - continued

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.

2. VOLUNTARY INCOME

	2014 £	2013 £
Donations of literature	3,246,011	1,690,662
Legacies	2,314,577	1,647,424
Grants	137,503	5,530,547
Donated services and facilities	-	352,247
Donations of cash and goods	29,827,267	7,852,194
	<u>35,525,358</u>	<u>17,073,074</u>

3. INVESTMENT INCOME

	2014 £	2013 £
Rents received	2,225	2,197
Investments listed on a recognised stock exchange	-	382,370
Other unlisted securities	101,691	587,026
Deposit account interest	30,950	37,852
	<u>134,866</u>	<u>1,009,445</u>

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Activity	2014 £	2013 £
Income from literature sold to IBSA	Producing and distributing Bible literature	<u>8,759,227</u>	<u>11,103,376</u>

5. OTHER INCOMING RESOURCES

	2014 £	2013 £
Foreign currency gains	-	1,304,694
Income from recycling	163,166	69,681
	<u>163,166</u>	<u>1,374,375</u>

6. INVESTMENT MANAGEMENT COSTS

	2014 £	2013 £
Portfolio management	<u>208,776</u>	<u>294,033</u>

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Grant funding of activities (See note 8)	Support costs (See note 9)	Totals
	£	£	£	£
Producing and distributing Bible literature	5,734,696	-	8,076,942	13,811,638
Promoting Christian missionary work	1,788,267	5,966,046	-	7,754,313
Making donations to further religious education overseas	999	12,849,769	-	12,850,768
Exceptional items	-	9,245,076	-	9,245,076
	<u>7,523,962</u>	<u>28,060,891</u>	<u>8,076,942</u>	<u>43,661,795</u>

8. GRANTS PAYABLE

	2014 £	2013 £
Promoting Christian missionary work	5,966,046	181,587
Making donations to further religious education overseas	12,849,769	19,004,136
Exceptional items (see note 13)	9,245,076	-
	<u>28,060,891</u>	<u>19,185,723</u>

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

By continent:

	Cash £	Goods £	Literature £	Totals £
Europe	16,506,664	584,079	9,975	17,100,718
Africa	-	3,528,276	5,192,720	8,720,996
Asia	11,017	627,754	29,986	668,757
Americas	2,051	1,140,392	368,690	1,511,133
Other	-	58,813	474	59,287
	<u>16,519,732</u>	<u>5,939,314</u>	<u>5,601,845</u>	<u>28,060,891</u>

By activity:

	Cash £	Goods £	Literature £	Totals £
Promoting Christian missionary work in the United Kingdom	9,608,896	-	-	9,608,896
Promoting Christian missionary work internationally	6,910,836	5,939,314	-	12,850,150
Distribution of Bibles and Bible-based literature	-	-	5,601,845	5,601,845
	<u>16,519,732</u>	<u>5,939,314</u>	<u>5,601,845</u>	<u>28,060,891</u>

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

8. GRANTS PAYABLE - continued

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

Watch Tower Bible & Tract Society of South Africa
Watch Tower Society of Jehovah's Witnesses, Nigeria
Watch Tower Bible & Tract Society, Ghana
Jehovas Zeugen, Germany
Association Chretienne Les Temoins De Jehovah, Cameroon

Equivalent figures for the previous year were as follows:

By continent:

	Cash £	Goods £	Literature £	Totals £
Africa	-	8,505,070	3,091,088	11,596,158
Americas	49,974	6,258,983	158,643	6,467,600
Asia	18,953	420,199	29,285	468,437
Europe	333,195	264,171	10	597,376
Other	-	55,199	953	56,152
	<u>402,122</u>	<u>15,503,622</u>	<u>3,279,979</u>	<u>19,185,723</u>

By activity:

	Cash £	Goods £	Literature £	Totals £
Promoting Christian missionary work in the United Kingdom	76,857	4,819	-	81,676
Promoting Christian missionary work internationally	277,372	15,498,803	-	15,776,175
Distribution of Bibles and Bible-based literature	-	-	3,279,979	3,279,979
Humanitarian relief	47,893	-	-	47,893
	<u>402,122</u>	<u>15,503,622</u>	<u>3,279,979</u>	<u>19,185,723</u>

9. SUPPORT COSTS

	Other £
Producing and distributing Bible literature	<u>8,076,942</u>

Support costs have been allocated to producing and distributing Bible literature.

10. GOVERNANCE COSTS

	2014 £	2013 £
Auditors' remuneration	<u>11,700</u>	<u>13,200</u>

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

11. NET INCOMING/(OUTGOING) RESOURCES

Net resources are stated after charging/(crediting):

	2014	2013
	£	£
Auditors' remuneration	11,700	13,200
Depreciation - owned assets	775,703	843,568
Other operating leases	(3,380)	5,660
Deficit on disposal of fixed asset	118,099	15,594
	<u>118,099</u>	<u>15,594</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st August 2014 nor for the year ended 31st August 2013 .

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st August 2014 nor for the year ended 31st August 2013 .

13. EXCEPTIONAL ITEMS

During the year, the decision was made to write off all loans to congregations for the purpose of building places of worship, at a cost of £9,245,076.

14. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1st September 2013	110,000	8,674,718	273,334	2,057,471	11,115,523
Additions	197,221	599,910	370,100	281,436	1,448,667
Disposals	-	(1,036,178)	(14,380)	(201,156)	(1,251,714)
At 31st August 2014	<u>307,221</u>	<u>8,238,450</u>	<u>629,054</u>	<u>2,137,751</u>	<u>11,312,476</u>
DEPRECIATION					
At 1st September 2013	1,517	6,110,895	183,652	855,200	7,151,264
Charge for year	2,896	421,475	44,044	307,288	775,703
Eliminated on disposal	-	(935,848)	(14,380)	(108,485)	(1,058,713)
At 31st August 2014	<u>4,413</u>	<u>5,596,522</u>	<u>213,316</u>	<u>1,054,003</u>	<u>6,868,254</u>
NET BOOK VALUE					
At 31st August 2014	<u>302,808</u>	<u>2,641,928</u>	<u>415,738</u>	<u>1,083,748</u>	<u>4,444,222</u>
At 31st August 2013	<u>108,483</u>	<u>2,563,823</u>	<u>89,682</u>	<u>1,202,271</u>	<u>3,964,259</u>

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

15. FIXED ASSET INVESTMENTS

	Investments £
MARKET VALUE	
At 1st September 2013	11,642,544
Additions	1,142,663
Disposals	(1,660,187)
Revaluations	(12,025)
	<u>11,112,995</u>
At 31st August 2014	<u>11,112,995</u>
 NET BOOK VALUE	
At 31st August 2014	<u>11,112,995</u>
At 31st August 2013	<u>11,642,544</u>

Total market values of investment assets held at 31st August 2014 are analysed as follows:

	Listed investments £	Unlisted investments £	Total £
Investment assets outside the UK	<u>1,099,215</u>	<u>10,013,780</u>	<u>11,112,995</u>

Unlisted investments are comprised of various funds and derivatives managed by professional firms and banks. The valuations are based on the external fund managers' estimates of the underlying assets of the investment vehicle.

16. INVESTMENT PROPERTY

	£
MARKET VALUE	
At 1st September 2013	180,000
Revaluation	70,000
	<u>250,000</u>
At 31st August 2014	<u>250,000</u>
 NET BOOK VALUE	
At 31st August 2014	<u>250,000</u>
At 31st August 2013	<u>180,000</u>

Investment property has been valued by the trustees on the basis of the sale price of comparable properties in the local area.

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

17. PROGRAMME RELATED INVESTMENTS

	Congregation loans £	Totals £
MARKET VALUE		
At 1st September 2013	9,200,647	9,200,647
Additions	1,264,000	1,264,000
Disposals	(1,219,571)	(1,219,571)
Written off	(9,245,076)	(9,245,076)
	<u>-</u>	<u>-</u>
At 31st August 2014	-	-
 NET BOOK VALUE		
At 31st August 2014	<u>-</u>	<u>-</u>
At 31st August 2013	<u>9,200,647</u>	<u>9,200,647</u>

Congregation loans

These investments comprise funds loaned to congregations of Jehovah's Witnesses in Britain for the purpose of purchasing, constructing or renovating buildings as places of worship. The ability of the congregation to repay such monies is assessed prior to the funds being extended. All such loans are on an interest free basis. These loans enable the Society to further its aims of promoting religious education and worship.

During the year, the decision was made to write off all such loans. New places of worship will now be financed by the Society, rather than by local congregations.

18. STOCKS

	2014 £	2013 £
Raw materials	96,862	91,952
Motor vehicle spares and consumables	20,840	20,089
Bibles and other literature	1,631,641	1,286,470
	<u>1,749,343</u>	<u>1,398,511</u>

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade debtors	835,843	612,753
Other debtors	837,558	521,002
	<u>1,673,401</u>	<u>1,133,755</u>

20. CURRENT ASSET INVESTMENTS

	2014 £	2013 £
Land in course of disposal	<u>100,000</u>	<u>100,000</u>

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Deposits (see note 22)	26,983,055	38,700,326
Trade creditors	753,947	1,050,239
Other creditors	469,722	453,555
Accrued expenses	14,100	14,100
	<u>28,220,824</u>	<u>40,218,220</u>

Deposits comprise monies received from individuals, circuits and congregations and held with the Society until they are requested back. Based on previous experience, it is considered highly unlikely that the entire balance of deposits will be demanded within the next financial year.

22. DEPOSITS

An analysis of the maturity of deposits is given below:

	2014	2013
	£	£
Amounts falling due within one year on demand:		
Deposits- due within 1 year	<u>26,983,055</u>	<u>38,700,326</u>

23. PROVISIONS FOR LIABILITIES

	2014	2013
	£	£
Conditional donations	<u>2,059,588</u>	<u>1,760,264</u>
		£
Provision at 1st September 2013		1,760,264
Provision on new conditional donations received		438,393
Provision released on conditional donations converted into donations		(102,400)
Provision released on conditional donations repaid		(87,869)
Provision at 31st August 2014		<u>2,059,588</u>

Conditional donations are donations made by individuals on the understanding that they may be recalled should the donor require such funds in the future. The donor retains an option over their donation until they die or write to convert it into an outright donation. While it is considered probable that some of these conditional donations will need to be repaid, it is unknown when this liability will crystallise or how large it will be. The trustees have therefore prudently made a provision for 50% of the balance of conditional donations as shown above. The remaining £2.06 million is a contingent liability.

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

24. MOVEMENT IN FUNDS

	At 1.9.13 £	Net movement in funds £	Transfers between funds £	At 31.8.14 £
Unrestricted funds				
General Fund	18,178,474	9,601,234	(288)	27,779,420
Revaluation Reserve	103,495	70,000	-	173,495
	<u>18,281,969</u>	<u>9,671,234</u>	<u>(288)</u>	<u>27,952,915</u>
Restricted funds				
Kingdom Hall Construction Worldwide	11,536,913	(8,474,332)	-	3,062,581
Travelling Overseers Assistance Arrangement	1,003,802	(273,585)	-	730,217
Kingdom Hall Assistance Arrangement	5,630,377	368,026	-	5,998,403
Relief Fund	134,327	54,981	288	189,596
Missionary Convention Travel	242,956	49,406	-	292,362
	<u>18,548,375</u>	<u>(8,275,504)</u>	<u>288</u>	<u>10,273,159</u>
TOTAL FUNDS	<u>36,830,344</u>	<u>1,395,730</u>	<u>-</u>	<u>38,226,074</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	42,931,612	(33,955,762)	625,384	9,601,234
Revaluation Reserve	-	-	70,000	70,000
	<u>42,931,612</u>	<u>(33,955,762)</u>	<u>695,384</u>	<u>9,671,234</u>
Restricted funds				
Kingdom Hall Construction Worldwide	1,134,564	(9,608,896)	-	(8,474,332)
Travelling Overseers Assistance Arrangement	23,403	(296,988)	-	(273,585)
Kingdom Hall Assistance Arrangement	387,652	(19,626)	-	368,026
Relief Fund	55,980	(999)	-	54,981
Missionary Convention Travel	49,406	-	-	49,406
	<u>1,651,005</u>	<u>(9,926,509)</u>	<u>-</u>	<u>(8,275,504)</u>
TOTAL FUNDS	<u>44,582,617</u>	<u>(43,882,271)</u>	<u>695,384</u>	<u>1,395,730</u>

**Watch Tower Bible and Tract Society of
Britain**

**Notes to the Financial Statements - continued
for the Year Ended 31st August 2014**

24. MOVEMENT IN FUNDS - continued

Travelling Overseers Assistance Arrangement

This fund was formerly named the Ministers car fund and was set up for the provision of motor vehicles for travelling ministers.

Kingdom Hall Assistance Arrangement

The Kingdom Hall Assistance Arrangement (KHAA) exists to give aid where losses and damages have been suffered by congregations or individuals.

Kingdom Hall Construction Worldwide

This was set up to provide monies to assist with the purchase of places of worship. It was formerly known as the Society Kingdom Hall Fund.

Relief Fund

This fund exists for the purpose of giving support to areas experiencing distress or natural disaster.

25. RELATED PARTY DISCLOSURES

The charity has close connections with International Bible Students Association ("IBSA"), which provides serviced facilities to Watch Tower and which is a registered charity with similar objects. IBSA also has the same registered office as that of Watch Tower.

During the year, the Association purchased literature from Watch Tower amounting to £8,820,956 (2013: £11,170,639). At the year end, IBSA owed Watch Tower £813,639 (2013: £594,234), being the invoice for August 2014.

As an integral part of the charitable activities of IBSA, it provided Watch Tower with serviced facilities to enable Watch Tower to carry out its charitable activities. During the year, the Association charged Watch Tower £5,783,062 (2013: £4,911,978) for these services. At the year end, Watch Tower owed the Association £481,584 (2013: £382,400) in respect of these transactions.

26. RECONCILIATION OF NET INCOMING\OUTGOING) RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Net incoming\outgoing) resources	700,346	(966,469)
Depreciation charges	775,703	843,567
Loss on disposal of fixed assets	118,099	15,594
Interest received	(30,950)	(37,852)
Dividends received	(101,691)	(969,396)
Other non-cash donations received	(15,057,196)	(191,973)
Increase in provisions	(299,325)	(208,473)
Programme related investment written off	9,245,076	7,000
Movements on conditional donations	702,049	576,703
Increase in stocks	(350,832)	(453,609)
(Increase)/decrease in debtors	(539,646)	237,573
Decrease in creditors	(346,125)	(47,534)
Net cash outflow from operating activities	(5,184,492)	(1,194,869)

Notes to the Financial Statements - continued
for the Year Ended 31st August 2014

27. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	30,950	37,852
Dividends received	101,691	969,396
Net cash inflow for returns on investments and servicing of finance	<u>132,641</u>	<u>1,007,248</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,251,446)	(555,527)
Purchase of fixed asset investments	(1,142,663)	(3,786,930)
Programme related investments advanced	(1,264,000)	(4,029,570)
Sale of tangible fixed assets	74,902	149,145
Sale of fixed asset investments	2,297,596	44,962,324
Programme related investments repaid	1,219,571	1,951,101
Net cash (outflow)/inflow for capital expenditure and financial investment	<u>(66,040)</u>	<u>38,690,543</u>
Financing		
Loans advanced by depositors	7,265,476	10,186,150
Loans repaid to depositors on demand	(4,160,172)	(7,029,309)
Net cash inflow from financing	<u>3,105,304</u>	<u>3,156,841</u>

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.13 £	Cash flow £	Other non-cash changes £	At 31.8.14 £
Net cash:				
Cash at bank and in hand	51,189,112	(2,012,587)		49,176,525
Liquid resources:				
Current asset investments	100,000	-	-	100,000
Debt:				
Debts falling due within one year	(38,700,326)	(3,111,645)	14,828,916	(26,983,055)
Total	<u>12,588,786</u>	<u>(5,124,232)</u>	<u>14,828,916</u>	<u>22,293,470</u>