



WATCH TOWER
BIBLE AND TRACT SOCIETY OF BRITAIN

ANNUAL REPORT AND ACCOUNTS TO 31 AUGUST 2006



COMPANY NO. 3858051

REGISTERED CHARITY NO. 1077961

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Charity Information

| | |
|---------------------|---|
| TRUSTEES | R Drage - Chairman J Dowson P Ellis B Vigo |
| SECRETARY | T P Cruse |
| REGISTERED OFFICE | IBSA House THE Ridgeway London NW7 1RN |
| REGISTERED NUMBER | 3858051 (England and Wales) |
| AUDITORS | Calcutt Matthews 2nd Floor Cardine House 30 North Street Ashford Kent TN24 8JR |
| PRINCIPAL BANKERS | Barclay's Bank plc PO Box 12820 London BX3 2BB |
| INVESTMENT ADVISERS | Merrill Lynch International Bank Ltd 2 King Edward Street London EC1A 1HQ |

Trustees' Report

The Board of Trustees present their report and the financial statements of the Society for the year ended 31st August 2006. The financial statements have been prepared in accordance with current statutory requirements and the charitable company's Memorandum and Articles of Association dated October 25, 1999 and the Statement of Recommended Practice (SORP 2005) - Accounting and Reporting by Charities.

Constitution

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

Objects and activities

The objects of the Society, contained in its Memorandum 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
- f maintaining one or more religious orders or communities of special ministers of Jehovah's Witnesses

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

- 1 printing and distributing Bibles and Bible-based literature in several languages, which has served to advance religious education and educate the public in general, in spiritual and moral values
- 2 funding the construction of places of worship in various countries which has promoted religious worship in local communities
- 3 supporting congregations of Jehovah's Witnesses and others in connection with their spiritual and material welfare in Britain and abroad, by making donations and advancing the Christian missionary work, primarily in developing countries, to local associations of Jehovah's Witnesses. The charity within the above, administers the work of Jehovah's Witnesses in Britain.

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

Governance

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

The recruitment and induction of new trustees is arranged as follows. On an annual basis the trustees review potential candidates. These are required to be appointed as elders in congregations of Jehovah's Witnesses. Their abilities are evaluated by means of the trustees' personal knowledge of the candidates or by a "personal qualifications report" provided by elders with knowledge of the individuals. Training is arranged as part of the meetings of the trustees when the charity's policies are discussed. This is supplemented by an annual training session provided by the auditors.

Internal controls

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

The internal audit programme has been achieved. The internal auditor (who is a certified accountant) and his assistant, both drawn from the volunteer work force, have a set agenda to pursue throughout the year, and reported in writing to the trustees in October 2006. Approved recommendations were implemented.

Reserves policy

The Society has a consistent income base through Gift Aid. In addition, the primary activity is the manufacture and distribution of Bible based religious literature on behalf of International Bible Students Association, the cost of which is passed on. Based on this income, we can plan confidently with relatively small reserves. The established policy is to ensure that we have on hand in liquid funds at least 4 months working expenditure. At the year-end, the liquid assets on hand were equivalent to 6.6 months of expenditure (2005: 6.6 months).

Trustees' Report (continued .)

Investment policy

In harmony with paragraphs 4 18 and 4 19 of the Memorandum and Articles, which give power to invest funds in any lawful manner having full regard to the suitability of the investments and the need for diversification. Investments are selected with consideration for our Christian principles. The objective is to preserve capital and achieve a real return of 4% plus inflation. By holding investments to maturity capital is preserved. Investment coupons have achieved the return target.

Relationship with connected charities

The Society works closely with International Bible Students Association, which permits Watch Tower Society to use its facilities for the Society's charitable activities and provides accommodation for volunteers. International Bible Students Association makes a monthly service and maintenance charge to the Society for the facilities it uses and for providing accommodation for volunteers connected with the Society's activities. The Society passes to International Bible Students Association the cost incurred in printing and distributing the Bible-based religious literature manufactured and delivered to destinations on its behalf and all other overhead costs.

Risk assessment

The major risks to which the charity is exposed have been reviewed, with particular focus on events that would seriously impede the operations of the charity. Strategies and safeguards are in place to reduce, as far as possible, the impact of those risks.

Principal achievements for the year

At the beginning of the year, "Awake!" magazine, one of the main periodicals published, printed and distributed by the charity, was re-designed as a monthly magazine rather than semi-monthly. The initial response was to see an overall drop in the number of "Awake!" magazines printed per issue. However, as the year progressed, the appeal of the magazine, which is published for the enlightenment of the family and to help individuals to cope with today's problems along with building confidence in the Almighty God Jehovah's promise of a peaceful and secure new world, has resulted in a gradual increase in printing so that the year has closed with the average print figure close to the average printing when the magazine was semi-monthly.

The two rotary presses of the charity have had a further productive year printing a total of 327 million items of Bible-based literature. Of their total, 142 million were the two main publications of the charity, "The Watchtower" and "Awake!" Both journals continue to exult Jehovah God as the Sovereign Lord of the universe and through their pages, offer practical advice on law-abiding citizenship, targeted workable family values for modern living and cultivating tolerance in a multi-cultural society. It has been truly gratifying to see that our presses printed such practical good news in thirty languages for "The Watchtower" and eleven languages for "Awake!" This year, for the first time, we commenced printing "The Watchtower" in Cibemba, spoken in Zambia, Africa, and Creole - Haiti, spoken in the Caribbean.

This year the charity was asked to print invitations to the annual Conventions of Jehovah's Witnesses in Britain and several other countries. In total, the charity printed 36 million invitations in twenty-nine languages. A special effort was made to invite members of the public by distributing the invitations in the countries where the Conventions were held. In Britain, the International Bible Students Association, which organises the annual Conventions, confirmed that as a result of the invitation campaign, many persons of the public had responded and both attended and benefited from the instruction in practical Christianity. A total attendance in Britain was 152,306.

In total, the charity has supplied printed Bible-based literature to sixty countries in thirty different languages. This represents a total of 1,750,524 kg of literature shipped. The charity's presses are now operating at 80% capacity giving us room to increase production in the future.

In order to reduce costs and increase reliability in connection with shipping, a review of activities was made and it has been possible to absorb, within our current transport structure, the extra work without the necessity of expanding our transport fleet.

During the year, we continued to support the construction of places of worship in Africa and areas of Asia. It was most gratifying to receive the report from the local Association in Ghana that the funds sent by this charity had assisted in the building of twelve new places of worship in that country. Donations from the charity were used to purchase two plots of land in Sri Lanka for local congregations of Jehovah's Witnesses on which they will construct two places of worship. The completed places of worship will be centres for both local congregations of Jehovah's Witnesses and members of the local community who wish to benefit from the practical values contained in the Holy Bible which promotes both the moral and spiritual edification of mankind.

The charity also provided material and financial assistance to a number of Associations of Jehovah's Witnesses in several developing countries in the world who are responsible for the general oversight of the activities of Jehovah's Witnesses in their country. The funds were given to promote missionary activity in the country, to support general oversight costs of the local Association and to assist in the operation of local congregations of Jehovah's Witnesses.

Trustees' Report (continued.)

The year saw further natural disasters which have affected both Jehovah's Witnesses and members of the community in several countries. The charity was able to assist, from its Relief Fund, members of the community along with Jehovah's Witnesses in Jamaica following the natural disaster which occurred in 2005. The funds were used to purchase building materials for damaged properties along with food aid and medical care for those in need. In Africa, we were pleased to give funds both to relieve suffering and to help local communities build a more secure future. Particularly, funds were sent to Liberia, Malawi and Madagascar. In these countries we supplied funds to purchase building materials for homes, along with food aid where crops had failed due to a lack of rainfall and medical supplies following an outbreak of Dengue fever.

Much has been accomplished by the charity in the year to advance the objects of the Society. The activities confirm that the work of the charity continues to benefit both Jehovah's Witnesses and members of the community, morally, spiritually and physically.

Review of Financial Position

This year has seen good support from Jehovah's Witnesses in Britain. We received donations amounting to £7,500,000 which is most gratifying. Additionally, legacy income was very high with reference to historical terms at £3,759,000. We gratefully acknowledge the generosity of so many supporters who have made the charity beneficiaries of their estates. Income from literature was £7,487,000, a 7% increase on the previous year. Investment income was £1,360,000, representing an increase of 5% over the previous year.

The total income was £20,106,000, which is 1% higher than the previous year.

The total expenditure was £17,034,000 of which £5,313,000 was sent to thirty-six countries in developing areas of the world to assist with the construction of places of worship, administration facilities for the local Associations of Jehovah's Witnesses, the promotion of missionary activity and disaster relief.

Going forward, the total funds on hand are £36,078,000. We have made the Governing Body of Jehovah's Witnesses aware of our good financial position and look forward to their comments in how our funds may be effectively used within our charitable aims and objects during the coming year.

Future Plans

The past several years have been marked by much change as the charity has upgraded its printing facilities and its printing equipment. The charity now has capacity to increase its printing without the requirement to purchase new equipment or expand existing facilities. It therefore does not intend, during the coming year, to expand either its facilities or embark on large-scale purchases of new printing equipment.

However, in conjunction with printing for Ghana, the charity is preparing to begin packing orders for both magazines, which it prints, and Bibles and Bible-based literature for the 1,200 congregations in Ghana. The packing of orders will commence in February 2007 and will be shipped each month in containers directly to the local Association's office in Accra, Ghana for distribution to the local congregations.

We anticipate a general rise in the print figures for the magazines and the present facilities and volunteers are able to absorb the additional work without any changes.

With the total net assets of the charity rising, we anticipate being able to continue to have a full share in funding the activities of Jehovah's Witnesses in developing countries and sharing in the construction of much needed places of worship in these countries.

Trustees' responsibilities

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

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

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

The Trustees are also responsible to give the Auditors all relevant information they need in connection with preparing their audit report. We confirm this has been done.

Trustees' Report (continued)

Auditors

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

ON BEHALF OF THE TRUSTEES:

A handwritten signature in black ink, appearing to read 'R. Drage', written in a cursive style.

R Drage
Chairman

21st February 2007

Report of the Independent Auditors to the Members of the 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 2006, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and the auditors

The responsibilities of the trustees' (who are also directors of Watch Tower Bible and Tract Society of Britain for the purposes of company law) for preparing the Trustees' Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for the audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 August 2006 and of its incoming resources including its application of resources, including income and expenditure, in the year then ended and,

the financial statements have been properly prepared in accordance with the Companies Act 1985.

Calcutt Matthews

Calcutt Matthews
Chartered Accountants
Registered Auditors
2nd Floor Cardine House
30 North Street
Ashford
Kent
TN24 8JR

Dated 16 April 2007

Statement Of Financial Activities

Year ended 31 August 2006

| | Notes | Unrestricted funds £000 | Restricted funds £000 | Total Funds 2006 £000 | Total Funds 2005 £000 |
|--|-------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Income from charitable activities | | | | | |
| Income from literature | 3 | 7,487 | - | 7,487 | 6,970 |
| Incoming Resources | | | | | |
| Voluntary income | | | | | |
| Donations | 2 | 5,922 | 1,578 | 7,500 | 9,821 |
| Legacies | | 3,742 | 17 | 3,759 | 1,663 |
| Activities for generating funds | | | | | |
| Interest and dividends receivable | | 1,295 | 65 | 1,360 | 1,290 |
| Total incoming resources | | 18,446 | 1,660 | 20,106 | 19,744 |
| Resources expended | | | | | |
| Charitable activities | | | | | |
| Producing and distributing Bibles and literature | 5 | 10,916 | - | 10,916 | 10,180 |
| Promoting Christian Missionary work | 5 | 665 | 105 | 770 | 734 |
| Making donations to further religious education overseas | 4, 5 | 4,130 | 1,183 | 5,313 | 7,859 |
| Governance | | 35 | - | 35 | 38 |
| Total resources expended | | 15,746 | 1,288 | 17,034 | 18,811 |
| Net incoming resources | | 2,700 | 372 | 3,072 | 933 |
| Net (losses)/gains investments | | (716) | - | (716) | 203 |
| Transfers | | - | - | - | - |
| Net movement in funds | | 1,984 | 372 | 2,356 | 1,136 |
| Total funds brought forward | | 24,914 | 8,808 | 33,722 | 32,586 |
| Total funds carried forward | | 26,898 | 9,180 | 36,078 | 33,722 |

None of the charity's activities were acquired or discontinued during the current and previous years

All gains and losses recognised in the year are included above

The surplus for the year for Companies Act purposes comprises the net incoming resources for the year together with the realised gains on investments of £2,589,728 (2005 £927,377)

Balance Sheet

As at 31 August 2006

| | | 2006 | | 2005 | |
|--|-------|---------------|---------------|---------------|---------------|
| | Notes | £000 | £000 | £000 | £000 |
| Fixed Assets | | | | | |
| Tangible assets | 7 | | 6,673 | | 7,269 |
| Investments | 8 | | 18,668 | | 16,968 |
| Current Assets | | | | | |
| Stocks | | 869 | | 824 | |
| Debtors | 9 | 5,235 | | 5,155 | |
| Investments | 10 | 27,682 | | 25,303 | |
| Cash at bank and in hand | | 964 | | 748 | |
| Total Current Assets | | 34,750 | | 32,030 | |
| Current Liabilities | | | | | |
| Creditors falling due within one year | 11 | 14,339 | | 13,200 | |
| Net Current Assets | | | 20,411 | | 18,830 |
| Total Assets Less Current Liabilities | | | 45,752 | | 43,067 |
| Long Term Creditors | | | | | |
| Amounts falling due after more than one year | 12 | | 9,674 | | 9,345 |
| Net Assets | | | 36,078 | | 33,722 |
| Funds | | | | | |
| Unrestricted funds | 13 | | 26,898 | | 24,914 |
| Restricted funds | 13 | | 9,180 | | 8,808 |
| Total funds | | | 36,078 | | 33,722 |

These financial statements on pages 6 to 14 were approved by the trustees on 21st February 2007 and signed on their behalf by



R Drage
Chairman



P Ellis
Trustee

Cash Flow Statement

Year ended 31 August 2006

| | | 2006 | 2005 |
|---|--------------|-------------|-------------|
| | Notes | £000 | £000 |
| Net cash inflow from operating activities | 17 | 4,572 | 2,102 |
| Returns on investments and servicing of finance | 18 | (1,700) | (3,500) |
| Capital expenditure & financial investment | 19 | (2,656) | 1,957 |
| Increase in cash in the period | | 216 | 559 |
| Reconciliation Of Net Cash Flow To Movement In Net Funds | | | |
| Increase in cash in the period | | 216 | 559 |
| Movement In Net Funds In The Period | | 748 | 189 |
| Net Funds At 1st September 2005 | | | |
| Net Funds At 31st August 2006 | - | 964 | 748 |

Notes to the Financial Statements

Year Ended 31 August 2006

1. Accounting policies

Accounting Convention

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005, the Companies Act 1985 and applicable accounting standards.

Fund Accounting

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

Incoming Resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No income is deferred. Donations are from the public, congregations and other connected charities. Income from literature arise from literature sold to International Bible Students Association (IBSA), a connected charity on a cost basis in line with the charity's objects. Entitlement to legacies is the earlier of the charity being notified of an impending distribution or the legacy being received.

Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they all have been allocated to activities on a basis consistent with the use of resources. The IBSA service charge comprises the costs of providing and maintaining accommodation and associated support costs are charged at an at cost basis by IBSA, a connected charity.

Our grant making policy (donations) is as follows. From time to time the charity is asked by the Governing Body of Jehovah's Witnesses to consider helping Jehovah's Witnesses in countries where a need exists. The charity first consider whether the budget permits. If this is the case the charity satisfies itself that the expenditure will further the religious work of Jehovah's Witnesses and the charity then send the money to the organization caring for Jehovah's Witnesses in that country. Finally, the charity obtain reports to confirm the money was properly used.

Tangible Fixed Assets

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

| | |
|---------------------|----------------------------|
| Freehold Land | - Nil |
| Freehold Buildings | - 50 years straight line |
| Plant and machinery | - 3-10 years straight line |
| Motor vehicles | - 4 years reducing balance |
| Rotary presses | - 15 years straight line |

Stocks

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

Conditional Donations

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

Connected Charities

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

2. Donations receivable

| | 2006 | 2005 |
|------------------------------|--------------|--------------|
| | £000 | £000 |
| Literature from headquarters | 1,318 | 1,749 |
| From individuals | 3,393 | 3,040 |
| From congregations | 2,299 | 4,394 |
| From others | 490 | 638 |
| | 7,500 | 9,821 |

Notes to the Financial Statements

Year Ended 31 August 2006

3. Income from Literature

| | 2006 | 2005 |
|--|--------------|--------------|
| | £000 | £000 |
| Value of literature and magazines donated overseas | 1,906 | 930 |
| Value of literature and magazines sold to IBSA | 5,581 | 6,040 |
| Income from literature | 7,487 | 6,970 |

| | Unrestricted | Restricted | Total 2006 | 2005 |
|--|--------------|--------------|--------------|--------------|
| | £000 | £000 | £000 | £000 |
| 4. Donations made | | | | |
| Analysis by Purpose | | | | |
| Distress Relief | - | 214 | 214 | 526 |
| Construction of Kingdom Halls, Branch facilities and Missionary homes | - | - | - | 4,610 |
| Cash, goods and donated literature* | 4,130 | 969 | 5,099 | 2,723 |
| | 4,130 | 1,183 | 5,313 | 7,859 |
| Analysis by Geography | | | | |
| Europe | 220 | 349 | 569 | 1,001 |
| Africa | 2,716 | 240 | 2856 | 4,233 |
| Asia | 842 | 469 | 1,311 | 999 |
| Other | 352 | 125 | 477 | 1,626 |
| Total donations made | 4,130 | 1,183 | 5,313 | 7,859 |

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

5. Charitable activities

| | Producing and Distributing Bibles and Literature £000 | Advancing the Christian ministry £000 | Donations and aid to branches £000 | Total £000 | Basis of allocation |
|------------------------------|---|--|---|---------------|------------------------|
| Charitable activities | 6,740 | 770 | 5,313 | 12,823 | |
| Support costs | | | | | |
| IBSA Service charge | 3,898 | - | - | 3,898 | Volunteer Time |
| Treasury department cost | 46 | - | - | 46 | Volunteer Time |
| Loan interest | 232 | - | - | 232 | Volunteer Time |
| Total expenditure | 10,916 | 770 | 5,313 | 16,999 | |

Volunteer Time Allocations to charitable activities are made on the basis of time spent by volunteers engaged in supporting the charitable activities. Almost all of volunteer time is associated with literature production.

Notes to the Financial Statements

Year Ended 31 August 2006

| | 2006 £000 | 2005 £000 |
|----------------------------|--------------|--------------|
| 6. Governance costs | | |
| External audit | 11 | 10 |
| Legal | 24 | 28 |
| Trustee meetings* | 0 | 0 |
| | 35 | 38 |

*Trustee meeting expenses totalled less than £100 in each year

7. Tangible Fixed Assets

| | Land & Buildings £000 | Plant and Machinery £000 | Motor Vehicles £000 | Total £000 |
|----------------------------|-----------------------------|--------------------------------|---------------------------|---------------|
| Cost: | | | | |
| At 1st September 2005 | 286 | 8,797 | 1,590 | 10,673 |
| Additions | - | 68 | 276 | 344 |
| Disposals | - | 148 | 186 | 334 |
| | 286 | 8,717 | 1,680 | 10,683 |
| At 31 August 2006 | | | | |
| Depreciation: | | | | |
| At 1st September 2005 | 18 | 2,772 | 614 | 3,404 |
| Charge for the year | 5 | 626 | 242 | 873 |
| Eliminated on disposals | - | 141 | 126 | 267 |
| | 23 | 3,257 | 730 | 4,010 |
| At 31st August 2006 | | | | |
| Net Book Value: | | | | |
| At 31st August 2006 | 263 | 5,460 | 950 | 6,673 |
| At 31st August 2005 | 268 | 6,025 | 976 | 7,269 |

8. Fixed Asset Investments

| | 2006 £000 | 2005 £000 |
|----------------------------|---------------|---------------|
| At 1st September 2005 | 16,968 | 13,468 |
| Further advance | 1,700 | 3,500 |
| At 31st August 2006 | 18,668 | 16,968 |

The loan is to IBSA, a connected charity (see note 15) and is made interest free but secured by promissory notes

Notes to the Financial Statements

Year Ended 31 August 2006

9. Debtors

| | 2006 £000 | 2005 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 16 | 4 |
| Other debtors | 334 | 254 |
| Due from congregations | 3,882 | 3,440 |
| Prepayments and accrued income | 326 | 711 |
| Due from connected charity | 521 | 590 |
| Due from overseas branches | 156 | 156 |
| Total | 5,235 | 5,155 |

| 10. Current Asset Investments | Cash equivalents £000 | Narrow range investments £000 | Total 2006 £000 |
|--|-----------------------------|--|-----------------------|
| Market Value at 1st September 2005 | 5,611 | 19,692 | 25,303 |
| Additions | 4,727 | 1,758 | 6,485 |
| Disposal proceeds | - | (3,219) | (3,219) |
| Net investment gains | - | (887) | (887) |
| Market Value at 31st August 2006 | 10,338 | 17,344 | 27,682 |
| Historical Cost at 31st August 2006 | 10,338 | 17,281 | 27,619 |
| The investments at market value comprise | | | |
| UK bonds and cash | 3,229 | 17,344 | 20,573 |
| European bonds | - | 7,109 | 7,109 |
| Total Market Value | 3,229 | 24,453 | 27,682 |

11. Creditors: Amounts Falling Due Within One Year

| | 2006 £000 | 2005 £000 |
|--|---------------|---------------|
| Trade Creditors | 253 | 230 |
| Other Creditors | 277 | 246 |
| Deposits (see note 12) | 12,841 | 11,875 |
| Conditional donations | 556 | 518 |
| Accruals | 83 | - |
| Due to connected charities | 329 | 331 |
| Total creditors falling due within one year | 14,339 | 13,200 |

12. Creditors: Amounts Falling Due After More Than One Year

| | 2006 £000 | 2005 £000 |
|---|--------------|--------------|
| Other loans | 4,374 | 4,443 |
| Deposits* | 5,300 | 4,902 |
| Total creditors falling due after more than one year | 9,674 | 9,345 |

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

Notes to the Financial Statements

Year Ended 31 August 2006

13. Funds

| | At 1 Sept 2005 | Income Including gains | Expenditure | Transfers | At 31 Aug 2006 |
|---|-------------------|------------------------------|---------------|-----------|-------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Unrestricted: | | | | | |
| General fund | 24,914 | 17,731 | 15,747 | - | 26,898 |
| Restricted: | | | | | |
| Travelling overseers assistance arrangement | 322 | 67 | 68 | - | 321 |
| Kingdom Hall assistance arrangement | 3,125 | 386 | 36 | - | 3,475 |
| The Society Kingdom Hall fund | 4,905 | 1,054 | 787 | - | 5,172 |
| Distress Relief fund | 342 | 84 | 214 | - | 212 |
| Eastern Europe fund | 114 | 69 | 183 | - | - |
| Total restricted funds | 8,808 | 1,660 | 1,288 | - | 9,180 |
| Total funds | 33,722 | 19,391 | 17,035 | - | 36,078 |

Travelling Overseers Assistance Arrangement

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

Kingdom Hall assistance arrangement

The Kingdom Hall upkeep and assistance arrangement exists to give aid where losses and damages have been suffered by congregations or individuals

The Society Kingdom Hall fund

The Society Kingdom Hall fund was set up to provide monies to assist with the purchase of places of worship As explained in note 4, during the year significant funds were sent overseas for Kingdom Hall building

Distress Relief fund

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

Eastern Europe fund

This fund was established to help contribute towards the purchase of places of worship and of branch facilities in Eastern Europe The fund was closed during the year

14. Assets by Fund

| | Unrestricted £000 | Restricted £000 | Total £000 | 2005 £000 |
|--|----------------------|--------------------|---------------|---------------|
| Tangible fixed assets | 6,673 | - | 6,673 | 7,269 |
| Loans | 18,668 | - | 18,668 | 16,968 |
| Net Current assets | 11,231 | 9,180 | 20,411 | 18,830 |
| Creditors falling due after more than one year | (9,674) | - | (9,674) | (9,345) |
| | 26,898 | 9,180 | 36,078 | 33,722 |

15. Transactions With Trustees And Connected Parties

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

16. Trustees

The trustees of Watch Tower receive no payments or reimbursements in their capacity as trustees The trustees are also volunteer workers at IBSA's premises, they receive personal expense allowances of £82 per month and a personal expense gift of £300 per year with free board and lodging as indeed do all volunteers

Notes to the Financial Statements

Year Ended 31 August 2006

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

| | 2006 £000 | 2005 £000 |
|--|--------------|--------------|
| Net incoming resources and investment gains / (losses) | 2,356 | 1,136 |
| (Increase) in Stocks | (45) | (208) |
| Decrease in Debtors | 249 | 728 |
| Increase / (Decrease) in Creditors | 1,139 | (585) |
| Depreciation | 873 | 1,031 |
| Net cash inflow from operating activities | 4,572 | 2,102 |

18. Returns On Investment and Servicing Of Finance

| | 2006 £000 | 2005 £000 |
|--------------|----------------|----------------|
| Loan to IBSA | (1,700) | (3,500) |
| | (1,700) | (3,500) |

19. Analysis Of Cash Flow From Capital

Expenditure In The Cash Flow Statement

| | 2006 £000 | 2005 £000 |
|--|----------------|--------------|
| Capital Expenditure And Financial Investment: | | |
| Loan Advances | - | 65 |
| Purchase Of Tangible Fixed Assets | (344) | (576) |
| Sale Of Tangible Fixed Assets | 67 | 189 |
| Net outlay on investments | (2,379) | 2,279 |
| | (2,656) | 1,957 |