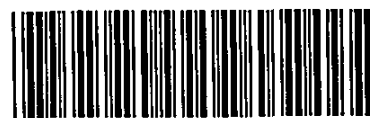


**REGISTERED COMPANY NUMBER: 3858051 (England and Wales)**  
**REGISTERED CHARITY NUMBER: 1077961**

**Report of the Trustees and  
Financial Statements For The Year Ended 31st August 2011  
for**

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

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

**Contents of the Financial Statements  
for the Year Ended 31st August 2011**

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

**Report of the Trustees  
for the Year Ended 31st August 2011**

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 2011. 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**  
3858051 (England and Wales)

**Registered Charity number**  
1077961

**Registered office**  
IBSA House  
The Ridgeway  
London  
NW7 1RN

<b>Trustees</b>	
P P Bell	- appointed 2 11 11
R Drage	
J Dowson	
P Ellis	
B J Vigo	
P S Gillies	- resigned 2 11 11

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

**Investment Advisers**  
Merill Lynch International Bank Ltd  
2 King Edward Street  
London  
EC1A 1HQ

**Bankers**  
Barclays Bank plc  
PO Box 12820  
London  
BX3 2BB

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The charity is controlled by its governing document, the memorandum and articles of the company dated 25th October 1999.

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

**Report of the Trustees  
for the Year Ended 31st August 2011**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Recruitment and appointment, induction and training of new trustees**

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. 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 Calcutt Matthews when new legislation affecting the charity is introduced. Additionally, arrangements are made for new trustees to attend a comprehensive course that includes training in legal, organisational, and financial matters.

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

**Organisational structure**

The charity is a UK company limited by guarantee.

The trustees organise the charity into a number of departments. Each department has an experienced, trained overseer who makes regular reports to the trustees.

**Wider network**

Charities with similar objects exist in many countries around the world. During the year, Watch Tower Bible and Tract Society of Britain (the Society) started to work more closely with one such charity in Germany. Co-ordination is through the Governing Body of Jehovah's Witnesses, located at their headquarters in the United States.

**Related parties**

In Britain, the Society works closely with International Bible Students Association (IBSA), which provides the Society with serviced facilities for its charitable activities. The Society passes to IBSA the cost incurred in printing and distributing the Bible-based religious literature manufactured and delivered to destinations in the UK and EU on its behalf, and all other overhead costs.

**Risk management**

The major risks to which the charity is exposed were reviewed by the trustees in December 2010, and again in October 2011, when the risk register was updated. The update focused particularly on events that would seriously impede the operations of the charity. Serious risks include catastrophic loss and failure of internal controls. 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,

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

**Report of the Trustees  
for the Year Ended 31st August 2011**

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

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 general public in spiritual and moral values
- 2 supporting congregations of Jehovah's Witnesses and others in Britain with their spiritual and material welfare, by advancing the Christian missionary work, which has promoted religious worship in local communities
- 3 supporting congregations of Jehovah's Witnesses and others abroad, primarily in developing countries, with their spiritual and 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. The charity first satisfies itself that the expenditure will further the religious work of Jehovah's Witnesses, and after confirming that sufficient funds are available, it then sends the money to the organisation caring for Jehovah's Witnesses in that country. Finally, reports are obtained to confirm the money was properly used.

**Programme related investments**

Note 16 to the financial statements explains that at 31 August 2011, £5.3m (2010 £10.7m) had been lent to congregations of Jehovah's Witnesses in Britain. These interest free loans have been advanced because the objects these congregations are supporting accord with the objects of the Society, as shown above. During the year the loan to IBSA was repaid in full.

**Workers and volunteers**

The charity is run entirely by workers and volunteers drawn from the Christian body of persons known as Jehovah's Witnesses.

**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 428 million publications were printed. These included 153 million copies of The Watchtower and Awake! magazines, which were printed in 25 and 15 languages respectively. In total, the charity has sent Bible-based literature to 124 countries in 240 languages. All of the literature produced is used to advance religious education and educate the general public in spiritual and moral values.

Despite a statutory requirement for print works setting a limit of 30% fugitive volatile organic compound emissions into the atmosphere in a 12-month period, the Society achieved a reduction from an already low level value of 3.48% fugitive emissions in 2009 to 2.07% in 2010.

**Charitable activities - Promoting Christian Missionary work**

In assisting congregations of Jehovah's Witnesses and others in Britain with their spiritual and material welfare, the charity supports over 80 travelling ministers. These visit the congregations on a regular basis, usually twice a year, during which they provide pastoral care. One of the primary objectives of these visits is for the travelling minister to promote the Christian missionary work by providing leadership in the public ministry of Jehovah's Witnesses. Additionally, the charity supports 140 full-time ministers who assist congregations to which the charity has assigned them. The assistance provided by these ministers enables local congregations of Jehovah's Witnesses to share fully in promoting and preaching the good news of God's Kingdom and teaching principles of Christian living. Such principles include respect for secular authority, persons, and property, and the maintenance of personal morality and family values and other facets of Christianity.

The charity also runs a training school for qualified ministers to better equip them to render spiritual and pastoral care in the community. This school, the Bible School for Single Brothers, formerly known as the Ministerial Training School, gives instruction in Bible teachings and in organisational matters. As a result of such training, some are assigned to serve where there is a need for ministers here in Britain, whereas others receive assignments in foreign countries. During the year there were two classes held from which 49 students graduated. 9 of these students came from European countries. Since the school was inaugurated 986 students have graduated.

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

### **Report of the Trustees for the Year Ended 31st August 2011**

#### **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, who are responsible for the general oversight of the activities of Jehovah's Witnesses in that country. The aid, over £20m 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 £4.1m was donated overseas, mainly to Africa, for use in advancing religious education.

Humanitarian aid of £107,000 was provided to support the on-going reconstruction after the earthquake that struck Haiti. These funds were used towards the construction of 1,700 temporary shelters and Kingdom Halls, and the replacement of those that were destroyed.

#### **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 to educate the general public in spiritual and moral values. Ministers have been supported in aiding others to develop personal morality and family values. Places of worship have been financed which are open to all who wish to benefit from the practical values contained in the Holy Bible. These activities bear out that the work of the charity continues to benefit both Jehovah's Witnesses and members of the community. The trustees confirm that they have taken into consideration Charity Commission guidance on public benefit in exercising their powers or duties.

#### **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 October 2011. Approved recommendations were implemented.

## **FINANCIAL REVIEW**

#### **Reserves policy**

Although the charity has a consistent income base, in light of economic conditions, the trustees have arranged to work more closely with a similar charity overseas. In view of the resultant good cooperation, it will be possible to reduce the level of reserves held, while improving the service provided to beneficiaries. At the year-end, free reserves stood at £21,288,000, which represented 7 months of expenditure (2010: £20,068,000 and 10 months). Because the arrangement has worked so well, the trustees aim over the current year to reduce the level of reserves held. The trustees feel that such a policy 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. As mentioned above, the charity has also started working more closely with a similar charity overseas, and has received substantial grants from this charity, which has committed itself to provide further funding, as both charities work towards fulfilling their common objectives and aims. In addition, the charity has an active treasury management department to handle investments it has been bequeathed or converted.

#### **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 preserve capital and achieve a real return of 4% plus inflation. The portfolio had a negative performance on August 31, 2010 of -4.24%. Given the requirement to be prudent in our investment approach, achieving a target real return above UK inflation of 4% would have increased risk to the Portfolio. To reduce risk the Portfolio was diversified by currency and asset class. 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 and investment quality.

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

**Report of the Trustees  
for the Year Ended 31st August 2011**

**FUTURE DEVELOPMENTS**

The charity anticipates being able to continue to have a full share in funding the activities of Jehovah's Witnesses in other countries and in producing Bible-based publications

**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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

**ON BEHALF OF THE BOARD**



Trustee

Peter Bell

Date

13<sup>th</sup> March, 2012

**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 2011 on pages seven 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, 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. 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 2011 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.

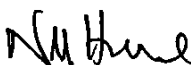
**Opinion on other matter prescribed by the Companies Act 2006**

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.

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

Date

13 March 2012



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

**Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31st August 2011**

	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	15,426,699	1,963,016	17,389,715	11,616,131
Investment income	3	1,050,572	46,299	1,096,871	736,910
<b>Incoming resources from charitable activities</b>					
Producing and distributing Bible literature	4	11,757,244	-	11,757,244	11,340,917
Other incoming resources	5	189,752	-	189,752	743,980
<b>Total incoming resources</b>		<b>28,424,267</b>	<b>2,009,315</b>	<b>30,433,582</b>	<b>24,437,938</b>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Investment management costs	6	262,088	-	262,088	312,081
<b>Charitable activities</b>					
Producing and distributing Bible literature	7	12,024,261	-	12,024,261	10,382,266
Promoting Christian missionary work		579,445	297,716	877,161	992,603
Making donations to further religious education overseas		24,188,290	107,767	24,296,057	11,907,391
Governance costs	10	11,550	-	11,550	12,000
<b>Total resources expended</b>		<b>37,065,634</b>	<b>405,483</b>	<b>37,471,117</b>	<b>23,606,341</b>
<b>NET INCOMING/(OUTGOING) RESOURCES</b>					
		(8,641,367)	1,603,832	(7,037,535)	831,597
Realised gains/(losses) on fixed asset investments		(2,339,473)	-	(2,339,473)	(674,502)
<b>Net income/(expenditure)</b>		<b>(10,980,840)</b>	<b>1,603,832</b>	<b>(9,377,008)</b>	<b>157,095</b>
Unrealised gains/losses on investment assets		(436,068)	-	(436,068)	2,244,134
<b>Net movement in funds</b>		<b>(11,416,908)</b>	<b>1,603,832</b>	<b>(9,813,076)</b>	<b>2,401,229</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>36,630,092</b>	<b>13,534,315</b>	<b>50,164,407</b>	<b>47,763,178</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>25,213,184</b>	<b>15,138,147</b>	<b>40,351,331</b>	<b>50,164,407</b>

**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 deficit for the year for Companies Act purposes, comprising the net outgoing resources for the year together with the realised losses on investments, was £9,377,008 (2010 surplus £157,095)

The notes form part of these financial statements

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

**Balance Sheet  
At 31st August 2011**

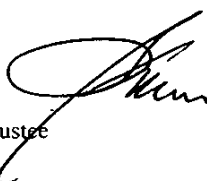
	Notes	Unrestricted funds £	Restricted funds £	2011 Total funds £	2010 Total funds £
<b>FIXED ASSETS</b>					
Tangible assets	13	3,924,815	446,962	4,371,777	4,945,286
<b>Investments</b>					
Investments	14	50,149,804	7,000,000	57,149,804	59,701,825
Investment property	15	180,000	-	180,000	-
Programme related investments	16	-	5,347,289	5,347,289	10,659,381
		54,254,619	12,794,251	67,048,870	75,306,492
<b>CURRENT ASSETS</b>					
Stocks	17	1,288,839	-	1,288,839	1,147,785
Debtors amounts falling due within one year	18	1,302,810	-	1,302,810	1,985,490
Cash at bank and in hand		3,923,169	2,343,896	6,267,065	4,570,785
		6,514,818	2,343,896	8,858,714	7,704,060
<b>CREDITORS</b>					
Amounts falling due within one year	19	(4,891,579)	-	(4,891,579)	(5,454,456)
<b>NET CURRENT ASSETS</b>		1,623,239	2,343,896	3,967,135	2,249,604
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		55,877,858	15,138,147	71,016,005	77,556,096
<b>CREDITORS</b>					
Amounts falling due after more than one year	20	(29,333,633)	-	(29,333,633)	(26,244,147)
<b>PROVISIONS FOR LIABILITIES</b>	22	(1,331,041)	-	(1,331,041)	(1,147,542)
<b>NET ASSETS</b>		25,213,184	15,138,147	40,351,331	50,164,407
<b>FUNDS</b>	23				
Unrestricted funds					
General fund				25,109,689	36,630,092
Revaluation Reserve				103,495	-
				25,213,184	36,630,092
Restricted funds				15,138,147	13,534,315
<b>TOTAL FUNDS</b>				40,351,331	50,164,407

The notes form part of these financial statements

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

**Balance Sheet - continued  
At 31st August 2011**

The financial statements were approved by the Board of Trustees on *13.03.2012* and were signed on its behalf by

 . Jack Dowson  
Trustee

 Peter Ellis  
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 2011**

	Notes	2011 £	2010 £
<b>Net cash (outflow)/inflow from operating activities</b>	26	(6,933,958)	2,154,136
<b>Returns on investments and servicing of finance</b>	27	34,348	27,435
<b>Capital expenditure and financial investment</b>	27	5,122,808	(6,754,143)
		<u>(1,776,802)</u>	<u>(4,572,572)</u>
<b>Financing</b>	27	3,473,082	362,190
<b>Increase/(decrease) in cash in the period</b>		<u>1,696,280</u>	<u>(4,210,382)</u>

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

28

Increase/(decrease) in cash in the period	1,696,280	(4,210,382)
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing	<u>(3,432,763)</u>	<u>(362,190)</u>
Change in net debt resulting from cash flows	(1,736,483)	(4,572,572)
Other non cash change to net debt	<u>-</u>	<u>281,078</u>
<b>Movement in net debt in the period</b>	(1,736,483)	(4,291,494)
<b>Net debt at 1st September</b>	<u>(24,589,378)</u>	<u>(20,297,884)</u>
<b>Net debt at 31st August</b>	<u>(26,325,861)</u>	<u>(24,589,378)</u>

The notes form part of these financial statements

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

**Notes to the Financial Statements  
for the Year Ended 31st August 2011**

**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), a connected charity, 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 cost related to the category. The trustees are of the opinion that support costs are best allocated to the cost of producing Bible literature. 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.

**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 off each asset over its estimated useful life.

Land	-	Not depreciated
Buildings	-	2% on cost
Plant and machinery	-	10%/15% on cost
Motor vehicles	-	25 % on reducing balance
Fixtures and fittings	-	10% 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.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**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.

**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. Experience shows that only a small percentage of deposits (approximately 10%) will be called upon in any one year. In addition, much of the cash received has been moved into fixed asset investments. To show the total amount of deposits as short-term liabilities would indicate that the charity did not have sufficient liquid assets to meet its short-term liabilities, which is not the case. The trustees therefore feel it appropriate to classify these as falling due after more than one year. 10% of the total amount on deposit is classed as a short term creditor.

**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.

**Connected charities**

Transactions are on an arms length and accruals basis. Note 24 sets out the relationship with IBSA. Most other countries have an administrative office of Jehovah's Witnesses.

**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 2011**

**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**

	2011 £	2010 £
Donations of literature	2,423,982	2,432,819
Legacies	2,473,858	2,075,191
Grants	5,514,047	-
Donations of cash and goods	<u>6,977,828</u>	<u>7,108,121</u>
	<u>17,389,715</u>	<u>11,616,131</u>

**3 INVESTMENT INCOME**

	2011 £	2010 £
Rents received	1,958	1,993
Investments listed on a recognised stock exchange	907,550	266 410
Other unlisted securities	130,070	328 840
Deposit account interest	<u>57,293</u>	<u>139,667</u>
	<u>1,096,871</u>	<u>736,910</u>

**4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Activity	2011 £	2010 £
Income from literature sold to IBSA	Producing and distributing Bible literature	<u>11,757,244</u>	<u>11,340,917</u>

**5. OTHER INCOMING RESOURCES**

	2011 £	2010 £
Foreign currency gains	-	634,570
Income from recycling	<u>189,752</u>	<u>109,410</u>
	<u>189,752</u>	<u>743,980</u>

**Watch Tower Bible and Tract Society of  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**6. INVESTMENT MANAGEMENT COSTS**

	2011 £	2010 £
Portfolio management	<u>262,088</u>	<u>312,081</u>

**7. CHARITABLE ACTIVITIES COSTS**

	Direct costs £	Grant funding of activities (See note 8) £	Support costs (See note 9) £	Totals £
Producing and distributing Bible literature	7,932,713	-	4,091,548	12,024,261
Promoting Christian missionary work	877,161	-	-	877,161
Making donations to further religious education overseas	-	<u>24,296,057</u>	-	<u>24,296,057</u>
	<u>8,809,874</u>	<u>24,296,057</u>	<u>4,091,548</u>	<u>37,197,479</u>

**8 GRANTS PAYABLE**

	2011 £	2010 £
Making donations to further religious education overseas	<u>24,296,057</u>	<u>11,907,391</u>

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

**By continent:**

	Cash £	Goods £	Literature £	Totals £
Europe	-	305,833	140	305,973
Africa	16	8,438,873	3,617,785	12,056,674
Asia	247,803	3,256,022	33,748	3,537,573
Americas	107,767	7,352,817	405,904	7,866,488
Other	<u>118,295</u>	<u>409,686</u>	<u>1,368</u>	<u>529,349</u>
	<u>473,881</u>	<u>19,763,231</u>	<u>4,058,945</u>	<u>24,296,057</u>

**By activity:**

	Cash £	Goods £	Literature £	Totals £
Promoting Christian missionary work via the construction of regional headquarters	-	2,291,756	-	2,291,756
Distribution of Bibles and Bible-based literature	-	-	4,058,945	4,058,945
Supporting regional headquarters in their administration of Christian missionary work	<u>473,881</u>	<u>17,471,475</u>	-	<u>17,945,356</u>
	<u>473,881</u>	<u>19,763,231</u>	<u>4,058,945</u>	<u>24,296,057</u>



**Watch Tower Bible and Tract Society of  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**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 Bible & Tract Society, Ghana  
 Watch Tower Society of Jehovah's Witnesses, Nigeria  
 Watchtower Bible & Tract Society Of New York, Inc, United States of America  
 Watch Tower Bible & Tract Society Of Canada  
 La Torre Del Vigia, A R , Mexico  
 Watch Tower Bible And Tract Society, Japan

Equivalent figures for the previous year were as follows

**By continent**

	Cash £	Goods £	Literature £	Totals £
Europe	169,135	184,126	1,674	354,935
Africa	-	5,619,266	4,736,717	10,355,983
Asia	251,530	368,256	30,729	650,515
Americas	32,197	308,922	192,578	533,697
Other	-	11,246	1,015	12,261
	<u>452,862</u>	<u>6,491,816</u>	<u>4,962,713</u>	<u>11,907,391</u>

**By activity:**

	Cash £	Goods £	Literature £	Totals £
Promoting Christian missionary work via the construction of places of worship	111,397	-	-	111,397
Promoting Christian missionary work via the construction of regional headquarters	-	1,783,992	-	1,783,992
Distribution of Bibles and Bible-based literature	-	-	4,962,713	4,962,713
Supporting regional headquarters in their administration of Christian missionary work	<u>341,465</u>	<u>4,707,824</u>	<u>-</u>	<u>5,049,289</u>
	<u>452,862</u>	<u>6,491,816</u>	<u>4,962,713</u>	<u>11,907,391</u>

**9 SUPPORT COSTS**

	Other £
Producing and distributing Bible literature	<u>4,091,548</u>

Support costs have been allocated to producing and distributing Bible literature

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**10 GOVERNANCE COSTS**

	2011	2010
	£	£
Auditors' remuneration	<u>11,550</u>	<u>12,000</u>

**11 NET INCOMING/(OUTGOING) RESOURCES**

Net resources are stated after charging/(crediting)

	2011	2010
	£	£
Auditors' remuneration	11,550	12,000
Depreciation - owned assets	678,247	769,135
Deficit on disposal of fixed asset	<u>8,041</u>	<u>9,774</u>

**12 TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31st August 2011 nor for the year ended 31st August 2010

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

The trustees of the Society receive no payments or reimbursements in their capacity as trustees. The trustees are also workers for IBSA, and as such they receive a monthly allowance of £96 and an annual allowance of £380 per year, along with free board and lodging from IBSA as indeed do all workers

**Trustees' Expenses**

There were no trustees' expenses paid for the year ended 31st August 2011 nor for the year ended 31st August 2010

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**13 TANGIBLE FIXED ASSETS**

	Freehold property	Plant and machinery	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
<b>COST</b>					
At 1st September 2010	285,762	8,513,538	301,454	1,705,942	10,806,696
Additions	-	78,256	11,192	101,877	191,325
Disposals	-	(21,814)	(89,622)	(23,150)	(134,586)
Reclassification	(86,950)	-	-	-	(86,950)
At 31st August 2011	<u>198,812</u>	<u>8,569,980</u>	<u>223,024</u>	<u>1,784,669</u>	<u>10,776,485</u>
<b>DEPRECIATION</b>					
At 1st September 2010	44,152	4,647,698	232,567	936,993	5,861,410
Charge for year	4,088	522,406	24,106	127,647	678,247
Eliminated on disposal	-	(19,459)	(85,075)	(19,970)	(124,504)
Reclassification/transfer	(10,445)	-	-	-	(10,445)
At 31st August 2011	<u>37,795</u>	<u>5,150,645</u>	<u>171,598</u>	<u>1,044,670</u>	<u>6,404,708</u>
<b>NET BOOK VALUE</b>					
At 31st August 2011	<u>161,017</u>	<u>3,419,335</u>	<u>51,426</u>	<u>739,999</u>	<u>4,371,777</u>
At 31st August 2010	<u>241,610</u>	<u>3,865,840</u>	<u>68,887</u>	<u>768,949</u>	<u>4,945,286</u>

**14. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>MARKET VALUE</b>	
At 1st September 2010	59,701,826
Additions	63,553,154
Disposals	(62,655,062)
Revaluations	(3,450,114)
At 31st August 2011	<u>57,149,804</u>
<b>NET BOOK VALUE</b>	
At 31st August 2011	<u>57,149,804</u>
At 31st August 2010	<u>59,701,826</u>

Total market values of investment assets held at 31 August 2011 are analysed as follows

	Cash and Liquid assets £	Listed investments £	Unlisted investments £	Total £
Investment assets in the UK	450,362	-	-	450,362
Investment assets outside the UK	<u>5,522,984</u>	<u>40,454,155</u>	<u>10,722,303</u>	<u>56,699,442</u>
	<u>5,973,346</u>	<u>40,454,155</u>	<u>10,722,303</u>	<u>57,149,804</u>

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**14 FIXED ASSET INVESTMENTS - continued**

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.

**15. INVESTMENT PROPERTY**

	£
<b>MARKET VALUE</b>	
Revaluation	93,050
Reclassification	<u>86,950</u>
At 31st August 2011	<u>180,000</u>
<b>NET BOOK VALUE</b>	
At 31st August 2011	<u>180,000</u>
At 31st August 2010	<u>-</u>

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

**16. PROGRAMME RELATED INVESTMENTS**

	Congregation Loans £	Loan to IBSA £	Totals £
<b>MARKET VALUE</b>			
At 1st September 2010	4,534,381	6,125,000	10,659,381
Additions	2,254,485	3,000,000	5,254,485
Disposals	<u>(1,441,577)</u>	<u>(9,125,000)</u>	<u>(10,566,577)</u>
At 31st August 2011	<u>5,347,289</u>	<u>-</u>	<u>5,347,289</u>
<b>NET BOOK VALUE</b>			
At 31st August 2011	<u>5,347,289</u>	<u>-</u>	<u>5,347,289</u>
At 31st August 2010	<u>4,534,381</u>	<u>6,125,000</u>	<u>10,659,381</u>

**Loan to IBSA**

These investments comprised monies advanced as a loan to a connected charity, IBSA, to assist in the purchase of buildings, thus helping IBSA in achieving its objective of the provision of serviced facilities for the printing and distribution of Bibles and Bible based literature and the housing of the volunteers engaged in this activity. The trustees made no interest charge to IBSA on the loan, on the basis that both charities have similar objects. The loan was fully repaid during the current financial year.

**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.

**Watch Tower Bible and Tract Society of  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**17. STOCKS**

	2011	2010
	£	£
Raw materials	112,487	99,594
Motor vehicle spares and consumables	42,089	28,371
Bibles and other literature	<u>1,134,263</u>	<u>1,019,820</u>
	<u><u>1,288,839</u></u>	<u><u>1,147,785</u></u>

**18. DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Trade debtors	943,019	1,205,729
Other debtors	358,629	677,902
Prepayments and accrued income	<u>1,162</u>	<u>101,859</u>
	<u><u>1,302,810</u></u>	<u><u>1,985,490</u></u>

**19 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011	2010
	£	£
Deposits (see note 21)	3,259,293	2,916,016
Trade creditors	1,243,553	2,183,794
Other creditors	381,233	342,886
Accrued expenses	<u>7,500</u>	<u>11,760</u>
	<u><u>4,891,579</u></u>	<u><u>5,454,456</u></u>

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2011	2010
	£	£
Deposits (see note 21)	<u><u>29,333,633</u></u>	<u><u>26,244,147</u></u>

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

The deposits are given on the understanding that the Society will repay them on demand. This would normally lead to them being classified as current liabilities. If all of the cash received in respect of these loans was held as a current asset, then this would be the accounting policy adopted. However, as cash accumulates (from all sources, including deposits received) the trustees consider it prudent and cost effective to make transfers into fixed asset investments, both to improve security of principal and return on investment.

The trustees believe that it would be prejudicial to the charity's liquidity to show a current liability for the creditor (for which no repayment date is known) and to show most of the resultant asset as a fixed asset investment. The trustees have therefore classified the deposits as long-term creditors in order to show a true and fair view.

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**20 CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued**

Based on requests for repayment over recent financial years, it is anticipated that approximately 10% of deposits held will be requested back in the next 12 months. The trustees therefore consider it prudent to class 10% of the balance of deposits as short term creditors.

**21 LOANS**

An analysis of the maturity of loans is given below

	2011 £	2010 £
Amounts falling due within one year on demand		
Deposits- due within 1 year	<u>3,259,293</u>	<u>2,916,016</u>
Amounts falling between one and two years		
Deposits- due between 1 and 5 years	32,592,926	29,160,163
Less- 10% transferred to short term creditors	<u>(3,259,293)</u>	<u>(2,916,016)</u>
	<u>29,333,633</u>	<u>26,244,147</u>

**22 PROVISIONS FOR LIABILITIES**

	2011 £	2010 £
Conditional donations	<u>1,331,041</u>	<u>1,147,542</u>
Provision at 1 September 2010		£ 1,147,542
Provision on new conditional donations received		216,439
Provision released on conditional donations converted into donations		(20,940)
Provision released on conditional donations repaid		<u>(12,000)</u>
Provision at 31 August 2011		<u>1,331,041</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 £24,000 was requested back in 2011 (2010 £8,000). The remaining £1.3 million is a contingent liability.

**Watch Tower Bible and Tract Society of  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**23 MOVEMENT IN FUNDS**

	At 1 9 10 £	Net movement in funds £	At 31 8 11 £
<b>Unrestricted funds</b>			
General fund	36,630,092	(11,520,403)	25,109,689
Revaluation Reserve	-	103,495	103,495
	<u>36,630,092</u>	<u>(11,416,908)</u>	<u>25,213,184</u>
<b>Restricted funds</b>			
Kingdom Hall Construction Worldwide	7,786,327	1,139,702	8,926,029
Travelling Overseers Assistance Arrangement	854,487	240,644	1,095,131
Kingdom Hall Assistance Arrangement	4,704,864	268,444	4,973,308
Relief Fund	188,637	(44,958)	143,679
	<u>13,534,315</u>	<u>1,603,832</u>	<u>15,138,147</u>
<b>TOTAL FUNDS</b>	<u>50,164,407</u>	<u>(9,813,076)</u>	<u>40,351,331</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	28,424,267	(37,065,634)	(2,879,036)	(11,520,403)
Revaluation Reserve	-	-	103,495	103,495
	<u>28,424,267</u>	<u>(37,065,634)</u>	<u>(2,775,541)</u>	<u>(11,416,908)</u>
<b>Restricted funds</b>				
Kingdom Hall Construction Worldwide	1,139,702	-	-	1,139,702
Travelling Overseers Assistance Arrangement	349,679	(109,035)	-	240,644
Kingdom Hall Assistance Arrangement	457,125	(188,681)	-	268,444
Relief Fund	62,809	(107,767)	-	(44,958)
	<u>2,009,315</u>	<u>(405,483)</u>	<u>-</u>	<u>1,603,832</u>
<b>TOTAL FUNDS</b>	<u>30,433,582</u>	<u>(37,471,117)</u>	<u>(2,775,541)</u>	<u>(9,813,076)</u>

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

**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**23. 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 in the British field

**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. Many congregations and certain individuals pay into this fund on the understanding that the Society will give them financial assistance in the event of loss or damage to their property. This fund operates world wide, so that if any one local branch office of Jehovah's Witnesses is unable to meet the demands on its Kingdom Hall Assistance Arrangement, it can request other branches to contribute from their own KHAA funds. This creates a contingent liability within the Society's accounts, limited to the value of the fund locally, currently £5 million.

**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.

**24. 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 IBSA purchased literature from Watch Tower amounting to £11,742,370 (2010 £11,340,917). At the year end, IBSA owed Watch Tower £867,833 (2010 £1,204,150), being the invoice for August 2011. In the prior year, an administrative error was discovered that had led to IBSA being overcharged for literature for two years. An estimate of the overcharge (£1.4 million) was included as a creditor on the balance sheet for 2010. This was fully settled during the current year, therefore no amounts were outstanding at the year-end in relation to this transaction (2011 £nil).

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, IBSA charged Watch Tower £4,425,669 (2010 £4,330,053) for these services. At the year end, Watch Tower owed IBSA £387,404 (2010 £391,556) in respect of these transactions.

IBSA also had a beneficial loan from Watch Tower to assist it in achieving its objectives. The loan was made on an interest free basis, with no pay back date. The loan was fully paid back during the current year and at the year-end the balance stood at £nil (2010 £6,125,000). The interest that would be due under normal, commercial rates has been estimated at £112,000 (2010 £400,000).

**25. GOING CONCERN**

Following the banking crisis in 2008, the trustees have carried out a review of the stability of assets held with banks and other financial institutions at the year end. They are satisfied that assets are held in institutions with only the highest ratings, and no provisions other than those made in the accounts are required.

The trustees are satisfied that they have sufficient liquid funds to run the charity for the foreseeable future.



**Watch Tower Bible and Tract Society of  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

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

	2011 £	2010 £
Net (outgoing)\incoming resources	(7,037,535)	831,597
Depreciation charges	678,247	769,135
Loss on disposal of fixed assets	8,041	9,774
Interest received	(57,555)	(138,433)
Dividends received	(1,037,620)	(595,250)
Other non-cash donations received	(68,199)	(240,469)
Fixed assets donated to other charities	-	34,437
Increase in provisions	(183,499)	(287,385)
Movements related to investments	733,812	(342,411)
Movements on conditional donations	394,878	634,340
Increase in stocks	(141,054)	(123,512)
Decrease/(increase) in debtors	682,680	(528,630)
(Decrease)/increase in creditors	(906,154)	2,130,943
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(6,933,958)</b>	<b>2,154,136</b>

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

	2011 £	2010 £
<b>Returns on investments and servicing of finance</b>		
Interest received	57,555	138,433
Dividends received	1,037,620	595,250
Income kept in fixed asset investments	(1,060,827)	(706,248)
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>34,348</b>	<b>27,435</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(191,325)	(322,123)
Transferred to fixed asset investments	-	(10,000,000)
Programme related investments advanced	(5,254,485)	(2,219,728)
Sale of tangible fixed assets	2,041	880
Programme related investments repaid	10,566,577	5,786,828
<b>Net cash inflow/(outflow) for capital expenditure and financial investment</b>	<b>5,122,808</b>	<b>(6,754,143)</b>
<b>Financing</b>		
Loans advanced by depositors	7,643,693	4,095,430
Loans repaid to depositors on demand	(4,170,611)	(3,733,240)
<b>Net cash inflow from financing</b>	<b>3,473,082</b>	<b>362,190</b>

**Watch Tower Bible and Tract Society of  
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**Notes to the Financial Statements - continued  
for the Year Ended 31st August 2011**

**28 ANALYSIS OF CHANGES IN NET DEBT**

	At 1 9 10 £	Cash flow £	At 31 8 11 £
Net cash			
Cash at bank and in hand	4,570,785	1,696,280	6,267,065
Debt			
Debts falling due within one year	(2,916,016)	(343,277)	(3,259,293)
Debts falling due after one year	<u>(26,244,147)</u>	<u>(3,089,486)</u>	<u>(29,333,633)</u>
	<u>(29,160,163)</u>	<u>(3,432,763)</u>	<u>(32,592,926)</u>
Total	<u>(24,589,378)</u>	<u>(1,736,483)</u>	<u>(26,325,861)</u>