

# IBS-STL U.K.

## FINANCIAL STATEMENTS

**FOR THE YEAR ENDED  
29 FEBRUARY 2008**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

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## **TRUSTEES' REPORT**

The Trustees present their report and the financial statements for the year ended 29 February 2008.

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of IBS-STL U.K. for the purposes of company law) are responsible for preparing the Trustees' Report 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 these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware; there is no relevant audit information of which the Charity's auditors are unaware, and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### **ABOUT THE CHARITY**

On 1<sup>st</sup> March 2007, Send The Light Ltd changed its name to IBS-STL U.K.

The Charity is a company limited by guarantee, governed by its Memorandum and Articles of Association since its incorporation on 17 June 1975. The Charity has opted to also work to a Charity Governance paper and in the implementation of this paper, the Charity intends to comply with 'Good Governance', the Code of Governance for the Voluntary and Community Sector.

It is registered as follows:

Company registration number: 1216232

Charity registration number: 270162

Registered office: Kingstown Broadway, Carlisle, CA3 0HA

In carrying out its ministry the Charity uses the following operational names:-

Authentic Media  
Wesley Owen Retail Group  
STL Distribution  
Sunrise Software  
H.F. Johnson Ministries  
IBS UK

## **TRUSTEES' REPORT**

continued . . .

### **TRUSTEES - SUPERVISORY BOARD**

Each of the Trustees set out below has held office during the period from 1 March 2007 to the date of this report unless otherwise stated. The Trustees are also Directors of the company.

Michael Fitch FCA	Chairman
Keith Danby	
Peter Maiden	(appointed 20 <sup>th</sup> May 2008)
Guy McDonnell	(appointed 20 <sup>th</sup> May 2008)
John Preston	(resigned 13 <sup>th</sup> February, 2008)
Roy Wisdom	

### **PRINCIPAL OFFICERS - EXECUTIVES**

Chief Executive:	Graham Sopp
MD of STL Distribution:	Ian Waterfield
MD of Wesley Owen Retail Group:	Malcolm Stockdale
MD of Authentic Media:	Gareth Russell
Director of Finance:	Ric Jaques <small>ACA</small>
Director of Personnel:	David Young <small>MIPD</small>
Company Secretary:	David Ryan <small>FCA</small>

### **SUB COMMITTEES**

The Audit Committee comprises Michael Fitch as Chairman and Keith Danby.

The Remuneration Committee comprises Michael Fitch as Chairman, and all the Trustees, with the exception of the Chief Executive with regard to his own remuneration package.

The Appointments Nominations Committee comprises Michael Fitch as Chairman, together with at least two other Trustees appointed by the Board.

### **APPOINTMENT OF TRUSTEES AND ORGANISATION OF THE CHARITY**

The Appointments Nominations Committee selects potential Trustees and makes recommendations to the Board. Recommendations to the committee can be received from existing Trustees or Principal Officers and are ratified by consensus.

Trustees serve for a three-year period and may be re-elected for two further three-year periods. In extenuating circumstances and by exception, service as a Trustee may be extended. Executive Directors meet with the Trustees four times during the year. This includes one meeting to review and approve the budget for the forthcoming financial year.

The Trustee Board meets four times during the year, chaired by Michael Fitch, meeting in February to approve the budget, review the key issues for the year and to approve the capital budget, then through the year for reporting and to review policy and strategy.

## **TRUSTEES' REPORT**

continued ...

Potential Trustees attend three Trustee Board meetings prior to appointment as a part of the induction procedure and to give the Trustees and the candidate an opportunity to assess whether or not the appointment is appropriate. All Trustees undergo induction training on appointment. Ongoing training is conducted through updates at Trustees meetings.

The Trustees delegate the day to day operational decisions to the Executive Officers (see above) with reference back to the Trustees on decisions that are material to the Charity. Mentoring links are in place between the Trustee Board and the Executive Officers and this aids communications and the decision making process.

## **PROFESSIONAL ADVISORS**

Auditors:		Mazars LLP Merchant Exchange Whitworth Street West Manchester M1 5WG
Solicitors:	(England)	Wrigleys 19 Cookridge Street Leeds LS2 3AG
Solicitors:	(Scotland)	Simpson & Marwick 18 Heriot Row Edinburgh EH3 6HS
Solicitors:	(Northern Ireland)	Hewitt & Gilpin Thomas House 14-16 James Street South Belfast BT2 7GA
Bankers:		Royal Bank of Scotland plc Gemini Building 24-25 St Andrew's Square Edinburgh EH2 1AF
		Evangelical Christian Credit Union 9240 Explorer Drive, Suite 101 Colorado Springs Colorado, CO 80920-5001 USA

## **TRUSTEES' REPORT**

continued ...

### **AIMS OF THE CHARITY**

The primary objective of the Charity as detailed in the Memorandum and Articles of Association is the advancement of education and religion throughout the United Kingdom and elsewhere. The mission statement of the Charity is '*Advancing the Christian Faith through the creation, distribution and retailing of Christian resources*'.

To achieve this objective the Charity actively seeks to make known the teachings of Jesus Christ and the outworking of those teachings in daily life, in ways that are relevant to the times and culture of the various communities in the countries in which it works.

This involves the origination, distribution and retailing of Christian books, music and associated products whose key policies are as follows:

- to create Christian resources that encourage a biblical worldview and lifestyle
- to facilitate the distribution of Christian resources within the United Kingdom and around the world
- to operate a multi-channel access service to consumers providing a full range of Christian resources. Christians and those seeking to know more about the Christian faith can access resources directly through the internet or by telephone, or through one of its 40 Christian bookshops in the UK. The bookshops also act as a focal point for Christians and an encouragement to them in their faith

The Charity seeks to be active wherever there are opportunities to fulfil its charitable objectives. This can be by direct involvement or by making grants to other charities or to individuals that further the charitable objects of IBS-STL U.K. through their own work.

Each of the Charity Trustees and Principal Officers subscribe to a statement of faith contained in the Charity governance paper.

There have been no material changes in the policies of the Charity in the last year.

## **TRUSTEES' REPORT**

continued ...

### **WHAT WE HAVE ACHIEVED DURING THE YEAR**

As described in the Trustees Report in the February 2007 financial statements, the Charity had a number of aims for the year now completed. Below is an update on what we were able to achieve during the year, along with some of the key performance indicators.

- Following the merger with the International Bible Society on 1 March 2007, we have been actively bringing together the ministries of both organisations in the UK and around the world. The activities and net assets of IBS UK were gifted to IBS-STL UK during the year, and there have been increased opportunities to resource churches and mission organisations by putting together the skills and experience of Authentic Media and STL Marketing with the impressive range of Scripture items produced by IBS.
- Close links and a sharing of expertise between the management of IBS-STL UK and IBS-STL US will continue to bring additional benefits to both organisations, as we seek ways to become more effective in bringing the good news of Christ to people, both in the UK and around the world.
- The ownership by the IBS-STL group of the NIV and TNIV Bible translations gives us additional opportunities to bring affordable Scripture to communities in the UK.



- During 2007/8 we were able to continue providing a strong Christian presence on the high streets of England, Scotland and Northern Ireland, and estimate that there were around 2 million visits to our shops during the year. Wesley Owen sold over 100,000 Bibles during the year, and an estimated 3,000 books per day, helping to resource churches, bring good news to people exploring spiritual issues, and further theological debate.
- High street retailing is not without its challenges, as rental levels and other costs continue to rise. As referred to in last years Report, the leases of three shops were not renewed leading to their closure early in the financial year. A fourth shop was also closed in January 2008 for similar reasons. It is with considerable sadness that these mission stations were closed, and we are tremendously grateful to the staff of these shops for the many years of service given to their local communities.
- Facing an uncertain future with our Nottingham store, we were able to relocate it to a better location to ensure an ongoing ministry in this city.
- Our web-based ministry continued to be developed during the year, as we make available the breadth of Christian resources to as many people as possible, including those who would not physically visit a Christian bookshop.
- Our links with other Christian organisations remain very important to us, as they are often an effective way of meeting those parts of our objectives which relate to the relief of poverty and sickness. This may be in the form of publishing books or music in association with them, providing bookstall facilities at conferences, or raising funds and awareness of their work.
- Bookstalls allow us to come into contact with tens of thousands of people from all denominations and parts of the UK, many of whom would not have regular access to a Christian bookshop and the resources that we provide.

Continued.....

## **TRUSTEES' REPORT**

continued ...

- We were particularly pleased to work with the Dalit Freedom Network this year, making known to many thousands the plight of the Dalit caste (the 'untouchables') in India and raising funds through the Wesley Owen stores to support their work in the relief and education of Dalit children in particular.
- Wesley Owen was also able to promote the work of Stop The Traffix, as they look to abolish child slavery throughout the world. In addition, our 'Bibles for India' campaign has amassed some 20,000 Bibles and scripture portions donated by shop customers, that will be sent to Indian communities who are unable to own their own Bible.



- STL Distribution has continued to work closely with independent Christian bookshops, to provide them with a high quality service, helping them to serve their local churches and communities.
- The completion of our new warehouse in Carlisle has allowed us to reorganise some of our distribution activities, to help drive efficiency and create space for further distribution relationships to be developed. The completion of the new facility has also allowed us to redevelop some of the processes in our existing warehouse, again allowing us to work more efficiently and serve our customers better.
- Distribution of God's word remains at the heart of what we do, and during the year we distributed a total of 440,000 Bibles through our warehouses, in many different translations. In addition, STL Distribution has handled over 4.8 million Christian books, 850,000 Christian music items, and an increasing number of Christian gift products.
- Although historically our distribution has been to trade accounts, there is increasing demand for producers and resellers to deliver products to consumers' homes. As well as serving over 2,900 trade accounts, this year we delivered Christian resources to nearly 45,000 homes.
- The annual Christian Media event that we hold in Carlisle is an opportunity to bring together many independent bookshop managers, as well as our own store managers, for fellowship, training, sharing of ideas and an opportunity to encourage each other as they advance the Christian faith in their localities.



- Our publishing division, Authentic Media, sold over 650,000 books into 36 countries. One title, 'Taming the Tiger', this year reached a life-to-date total sales figure of 500,000 copies, bringing a powerful testimony of God's power in one man's life. These books include 14 different language translations. Titles like this, and 'Once and Addict' were used by churches and missions for free distribution into prisons and young offenders institutions.
- Authentic continues to seek ways of bringing high quality book and media product in ways that are culturally relevant, whether it be an MP3 Bible for young people, a study aid for a theology student, a story book for children, or a piece of software for a church leader.

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**TRUSTEES' REPORT**

continued ...

- We were delighted to get involved with the Hope 08 mission, publishing the manual to help churches engage with their local communities.
- Almost 500,000 pieces of Authentic music and other media product were sold during the year, and over 70,000 Bibles including the ever popular Youth Bible, where we seek to provide Scripture in a way that catches the imagination of young people.
- Authentic was able to work with many of its authors and artists, enabling them to speak or perform at numerous major Christian events this year, bringing their message to hundreds of thousands of people.
- The development of the SAP computer system has made good progress during the year, with the finance module going live on 2nd January 2008. Final development and testing are well under way, with a target launch date for the integrated warehouse system being Autumn 08. This will replace the aging IT systems that have served the Charity for so many years, providing a strong platform to face the technological changes and opportunities the future will bring for IBS-STL UK.



- Our HF Johnson Ministries work has seen us donate over £93,000 of books and Bibles to UK schools, helping teachers to resource their school libraries and classroom with high quality, inspiring Christian resources.

## **TRUSTEES' REPORT**

continued ...

### **WHAT WE AIM TO ACHIEVE DURING THE YEAR AHEAD**

- Continued links with different parts of IBS-STL around the world will enable us to reach more people with God's word in a variety of ways.
- We will continue ways to work with emerging technologies to present the message of Christ to people in a relevant way. As well as further developing our WesleyOwen.com site, we will explore ways to engage with people through social networking sites and digital downloads.
- We will maintain and develop our support of the independent Christian booksellers, as the economic climate makes this an increasingly difficult mission field. Our objectives are met through STL Distribution offering efficient, reliable, and innovative service in support of this vital work.
- We shall work hard to maintain our high street presence, as well stocked resource centres where all members of the community can be welcomed, whether it is to explore issues related to Christianity, or gain a further understanding of their Christian faith.
- We will work with other Christian organisations where we believe it will help us to meet our objectives. This year we will link in particular with Compassion UK, helping to raise funds for their relief work, and encouraging our store customers to join their life-changing Child Sponsorship program.
- We will complete the reorganisation of the existing warehouse, bringing further efficiencies to the way we store and handle product.
- We aim to complete the design, testing and implementation of the SAP computer system, providing new and exciting opportunities and further efficiencies in our distribution operation.
- Authentic Media will continue to work with authors and artists to make available relevant, challenging and inspiring works in print, recorded and digital formats.

## **TRUSTEES' REPORT**

continued ...

### **TEAM WORK**

The ministry of the Charity would not be possible without the hard commitment of the staff team. The Trustees wish to record their thanks for all the hard work and dedication that goes into the ministry by so many people spread across the country.

The Charity works hard to communicate with the staff team, passing on details of events, decisions and financial information by way of a series of regular meetings, newsletters and team briefings, and input from the team is welcomed. Consultation with team members can be on an individual basis or by way of departmental meetings dependent on particular circumstances.

Members of the senior management team continue to serve on a number of Christian trade association committees and boards and seek to encourage co-operation in both the supply and retail sectors.

During the year volunteers gave their services to the Charity with an estimated cost saving of £45,070 and their input is greatly valued.

The Charity believes that its people should have equal opportunities from recruitment, through career development to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation where everyone will receive equal treatment, regardless of age, colour, disability, gender, race, national or ethnic origin, age, religion, sexual orientation or marital status. People management procedures are monitored to ensure that our decisions are reached taking into account personnel requirements and the needs of the Charity.

Due to the nature of the Charity, employees are well motivated to become fully involved in the Charity's activities and to make a positive contribution.

### **DONATIONS & SUPPORT OF CHRISTIAN ORGANISATIONS**

Linking with other Christian organisations and Charities continues to be an important aspect of the Charity. In particular, our ongoing relationships with Operation Mobilisation and Compassion are particularly significant to us. The Wesley Owen charity of the year was The Dalit Freedom Movement, for whom we raised funds and profile through our store.

As well as a number small gifts, we were able to make a gift of £50,000 to IBS-STL US, in support of their mission activities around the world. In addition, we were delighted to give £149,000 of Christian books to various Christian organisations both within the UK and overseas. Our HF Johnson Ministries activity saw us donate over £93,000 of Christian books and Bibles to schools within the UK.

### **FINANCIAL RESULTS**

We give thanks to God for His faithful oversight of our activities during the last year, enabling us to finish the year with a surplus, and to continue investing in the long term infrastructure in support of the various mission activities of the Charity. Our sale of Christian resources continues to be impacted to a degree by a slow down in the UK economy, along with a fall in church attendance. However, we have continued to look at all aspects of how we resource the various activities of the Charity, to ensure our costs remain in line with income.

## **TRUSTEES' REPORT**

continued ...

A summary of this period's results is as follows: -

The company operating results for the year are shown in the Statement of Financial Activities on page 16.

The income of the Charity's own primary purpose trading has fallen during the year from £37.6m to £35.2m but related costs before grants were reduced from £37.6m to £35.0m. This produced a surplus before grants of £412,000, an increase of £175,000 over the previous year. This is an encouraging result given the general downturn in retail sales faced in the UK last year.

The Trustees confirm that the Charity's assets are available and adequate to fulfil the obligations of the Charity and that the funds are not excessive, given the assets, commitments and size of the Charity. The financial commitments are detailed in notes 25 & 26. None of the assets included in the balance sheet have been the subject of a revaluation.

The accounts comply with the statutory requirements required of the Charity, including the Companies Acts, the Charities Act 1993 and the activities are all in fulfilment of the charitable objectives as set out in the Memorandum of Association. Dividends are not permitted under the Articles of Association.

## **RISK ASSESSMENT**

The Charity maintains a Risk Register following a detailed assessment of the risk areas. Areas looked at included the possibility of poor governance, mismanagement and inappropriate actions taken by employees or Trustees as well as certain specific potential risks identified by the Trustees and executive team appropriate to the particular nature of the Charity's activities. In addition there is a programme of Trustee training in governance and other Trustees responsibilities.

The Trustees consider that all major risks to which the Charity is exposed have been identified and reviewed, and that systems have been established to mitigate those risks wherever possible and will be monitored on an ongoing basis. This is conducted as part of the annual planning process. The Risk Assessment Plans will ensure that the principles of continuous improvement are built into the process.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Charity uses various financial instruments. These include loans, cash, and leasing arrangements and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Charity's operations.

The existence of these financial instruments exposes the Charity to a number of financial risks, which are described in more detail below. In order to manage the Charity's exposure to those risks, in particular the Charity's exposure to interest rate risk and currency risk, the Charity will consider the range of derivative transactions available, including, but not limited to, interest rates hedging and forward foreign currency contracts.

All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Charity's financial instruments are currency risk, cash flow interest rate risk, credit risk and liquidity risk.

### **Currency risk**

Transaction exposures are hedged by using forward currency contracts.

## **TRUSTEES' REPORT**

continued ...

### **Interest rate risk**

The Charity finances its operations through a mixture of the cumulative incoming resources over outgoing resources, bank borrowings and leases. The Charity's exposure to interest rate fluctuations on its borrowings is managed by considering the use of both fixed and floating facilities. For several years the internal resources of the Charity have financed the investment requirements. Fixed asset investments are being financed by means of fixed rate leases and, with ongoing fixed asset investment, leasing and interest rate hedges will be considered. Further detail regarding interest rates on the Charity's borrowings is disclosed in note 20 to the accounts.

### **Liquidity risk**

The Charity seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is important because of the seasonal variations in the activities of the Charity and is achieved by overdraft facilities.

### **Credit risk**

The principal credit risk arises from its trade debtors.

In order to manage credit risk, limits are set for customers based on a combination of payment history, examination of filed accounts and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

## **RESERVES AND RESERVES POLICY**

The reserves policy of the Charity is to build sufficient reserves to pay external borrowings, and minimise working capital borrowings, the need for which varies with seasonal fluctuations. The long term goal would be to eliminate the need for external borrowings altogether, but during the current period of investment, reserves of between £1.25m and £2m would be deemed as sufficient.

The Charity had total funds of £5.07m at 29 February 2008. Of this, £3.41m was utilised in the excess of fixed assets of the Charity over related medium to long term borrowing, comprising:

	£m
Assets used in the day-to-day activities (functional)	7.96
Less related medium to long term borrowing	4.55
	-----
Fixed assets financed out of the Charity's funds	3.41
	=====

The balance of £1.66m funds was available as reserves for use in the future work of the Charity, helping to reduce the need for external and working capital borrowings.

The Trustees believe that the market value of the land & buildings is substantially in excess of the book value.

**TRUSTEES' REPORT**

continued ...

**INVESTMENT POLICY**

The Charity has seasonal fluctuations in its cash requirements. At the times of the year when there may be surplus cash over operating requirements, the additional funds, under the powers given in the Memorandum of Association, will be put onto deposit with the Charity's bankers for such rates as are best offered for the anticipated time they will be available.

**GRANT POLICY**

The Charity makes substantial gifts of Christian books and music to other Christian organisations, mostly but not exclusively overseas, after due consideration of requests. It is the policy of the Trustees to also make cash grants from any surplus made during the year, to projects conducted by others provided that they are also furthering the charitable objectives. This is seen as a means of encouraging others in the advancement of the Christian faith and out of gratitude to God for the ongoing provision for the activities of the Charity.

The Charity will be continues with the ministry formerly carried out by the H.F. Johnson Trust. This provides Christian books and other Christian resources to schools, and will be conducted under the name 'H.F. Johnson Ministries'.

**TRUSTEES' REPORT**

continued ...

**AUDITORS**

During the year, a competitive tender process was carried out by IBS-STL to find a global auditor for the group, and Mazars LLP have been appointed as auditors.

The Trustees wish to record their thanks to Grant Thornton, our previous auditors, for their services over the past five years.

Approved by the Board and signed on its behalf by



**D E Ryan**  
**Secretary**

**Date:** 25 JULY 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IBS-STL U.K.**

We have audited the financial statements of IBS-STL U.K. for the year ended 29 February 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under accounting policies set out therein.

This report is made solely to the 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 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 company and the 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 described in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of IBS-STL U.K. for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our 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 (UK and Ireland) 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 state of the company's affairs as at 29 February 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.



Mazars LLP  
Chartered Accountants  
and Registered Auditors

Manchester

Date: 25 July 2008

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

	Notes	Restricted Funds 2008 £'000	Unrestricted Funds 2008 £'000	Total Funds 2008 £'000	Total Funds (Unrestricted) 2007 £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income:					
Gifts and legacies	2	95	185	280	293
Investment income	2	-	4	4	8
		<u>95</u>	<u>189</u>	<u>284</u>	<u>301</u>
<b>Incoming resources from charitable activities:</b>					
Sale of Christian resources	3	-	35,158	35,158	37,612
Rental Income		-	19	19	13
		<u>-</u>	<u>35,177</u>	<u>35,177</u>	<u>37,625</u>
<b>Total Incoming Resources</b>		<u>95</u>	<u>35,366</u>	<u>35,461</u>	<u>37,926</u>
<b>Resources expended:</b>					
Charitable activities	4	95	35,194	35,289	41,314
Governance costs	5	-	52	52	68
		<u>95</u>	<u>35,246</u>	<u>35,341</u>	<u>41,382</u>
<b>Net Incoming / (Outgoing) Resources for the Year</b>		<u>-</u>	<u>120</u>	<u>120</u>	<u>(3,456)</u>
Net movement in funds		-	120	120	(3,456)
Total funds balance brought forward		-	4,950	4,950	8,406
<b>Total funds balance carried forward</b>		<u>-</u>	<u>5,070</u>	<u>5,070</u>	<u>4,950</u>

The Charity's income and expenditure relates to all operations that are continuing at the year end.

The Charity has no recognised gains or losses other than the surplus for the year.

The surplus for the year has been calculated on the historical cost basis.

**BALANCE SHEET  
AT 29 FEBRUARY 2008**

		<b>2008</b>	<b>2007</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>FIXED ASSETS:</b>			
Intangible assets	12	-	8
Tangible assets	13,14	7,957	6,583
		<hr/>	<hr/>
		7,957	6,591
<b>CURRENT ASSETS:</b>			
Stocks	16	5,342	5,016
Debtors	17	3,803	4,472
Cash at bank and in hand		286	898
		<hr/>	<hr/>
		9,431	10,386
<b>LIABILITIES:</b>			
Creditors: Amounts falling due within one year	18	(8,229)	(9,146)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1,202	1,240
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,159	7,831
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	19	(4,089)	(2,881)
		<hr/>	<hr/>
<b>NET ASSETS</b>		5,070	4,950
		<hr/> <hr/>	<hr/> <hr/>
<b>THE FUNDS OF THE CHARITY:</b>			
Unrestricted funds:			
Designated funds	22	3,413	3,368
General funds	22	1,657	1,582
		<hr/>	<hr/>
		5,070	4,950
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board on *25 JULY 2008* and signed on its behalf by



**Michael Fitch** FCA  
Trustee

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

		2008		2007	
	Notes	£'000	£'000	£'000	£'000
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	24a		660		(557)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest received		4		8	
Interest paid on bank loans		(205)		(125)	
Interest paid on finance leases		(11)		(1)	
<b>NET CASH OUTFLOW OF INVESTING ACTIVITIES</b>			(212)		(118)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>					
Receipts from sale of tangible fixed assets		11		6	
Payments to acquire tangible fixed assets		(1,948)		(1,028)	
<b>TOTAL OUTFLOW FROM CAPITAL EXPENDITURE</b>			(1,937)		(1,022)
<b>ACQUISITIONS AND DISPOSALS</b>	24d				
Purchase of business			-		(343)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>			(1,489)		(2,040)
<b>FINANCING</b>					
Net receipt of loans			96		1,808
Inception of finance leases			998		
Repayment of finance leases			(217)		(103)
<b>DECREASE IN CASH</b>			(612)		(335)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

**(a) Basis of preparation**

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

The company has taken advantage of Section 229(2) of the Companies Act 1985 not to consolidate on the basis that the subsidiary companies are not material to the results of the group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

**(b) Incoming resources**

**Voluntary income**

All monetary donations and gifts are included in full in the statement of financial activities when receivable, provided that there are no donor-imposed restrictions as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

Legacies to which the Charity is entitled are included in the statement of financial activities unless they are incapable of measurement.

**Investment Income**

Investment income, including associated income tax recoveries, is recognised when receivable.

**Income from charitable activities**

Sales of Christian resources represent the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers. Invoices are recognised at the point of the despatch, or point of sale, of goods to the customer. Where income relates to a specified future period, it is deferred.

**Resources expended**

Expenditure, which is charged on an accruals basis, is allocated between:

- Charitable activities including all costs relating to activities relating directly to the fulfilment of the Charity's objectives, with an apportionment of support costs.
- Governance costs which include the cost of Trustee meetings (including preparation), as well as the costs involved in the production and audit of the Charity's annual financial statements.

Support costs relate to several activities, and include functions such as payroll, administration, general management, IT and accounting. These have been allocated on the basis of actual costs incurred, or where appropriate on the basis of staff time.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

(c) **Tangible fixed assets and depreciation**

Tangible fixed assets are capitalised at cost and depreciated to write off the cost less estimated residual value on a straight-line basis over their estimated useful lives. The estimated useful lives generally vary between three and ten years. The freehold and long leasehold properties are depreciated over 50 years. Individual fixed assets costing £250 or more are capitalised at cost.

Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost. No depreciation is charged during the period of construction.

Tangible fixed assets and goodwill are subject to review for impairment in accordance with FRS 11 'Impairment of fixed assets and goodwill'. The carrying values of tangible fixed assets and goodwill are written down by the amount of any permanent impairment and the loss is charged as a cost to the statement of financial activities in the period in which this occurs.

(d) **Stocks**

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis.

(e) **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, except where the transaction is to be settled using a contracted rate, in which case that rate is used. Where a trading transaction is covered by a related or matching forward contract, the rate in that contract is used to translate the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, except where there are related or matching forward contracts, in which case the rate in that contract is used

Foreign exchange gains and losses are credited or charged to the SOFA as they arise.

(f) **Leases**

**Operating leases**

Rentals payable under operating leases are charged on a straight line basis over the term of the lease

**Finance Leases**

Assets held under finance leases and the related lease obligations are included at fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rental payments are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

(g) **Grants**

Grants payable are charged as committed.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

- (h) **Goodwill**  
Goodwill represents the excess of the cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised in equal instalments over its estimated useful life, and is reviewed annually for any impairment of value.
- (i) **Pensions – Defined Contribution Scheme**  
The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.
- (k) **Fund accounting**  
Designated funds equate to the investment made in buildings and other fixed assets, including investments, less related medium to long term borrowing.

**2. ANALYSIS OF VOLUNTARY INCOME****GIFTS AND LEGACIES**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Gifts and legacies received during the year include:</b>		
Gifts from third parties	122	293
Gifts from other Group Companies	158	-
	<hr/>	<hr/>
	280	293
	<hr/> <hr/>	<hr/> <hr/>

**INVESTMENT INCOME**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Interest from interest bearing deposit accounts	4	8
	<hr/>	<hr/>
	4	8
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**3. ANALYSIS OF INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

The incoming resources from charitable activities are attributable to the principal activity of the charity, being the publication, distribution and sale of Christian literature, music and associated products. Sales of these products were made into a variety of locations around the world, as detailed below:

<b>Year ended 29 February 2008</b>	<b>UK £'000</b>	<b>USA £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Income by destination:</b>				
Sales to third parties	32,834	233	2,091	35,158

In the year ended 29 February 2008 all sales originated in the UK

<b>Year ended 28 February 2007</b>	<b>UK £'000</b>	<b>USA £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
<b>Income by destination:</b>				
Sales to third parties	34,924	291	2,397	37,612

In the year ended 28 February 2007 all sales originated in the UK

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**4. ANALYSIS OF RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

Resources expended in support of the principal activity of the charity, being the publication, distribution and sale of Christian literature, music and associated products, are broken down as follows:

	<b>Direct charitable costs:</b>	<b>Support costs:</b>	<b>Total resources expended:</b>	<b>Total resources expended:</b>
	<b>2008 £'000</b>	<b>2008 £'000</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
Cost of sales	21,702	-	21,702	23,463
Direct costs	1,475	-	1,475	1,732
Staff related costs	6,406	525	6,931	7,270
General costs	667	82	749	710
Equipment costs	278	87	365	334
Establishment costs	1,755	11	1,766	1,922
Selling costs	674	-	674	952
Depreciation	534	30	564	528
Finance cost	428	-	428	353
Travel costs	299	36	335	350
Gifts and donations	292	-	292	3,693
Goodwill written off	8	-	8	7
	34,518	771	35,289	41,314
	34,518	771	35,289	41,314

Support costs relate to several activities, and include functions such as payroll, administration, general management, IT and accounting. These have been allocated on the basis of actual costs incurred, or where appropriate on the basis of staff time.

Grants & donations in the previous year include a grant of £3,426,000 to Send The Light Inc, a former charitable subsidiary of IBS-STL U.K., constituted as a 501(c)(3) not for profit company in the USA.

**5. ANALYSIS OF RESOURCES EXPENDED ON GOVERNANCE**

Resources expended on governance are broken down as follows:

	<b>2008 £'000</b>	<b>2007 £'000</b>
External audit costs	26	25
Trustee meeting costs	6	39
Preparation of annual accounts	20	4
	52	68
	52	68

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**6. NET INCOMING / (OUTGOING) RESOURCES**

Net incoming/ (outgoing) resources for the year are stated after charging:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Staff Costs (see note 8)	6,801	7,027
Grants made to charities and literature gifts at cost	199	3,693
Depreciation of tangible fixed assets	564	528
(Profit) / Loss on sales of tangible fixed assets	(1)	4
(Profit) / Loss on exchange differences	(4)	34
Auditors remuneration:		
- Audit fee	26	25
Goodwill written off	8	7
Operating lease rentals:		
- land and buildings	1,222	1,339
- other	35	47

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on bank loans and overdrafts	205	125
Interest payable on finance leases	11	1
	<u>216</u>	<u>126</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**8. STAFF COSTS**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,140	6,348
Social security costs	482	500
Pension costs	179	179
	<u>6,801</u>	<u>7,027</u>
Average number of persons, including executive directors, employed by the Charity during the year:		
Administration	115	113
Sales	206	237
Distribution	80	85
	<u>401</u>	<u>435</u>
Emoluments of employees The emoluments of employees over £60,000 can be banded as follows:		
70,000 – 80,000	<u>1</u>	<u>1</u>

**9. TRUSTEES**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Emoluments:</b>		
Remuneration	-	70
Pension contributions	-	9
	<u>-</u>	<u>79</u>
Total emoluments	<u>-</u>	<u>79</u>

The emoluments to Trustees in the previous year relate to CBK Danby. Payment to Mr Danby was in respect of his role as Group Chief Executive, made under Article 4 of the Charity combined with the specific consent of the Charity Commission dated 25 November 1996.

The pension contributions are to defined contribution pension schemes.

From 1 March 2007 Mr Danby, whilst remaining a Trustee of IBS-STL U.K., has received no remuneration in respect of services provided to the UK company.

Trustees' expenses were reimbursed to four Trustees of the Charity (2007 – five) amounting to £794 (2007 - £2,390)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**10. RELATED PARTY TRANSACTIONS**

From 1 March 2007, IBS-STL U.K. came under control, by way of an affiliation agreement, of IBS-STL Global, a company incorporated in Colorado under the IRS section 501(c)(3) provisions for United States charities. Other charitable companies controlled by IBS-STL Global include IBS-STL Ministries Trust (previously called STL Trust), IBS-STL US, and IBS-STL Ministries Foundation, which are deemed to be related parties.

At 28 February 2007, Send The Light Inc ('STL Inc') and IBS-STL U.K. were deemed to be related, as they had both signed, at that date, affiliate agreements with IBS-STL Global, which came into effect from 1 March 2007.

<b>Transactions with IBS-STL US during the year were:</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Sales of product and services to IBS-STL US (within Sales of Christian resources)	115	-
Gifts received from IBS-STL US (within Gifts & legacies received)	95	-
Purchase of product from IBS-STL US (within Resources Expended - Charitable activities)	232	-
Gift granted to IBS-STL US (within Resources Expended - Charitable activities)	50	-
<b>Inter-company balances with IBS-STL US at year-end were:</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Owed by IBS-STL US (within Amounts due from Group Companies)	551	-
Owed to IBS-STL US (within Amounts due to Group Companies)	137	-
<b>Transactions with Send The Light Inc during the year were:</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Sales of product and services to STL Inc (within Sales of Christian resources)	-	166
Gifts received from STL Inc (within Gifts & legacies received)	-	149
Purchase of product from STL Inc (within Resources Expended - Charitable activities)	-	114
Gift granted to STL Inc (within Resources Expended - Charitable activities)	-	3,426
<b>Inter-company balances with Send The Light Inc at year-end were:</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Owed by STL Inc (within Trade debtors)	-	2
Owed by STL Inc (within Other debtors)	-	651
Owed to STL Inc (within Trade creditors)		1

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

<b>Inter-company balances with IBS-STL Global at year-end were:</b>	<b>2008</b>	<b>2007</b>
Owed by IBS-STL Global (within Amounts due from Group Companies)	36	-
<b>Inter-company balances with IBS-STL Ministries Trust at year-end were:</b>	<b>2008</b>	<b>2007</b>
Owed to IBS-STL Ministries Trust (within Amounts due to Group Companies)	21	-
Owed by IBS-STL Ministries Trust (within Trade debtors)	-	3

**11. TAXATION**

The Company is a registered charity and all income falls within the tax exemption.

**12. INTANGIBLE FIXED ASSETS****Goodwill**

	<b>£'000</b>
At 1 March 2007	8
Amortisation during the year	8
	<hr/>
At 29 February 2008	-
	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**13. TANGIBLE FIXED ASSETS FOR CHARITY'S USE**

	<b>Land &amp; Buildings</b>	<b>Motor Vehicles</b>	<b>Fixtures, Fittings &amp; Equipment</b>	<b>Assets under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>COST</b>					
At 1 March 2007	3,172	186	5,358	2,289	11,005
Additions	-	84	451	1,413	1,948
Disposals	-	(61)	(1,094)	-	(1,155)
Transfer – Completed Assets under Construction	1,830	-	147	(1,977)	-
	<u>5,002</u>	<u>209</u>	<u>4,862</u>	<u>1,725</u>	<u>11,798</u>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 March 2007	672	125	3,625	-	4,422
Charge for the year	90	52	422	-	564
Eliminated on disposals	-	(58)	(1,087)	-	(1,145)
	<u>762</u>	<u>119</u>	<u>2,960</u>	<u>-</u>	<u>3,841</u>
<b>NET BOOK VALUES</b>					
At 29 February 2008	<u>4,240</u>	<u>90</u>	<u>1,902</u>	<u>1,725</u>	<u>7,957</u>
At 28 February 2007	<u>2,500</u>	<u>61</u>	<u>1,733</u>	<u>2,289</u>	<u>6,583</u>

Note 14 provides a further analysis of amounts in land and buildings.

During the year £45,000 (2007: £64,000) of finance costs were capitalised.

Assets under construction at 29 February 2008 relate to one asset - the development of a SAP computer system. Costs to 29 February 2008 total £1,725,000 (2007 £798,000). A proportion of this asset (£147,000) was transferred to Fixtures, Fittings & Equipment during the year, as the finance module of SAP went live in January 2008.

The other asset under construction at the start of the year related to the new warehouse facility in Carlisle. The total cost of this was £1,830,000 (2007 £1,491,000) and was transferred to Land & Buildings during the year upon completion.

The net book value of Fixtures, Fittings and Equipment of £1,902,000 (2007 £1,733,000) includes an amount of £218,000 (2007 £87,000) in respect of assets held under finance leases. The cost of these assets is £270,000 (2007 £98,000) and the depreciation charge for the year against these assets was £41,000 (2007 £11,000).

The net book value of Assets under Construction of £1,725,000 (2007 £2,289,000) includes an amount of £1,344,000 (2007 £573,000) in respect of assets held under finance leases. The cost of these assets is £1,344,000 (2007 £573,000) and the depreciation charge for the year against these assets was £nil (2007 £nil).

The net book value of Vehicles of £90,000 (2007 £61,000) includes an amount of £12,000 (2007 £nil) in respect of assets held under finance leases. The cost of these assets is £15,000 (2007 £nil) and the depreciation charge for the year against these assets was £3,000 (2007 £nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**14. TANGIBLE FIXED ASSETS: LAND AND BUILDINGS**

	<b>Freehold Properties £'000</b>	<b>Long Leasehold Properties £'000</b>	<b>Short Leasehold Properties £'000</b>	<b>Total £'000</b>
<b>COST</b>				
At 1 March 2007	1,476	1,690	6	3,172
Transfer – Completed Assets under Construction	-	1,830	-	1,830
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2008	1,476	3,520	6	5,002
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 March 2007	198	468	6	672
Charge for the year	26	64	-	90
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2008	224	532	6	762
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>NET BOOK VALUES</b>				
At 29 February 2008	1,252	2,988	-	4,240
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 28 February 2007	1,278	1,222	-	2,500
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**15. SUBSIDIARY UNDERTAKINGS**
**Non-Charitable Subsidiaries**

	<b>No of Ordinary Shares</b>	<b>% of Shares Owned</b>	<b>Profit for the Year £</b>	<b>Net Assets £</b>	<b>Year End</b>	<b>Status</b>	<b>Country of Incorp'n</b>
<b>Challenge Literature Fellowship</b>	N/A (limited by G'tee)	N/A	Nil	Nil	31 Aug	Dormant	UK
<b>Crown Books Ltd</b>	75,275	100%	Nil	Nil	31 Jan	Dormant	UK
<b>Wesley Owen Ltd</b>	2	100%	104	125	31 Dec	Active	UK

The above companies are non-charitable subsidiaries of IBS-STL U.K. and have not been included in the consolidated accounts due to their immaterial nature.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**16. STOCKS**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Goods for resale	5,342	5,016

**17. DEBTORS**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>DUE WITHIN ONE YEAR:</b>		
Trade debtors	2,516	2,855
Amounts due from Group Companies	589	-
Other debtors	318	1,001
Prepayments	380	616
	<u>3,803</u>	<u>4,472</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	2,134	2,659
Obligations under finance leases	411	217
Trade creditors	3,925	4,382
Amounts due to Group Companies	158	-
Other taxation and social security	250	139
Other creditors	377	620
Accruals	784	929
Deferred income	190	200
	<u>8,229</u>	<u>9,146</u>

Movement of deferred income is as follows:

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 March 2007	200	193
Amount released to incoming resources	(133)	(84)
Amount deferred in the year	123	91
Balance at 29 February 2008	<u>190</u>	<u>200</u>

The main items of deferred income are subscriptions and fees received in advance for future publications, gift vouchers purchased but not yet redeemed and a lease premium.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

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

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans	2,606	1,985
Obligations under finance leases	1,483	896
	<u>4,089</u>	<u>2,881</u>
	<u><u>4,089</u></u>	<u><u>2,881</u></u>
	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Included in the above are the following:</b>		
<b>Amounts repayable by instalments:</b>		
<b>Not wholly repayable within five years:</b>		
Repayable within five years:		
- Bank loans	707	468
Repayable after five years:		
- Bank loans	1,899	1,210
	<u>2,606</u>	<u>1,678</u>
	<u><u>2,606</u></u>	<u><u>1,678</u></u>
<b>Wholly repayable within five years:</b>		
- Bank loans	-	307
- Obligations under finance leases	1,483	896
	<u>1,483</u>	<u>1,203</u>
	<u><u>1,483</u></u>	<u><u>1,203</u></u>
<b>Loan maturity analysis</b>		
Due between 1-2 years	623	455
Due between 2-5 years	1,567	1,216
Due after more than 5 years	1,899	1,210
	<u>4,089</u>	<u>2,881</u>
	<u><u>4,089</u></u>	<u><u>2,881</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**20. CHARITY INDEBTEDNESS AND SECURITY**

The bank loan and overdraft are secured on the two warehouse properties at Carlisle, the property at 26 Bothwell Street, Glasgow and the property at 24 Fossgate, York.

The bank loan and overdraft total £4,740,056 (2007 - £3,070,207). The net book value of these assets was £3,919,517 at 29 February 2008, (2007 - £3,639,216) a proportion of 121% (2007- 84%).

The bank loan is repayable in 35 instalments of £45,429 each quarter, starting on 8 May 2009, and a final payment of £1,060,000 on 8 March 2018.

The interest rate charged on the loan is 1.25% above the Royal Bank of Scotland's Base rate.

Other creditors totalling £231,639 (2007 - £277,667) are secured by a fixed and floating charge on the Charity's other assets.

Of the obligations under finance leases, £468,838 (2007 £369,055) are secured on the assets to which they relate.

Finance leases are repayable in quarterly instalments over 5 years, each lease having a fixed interest rate as agreed at the time the lease is set up, based on market conditions.

**21. SHARE CAPITAL**

The Charity is limited by guarantee therefore there is no share capital.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**22. RECONCILIATION OF MOVEMENTS ON FUNDS**

	<b>General Funds £'000</b>	<b>Designated Funds £'000</b>	<b>Total Unrestricted Funds £'000</b>
Balance at 28 February 2006	637	7,769	8,406
Deficit for the Year	(3,456)	-	(3,456)
Transfer to/(from) designated funds	4,401	(4,401)	-
	<hr/>	<hr/>	<hr/>
Balance at 28 February 2007	1,582	3,368	4,950
Surplus for the Year	120	-	120
Transfer to/(from) designated funds	(45)	45	-
	<hr/>	<hr/>	<hr/>
Balance at 29 February 2008	<u>1,657</u>	<u>3,413</u>	<u>5,070</u>

The designation of funds of £3,413,000 equate to the investment made in buildings, other fixed assets and investments, less related medium to long term borrowings.

Summary of assets/liabilities per fund:

Tangible fixed assets	-	7,957	7,957
Current assets	9,431	-	9,431
Current liabilities	(7,774)	(455)	(8,229)
Creditors due after more than one year	-	(4,089)	(4,089)
	<hr/>	<hr/>	<hr/>
Total net assets	<u>1,657</u>	<u>3,413</u>	<u>5,070</u>

**23. RESTRICTED FUNDS**

During the year, donations of £95,000 (2007 Nil) were received which were restricted to be used specifically for our 'HF Johnson Ministries' work, funding the donation of free Bibles and other Christian resources to schools. All of these funds were used during the year for this work, and there were no restricted funds at 29 February 2008.

**24. CASH FLOW STATEMENT****(a) Reconciliation of net incoming resources to net cash inflow from operating activities**

	<b>2008 £'000</b>	<b>2007 £'000</b>
Net (outgoing) /incoming resources	120	(3,456)
Net interest payable	212	118
Depreciation charges	564	528
Goodwill amortised	8	7
(Profit) / loss on disposal of tangible fixed assets	(1)	4
Non cash gift to STL Inc	-	3,426
Increase in stocks	(326)	(588)
Decrease / (Increase) in debtors	669	(568)
Decrease in creditors	(586)	(28)
	<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities	<u>660</u>	<u>(557)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**(b) Reconciliation of Net Cash Flow to Movements in Net Debt**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Decrease in cash in the period	(612)	(335)
Cash outflow / (inflow) from financing	121	(1,705)
Inception of finance leases	(998)	(1,216)
	<hr/>	<hr/>
Change in net debt	(1,489)	(3,256)
Net debt at 1 March 2007	(4,859)	(1,603)
	<hr/>	<hr/>
Net debt at 29 February 2008	<u>(6,348)</u>	<u>(4,859)</u>

**(c) Analysis of Changes in Net Debt**

	<b>1 March</b>	<b>Cash flow</b>	<b>29 February</b>
	<b>2007</b>		<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	898	(612)	286
Overdraft	(2,471)	381	2,090)
	<hr/>	<hr/>	<hr/>
	(1,573)	(231)	(1,804)
Finance leases	(1,113)	(781)	(1,894)
Bank loans due within one year	(188)	144	(44)
Bank loans due after one year	(1,985)	(621)	(2,606)
	<hr/>	<hr/>	<hr/>
	<u>(4,859)</u>	<u>(1,489)</u>	<u>(6,348)</u>

**(d) Purchase of charitable activities**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net assets acquired</b>		
Tangible fixed assets	-	278
Stocks	-	50
Goodwill	-	15
	<hr/>	<hr/>
	-	343
	<hr/>	<hr/>
<b>Satisfied by</b>		
Cash	-	343
	<hr/>	<hr/>
	-	343
	<hr/>	<hr/>
Analysis of net outflow in respect of the purchase of charitable activities		
Net cash acquired	-	-
Other loans	-	-
	<hr/>	<hr/>
	-	-
Cash consideration	-	343
	<hr/>	<hr/>
	-	343
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**25. OTHER FINANCIAL COMMITMENTS**

- (a) At 29 February 2008 the Charity was committed to making the following payments under non-cancellable operating leases in the year to 28 February 2009:

	2008		2007	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	64	3	85	8
Within two to five years	413	29	583	29
After five years	622	-	660	-
	<u>1,099</u>	<u>32</u>	<u>1,328</u>	<u>37</u>

- (b) The Charity uses forward exchange contracts when purchasing US Dollars in order to reduce exchange rate risk. At the balance sheet date, the Charity had entered into the following non-cancellable forward currency purchase agreements:

	2008		2007	
	US\$'000	£'000	US\$'000	£'000
Expiring within one year	<u>1,700</u>	<u>834</u>	<u>1,800</u>	<u>927</u>

The fair value of these contracts as an asset / (liability) using forward contract rates at the balance sheet date, is £28,000. (2007 (£8,000)).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2008**

continued . . .

**26. CAPITAL COMMITMENTS**

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Capital expenditure contracted for but not provided for in the financial statements	751	410

This capital commitment relates to the contract for the completion of the SAP IT project, scheduled for go-live in the autumn of 2008.

**27. PENSION**

The Charity makes contributions to a group personal pension plan on behalf of its employees. The costs charged during the period represent contributions payable by the Charity to the fund, and were as follows:

	<b>2008</b> <b>£'000</b>	<b>2007</b> <b>£'000</b>
Pension contributions	179	179