

COMPANY NUMBER: 95587

Signed

JEWISH CHRONICLE LIMITED
DIRECTORS' REPORT AND GROUP
FINANCIAL STATEMENTS
30 SEPTEMBER 1999



**HORWATH
CLARK WHITEHILL**
Chartered Accountants

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JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 30 SEPTEMBER 1999

The Directors submit their report and the Financial Statements for the year ended 30 September 1999.

BUSINESS REVIEW

Revenues benefited from reasonable levels of growth in advertising and tele-dating, as well as the increase in the cover price. There was higher spending on marketing, distribution and the Internet during the year. Growth in expenditure exceeded that of income by a little under 1% and operating profit was 3% less than last year.

Investment gains were also lower than in the previous year, when they were increased by disposals connected with a restructuring of the portfolio following a change in fund manager. However, the company received an unexpected legacy of £81,215 during the year which has offset the decline in profits. In the circumstances, the directors recommend that the dividend be the same as last year.

The company has continued to operate a Profit Related Pay scheme and this together with bonuses to pensioners totalled £142,665.

A new subsidiary has been incorporated, subsequent to the year end, to explore business prospects in the area of e-commerce.

The Board would like to thank all members of staff for their continued contribution to the company's performance.

Finally, the Board records with deep regret the death of our former chairman, David Kessler OBE, whose foresight over a period of 50 years has ensured the independence and success of the Jewish Chronicle.

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 September 1999 are shown in the profit and loss account on page 5.

The Directors propose to pay an interim dividend of 66.125% amounting to £126,900 in December 1999. No final dividend is proposed.

PRINCIPAL ACTIVITIES

The principal activity of the company and its subsidiaries during the year was the publishing of the Jewish Chronicle newspaper.

FIXED ASSETS

In the opinion of the Directors, the market value in aggregate of the company's properties was substantially higher than the book value at the end of the year.

JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS (Continued)
YEAR ENDED 30 SEPTEMBER 1999

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

Mr L L Gordon	(Chairman)
Mr R A Fass	(Managing Director)
Mr S D Cohen	
Mr J M Greenwood	
Mr P L Levy	O.B.E.
Mr P M Oppenheimer	
Mr E J Temko	

None of the Directors or their families had a beneficial interest in the share capital of the company during the year.

Mr L L Gordon and Mr J M Greenwood will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

YEAR 2000

A review of the company's computer systems has been carried out in order to be prepared for the millennium and assurances have been sought from the company's suppliers.

In the light of information so far received, we do not expect the millennium costs to be material.

CHARITABLE DONATIONS

During the year donations were made to UK charitable organisations totalling £26,000 of which £17,500 was paid to The Kessler Foundation.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group at the end of the year and of the profit or loss of the group for that period. In preparing those financial statements the directors should:

- select suitable accounting policies and then apply them consistently;
- 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 a going concern basis unless it is inappropriate to assume that the group will continue in business.

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

JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS (Continued)
YEAR ENDED 30 SEPTEMBER 1999

AUDITORS

A resolution proposing the re-appointment of Horwath Clark Whitehill as auditors of the Company will be put to the members at the Annual General Meeting.

By Order of the Board

Secretary



**HORWATH
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**REPORT OF THE AUDITORS
TO THE MEMBERS OF
JEWISH CHRONICLE LIMITED**



We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

30 November 1999

Horwath Clark Whitehill

Chartered Accountants
and Registered Auditors

JEWISH CHRONICLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999 £	1998 £
TURNOVER	3	4,752,669	4,568,321
Cost of sales		<u>1,863,238</u>	<u>1,779,307</u>
GROSS PROFIT		2,889,431	2,789,014
Distribution and selling costs		<u>676,865</u>	584,694
Administrative expenses		<u>1,778,464</u>	<u>1,756,571</u>
OPERATING PROFIT	4	434,102	447,749
Other income	5	<u>271,288</u>	<u>245,395</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		705,390	693,144
Tax on profit on ordinary activities	6	<u>162,086</u>	<u>182,890</u>
PROFIT FOR THE YEAR		543,304	510,254
Dividend		<u>126,900</u>	<u>126,900</u>
RETAINED PROFIT FOR THE YEAR	18	<u>416,404</u>	<u>383,354</u>

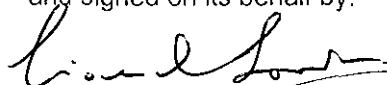
The profit and loss account contains all the gains and losses recognised in the year and in the previous year and the profit for the year is the only movement in shareholders' funds.

The notes on pages 9 to 15 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 1999

	Notes	£	1999 £	1998 £
FIXED ASSETS				
Tangible assets	9	350,512		383,428
Investments	10	3,554,048		3,362,767
Copyrights and goodwill		<u>1</u>		<u>1</u>
			3,904,561	3,746,196
CURRENT ASSETS				
Stocks	12	1,912		1,392
Debtors	13	1,287,577		1,225,319
Short term deposits		843,628		652,667
Cash at bank and in hand		<u>20,022</u>		<u>18,890</u>
		2,153,139		1,898,268
CREDITORS: amounts falling due within one year				
Trade creditors		204,249		131,077
Corporation tax		138,327		190,507
Other taxes and social security costs	14	157,178		159,145
Proposed dividend		126,900		126,900
Other creditors		332,737		365,284
Accruals and deferred income	15	<u>166,875</u>		<u>194,729</u>
		1,126,266		1,167,642
NET CURRENT ASSETS			1,026,873	730,626
TOTAL ASSETS LESS CURRENT LIABILITIES			4,931,434	4,476,822
PROVISIONS FOR LIABILITIES AND CHARGES	16		63,811	25,603
NET ASSETS			4,867,623	4,451,219
CAPITAL AND RESERVES				
Called up share capital	17		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	18		<u>4,579,463</u>	<u>4,163,059</u>
SHAREHOLDERS' FUNDS				
Minority interest	18		4,867,363	4,450,959
	19		<u>260</u>	<u>260</u>
			4,867,623	4,451,219

Approved by the Board on 30 November 1999
and signed on its behalf by:

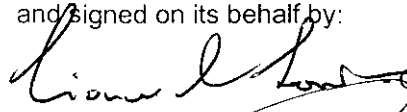
 Chairman

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JEWISH CHRONICLE LIMITED
BALANCE SHEET
30 SEPTEMBER 1999

	Notes	£	1999 £	1998 £
FIXED ASSETS				
Tangible assets	9	350,512		383,428
Investments	10	3,554,048		3,362,767
Investments in subsidiaries	11	<u>16,000</u>		<u>16,000</u>
			3,920,560	3,762,195
CURRENT ASSETS				
Stocks	12	1,912		1,392
Debtors	13	1,287,577		1,225,319
Short term deposits		843,628		652,667
Cash at bank and in hand		<u>20,022</u>		<u>18,890</u>
		2,153,139		1,898,268
CREDITORS: amounts falling due within one year				
Trade creditors		204,249		131,077
Amounts due to subsidiary undertakings		324,018		190,873
Corporation tax		101,819		156,257
Other taxes and social security costs	14	157,178		159,145
Proposed dividend		126,900		126,900
Other creditors		332,737		365,284
Accruals and deferred income	15	<u>166,875</u>		<u>194,729</u>
		1,413,776		1,324,265
NET CURRENT ASSETS			739,363	574,003
TOTAL ASSETS LESS CURRENT LIABILITIES			4,659,923	4,336,198
PROVISIONS FOR LIABILITIES AND CHARGES	16		63,811	25,603
NET ASSETS			4,596,112	4,310,595
CAPITAL AND RESERVES				
Called up share capital	17		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	18		<u>4,308,212</u>	<u>4,022,695</u>
SHAREHOLDERS' FUNDS	18		4,596,112	4,310,595

Approved by the Board on 30 November 1999
and signed on its behalf by:

 Chairman

The notes on pages 9 to 15 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 1999

	Notes	£	1999 £	1998 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		536,631	342,421
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Other income			129,362	66,055
TAXATION				
Taxation paid			(164,978)	(118,415)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS				
Purchase of tangible fixed assets		(123,323)		(106,940)
Proceeds of sale of tangible fixed assets		7,880		7,000
Purchase of investments		(140,970)		(104,000)
Proceeds of sale of investments		<u>74,391</u>		<u>145,765</u>
			(182,022)	(58,175)
EQUITY DIVIDENDS PAID			(126,900)	(110,348)
CASHFLOW BEFORE USE OF LIQUID RESOURCES			192,093	121,538
MANAGEMENT OF LIQUID RESOURCES				
Transfers to short term deposits			(190,961)	(116,066)
INCREASE IN CASH FOR THE YEAR	22		<u>1,132</u>	<u>5,472</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 1999

1. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

- a) The financial statements have been prepared using the historical cost convention and in accordance with applicable accounting standards.
- b) The financial statements incorporate the audited results of the company and its subsidiaries, details of which are shown in note 11. The company has not presented its own profit and loss account as permitted by Section 230 Companies Act 1985.

2. ACCOUNTING POLICIES

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

a) Stocks

Stocks are valued at the lower of cost and net realisable value.

b) Depreciation

No depreciation has been provided on freehold land. Other fixed assets in use are depreciated over their estimated useful lives by equal annual instalments based on cost at the following rates:

Long Leasehold buildings	- 2%
Freehold buildings	- 2%
Fixtures, Computers etc	- 25%
Motor vehicles	- 25%

c) Deferred Taxation

Deferred taxation is provided on all material timing differences to the extent that it is probable that liabilities or assets will crystallise.

d) Pension Costs

Pension costs are charged to the profit and loss account in order to spread the costs over the working lives of employees.

e) Investments

Investments are stated at historic cost.

3. TURNOVER

Turnover is stated at the invoiced value, excluding VAT, of goods and services supplied to customers outside the Group, less allowances and discounts.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 1999

4. OPERATING PROFIT	1999	1998
	£	£
This is stated after charging:		
Depreciation	151,431	140,632
Auditors' remuneration - audit	17,500	17,000
- other services	19,500	18,500
After crediting:		
Profit on disposal of tangible fixed assets	3,072	2,496
	<u>3,072</u>	<u>2,496</u>
 5. OTHER INCOME		
Investment income	104,708	98,203
Short term deposit interest	37,738	32,665
Net gains on investment sales	47,627	114,527
	<u>190,073</u>	<u>245,395</u>
Legacy received	81,215	-
	<u>271,288</u>	<u>245,395</u>
 6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax at 31% (1998: 31%)	146,880	156,950
Tax credits on UK dividends received	11,851	12,115
Deferred taxation at 30% (1998: 31%)	6,483	13,376
Adjustments in respect of previous years		
Corporation tax	(3,128)	449
	<u>162,086</u>	<u>182,890</u>
 7. DEFERRED TAXATION		
a) Balance at 1 October 1998	(25,603)	(16,365)
Transfer from profit and loss account (note 6)	(6,483)	(13,376)
(Decrease)/increase in ACT recoverable	(31,725)	4,138
	<u>(63,811)</u>	<u>(25,603)</u>
Balance at 30 September 1999	(63,811)	(25,603)
 b) The balance at 30 September 1999 is represented by:		
Provisions	8,501	15,311
Short term timing differences	44,047	43,164
ACT recoverable	-	31,725
Pension scheme actuarial surplus	(116,359)	(115,803)
	<u>(63,811)</u>	<u>(25,603)</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 1999

8. STAFF COSTS (including executive directors)	1999 £	1998 £
Wages and salaries	1,816,812	1,757,224
Social security costs	161,483	153,777
Other pension costs	132,679	119,662
	<u>2,110,974</u>	<u>2,030,663</u>

Directors Emoluments:

Aggregate emoluments - including fees to non-executive directors taxable benefits in kind and profit related pay	<u>215,652</u>	<u>199,864</u>
Highest paid director:		
Aggregate emoluments - including taxable benefits in kind and profit related pay	83,899	77,454
Accrued pensions	<u>14,880</u>	<u>12,553</u>

In both years two directors had accrued pension benefits under a defined benefit scheme.

The average number of employees (including part-time employees) during the year was:	No.	No.
Management and office	13	14
Editorial	30	30
Selling and distribution	<u>24</u>	<u>25</u>
	<u>67</u>	<u>69</u>

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held independently from those of the company in a separately administered fund with its own Trustees. The contributions to the scheme are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was as at 1 January 1998. The principal actuarial assumption adopted at that valuation was that the rate of return on investments would exceed the increase in pensionable salaries by 2% per annum.

The valuation disclosed that the value of the scheme's assets at that date was £10,720,000 and that there was a surplus of £2,462,000 after allowing for the actuarially calculated liabilities for future benefits. This surplus is being dealt with as an adjustment to the regular cost spread over 10 years being the average remaining service lives of the employees.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 1999

9. TANGIBLE FIXED ASSETS

	Total £	Freehold properties £	Long Leasehold property £	Fixtures, fittings and computers £
Cost:				
1 October 1998	1,113,938	150,543	100,000	863,395
Additions	123,323	-	-	123,323
Disposals	(181,982)	-	-	(181,982)
30 September 1999	<u>1,055,279</u>	<u>150,543</u>	<u>100,000</u>	<u>804,736</u>
Depreciation:				
1 October 1998	730,510	99,738	14,000	616,772
Provision for the year	151,431	2,999	2,000	146,432
Disposals	(177,174)	-	-	(177,174)
30 September 1999	<u>704,767</u>	<u>102,737</u>	<u>16,000</u>	<u>586,030</u>
Net book values:				
30 September 1999	<u>350,512</u>	<u>47,806</u>	<u>84,000</u>	<u>218,706</u>
<i>30 September 1998</i>	<i><u>383,428</u></i>	<i><u>50,805</u></i>	<i><u>86,000</u></i>	<i><u>246,623</u></i>

10. INVESTMENTS

	1999 £	1998 £
Listed investments at cost (market value 1999: £4,661,508 1998: £3,998,303)	3,402,273	3,210,992
Unlisted investments at cost (Directors' valuation: 1999: £156,250 1998: £154,586)	<u>151,775</u>	<u>151,775</u>
	<u>3,554,048</u>	<u>3,362,767</u>

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Shares in group companies	<u>16,000</u>	<u>16,000</u>
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Company	Business	% Equity held
Jewish Chronicle Newspaper Limited	Newspaper Publisher	"A" shares 100%
Boundary Enterprises Limited	Dormant	100%

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 1999

	1999 £	1998 £
12. STOCKS	<u>1,912</u>	<u>1,392</u>
13. DEBTORS		
Trade debtors	665,963	638,749
Other debtors, prepayments and accrued income	<u>621,614</u>	<u>586,570</u>
	<u>1,287,577</u>	<u>1,225,319</u>
Other debtors includes pension scheme prepayments to be amortised over a period of greater than 1 year £166,597 (1998 £190,386).		
14. OTHER TAXES AND SOCIAL SECURITY COSTS	1999 £	1998 £
PAYE	39,743	37,447
National insurance	34,845	30,787
VAT	<u>82,590</u>	<u>90,911</u>
	<u>157,178</u>	<u>159,145</u>
15. ACCRUALS AND DEFERRED INCOME		
Accruals	117,158	146,326
Deferred income	<u>49,717</u>	<u>48,403</u>
	<u>166,875</u>	<u>194,729</u>
16. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred tax (see note 7)	<u>63,811</u>	<u>25,603</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 1999

17. SHARE CAPITAL	1999	1998
	£	£
Authorised:		
191,000 Ordinary shares of 1p each	1,910	1,910
284,090 Non-voting Ordinary shares of £1 each	284,090	284,090
	286,000	286,000
Issued and Fully paid:		
190,010 Ordinary shares of 1p each	1,900	1,900
190,010 Non-Voting Ordinary shares of £1 each	190,010	190,010
	191,910	191,910
18. MOVEMENTS IN RESERVES AND SHAREHOLDERS FUNDS	Group	Company
	£	£
a) General Reserve		
Balance 1 October 1998	4,163,059	4,022,695
Transfer from profit and loss account	416,404	285,517
Balance 30 September 1999	4,579,463	4,308,212
b) Shareholders Funds		
Profit for the year	543,304	412,417
Dividend	126,900	126,900
	416,404	285,517
Opening Shareholders Funds	4,451,219	4,310,595
Closing Shareholders Funds	4,867,623	4,596,112
19. MINORITY INTEREST		
The minority interest represents 26,000 Jewish Chronicle Newspaper Limited "B" shares of 1p each, 99.8% of which are held by the Jewish Chronicle Trust Limited.		
20. HOLDING COMPANY		
The ultimate holding company is The Kessler Foundation, a company which is limited by guarantee and is a registered charity. A charitable donation of £17,500 was paid to the Kessler Foundation during the year.		

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 1999

21. CASHFLOW FROM OPERATING ACTIVITIES	1999 £	1998 £
Operating profit	434,102	447,749
Depreciation charges	151,431	140,632
Profit on sale of tangible fixed assets	3,072	(2,496)
Increase in stocks	(520)	(131)
Increase in debtors	(62,258)	(145,431)
Increase/(decrease) in creditors	10,804	(36,902)
Expenditure charged against provisions	-	(61,000)
NET CASH INFLOW FROM OPERATING ACTIVITIES	536,631	342,421

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	1999 £	1998 £
Increase in cash for the year	1,132	5,472
Increase in short term deposits	190,961	116,066
Change in net funds	192,093	121,538
Net funds at 1 October 1998	671,557	550,019
Net funds at 30 September 1999	863,650	671,557

23. ANALYSIS OF CHANGES IN NET FUNDS	At 1 October 1998 £	Cashflow £	At 30 September 1999 £
Cash at bank and in hand	18,890	1,132	20,022
Short term deposits	652,667	190,961	843,628
	671,557	192,093	863,650