

JEWISH CHRONICLE LIMITED
DIRECTORS' REPORT AND GROUP
FINANCIAL STATEMENTS
30 SEPTEMBER 2001

Signed



HORWATH
CLARK WHITEHILL
Chartered Accountants

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JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 30 SEPTEMBER 2001

The Directors submit their report and the Financial Statements for the year ended 30 September 2001.

BUSINESS REVIEW

Over the past twelve months the company has suffered a fall in revenue, contrasting sharply with the strong increase in advertisement sales experienced during the previous year. As already noted in last year's review, the change reflected in part the general economic slowdown and in part the ongoing problems in Israel.

Expenditure also decreased this year thanks to cost containment, but the net result was nonetheless a decline in operating profits.

In addition, the previous year had brought exceptional income from an insurance policy as well as capital gains from the restructuring of the investment portfolio. These did not recur in the past twelve months.

Overall profit has therefore declined significantly, both before and after tax. In the circumstances, the directors recommend that the dividend be trimmed back to levels before the exceptional income mentioned above had arisen.

The company has continued to operate a profit-related pay scheme, and this together with bonuses to pensioners totalled £121,167.

The events of 11 September and their aftermath further increased economic uncertainty and diminished prospects for an early recovery.

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

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 September 2001 are shown in the profit and loss account on page 4.

The Directors propose to pay an interim dividend of 57.5% amounting to £110,348 in December 2001. 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 2001

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

Mr P M Oppenheimer (Chairman)
Mr R A Fass (Managing Director)
Mr S D Cohen
Mr L L Gordon
Mr J M Greenwood
Mr P L Levy O.B.E.
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 P M Oppenheimer and Mr L L Gordon will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

CHARITABLE DONATIONS

During the year donations were made to UK charitable organisations totalling £12,785.

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.

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
CLARK WHITEHILL**

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



We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 8.

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 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

29 NOVEMBER 2001

A handwritten signature in black ink, reading "Horwath Clark Whitehill".

Chartered Accountants
and Registered Auditors

JEWISH CHRONICLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2001

	Notes	2001 £	2000 £
TURNOVER	3	4,906,811	5,329,704
Cost of sales		<u>1,907,104</u>	<u>1,899,546</u>
GROSS PROFIT		2,999,707	3,430,158
Distribution and selling costs		<u>777,543</u>	<u>859,495</u>
Administrative expenses		<u>1,859,611</u>	<u>2,071,003</u>
OPERATING PROFIT	4	362,553	499,660
Other income	5	<u>235,320</u>	<u>601,844</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		597,873	1,101,504
Tax on profit on ordinary activities	6	<u>140,304</u>	<u>252,410</u>
PROFIT FOR THE YEAR		457,569	849,094
Dividend		<u>110,348</u>	<u>191,910</u>
RETAINED PROFIT FOR THE YEAR	17	<u>347,221</u>	<u>657,184</u>

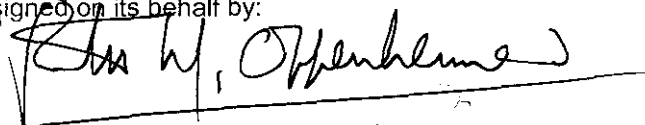
The profit and loss account contains all the gains and losses recognised in the year and in the previous year and the profit for the year is the only movement in shareholders' funds.

The notes on pages 8 to 14 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2001

	Notes	£	2001 £	2000 £
FIXED ASSETS				
Tangible assets	9	261,345		297,789
Investments	10	3,879,054		3,727,342
Copyrights and goodwill		<u>1</u>		<u>1</u>
			4,140,400	4,025,132
CURRENT ASSETS				
Stocks	12	2,183		1,953
Debtors	13	1,477,418		1,408,991
Short term deposits		1,434,306		1,708,351
Cash at bank and in hand		<u>27,598</u>		<u>16,003</u>
		2,941,505		3,135,298
CREDITORS: amounts falling due within one year				
Trade creditors		142,471		203,982
Corporation tax		180,804		286,914
Other taxes and social security costs	14	169,726		161,707
Proposed dividend		110,348		191,910
Other creditors		367,943		471,089
Accruals and deferred income	15	<u>185,677</u>		<u>267,513</u>
		1,156,969		1,583,115
NET CURRENT ASSETS			1,784,536	1,552,183
TOTAL ASSETS LESS CURRENT LIABILITIES			5,924,936	5,577,315
PROVISIONS FOR LIABILITIES AND CHARGES	7		(52,908)	(52,508)
NET ASSETS			5,872,028	5,524,807
CAPITAL AND RESERVES				
Called up share capital	16		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	17		<u>5,583,868</u>	<u>5,236,647</u>
SHAREHOLDERS' FUNDS	17		5,871,768	5,524,547
Minority interest	18		<u>260</u>	<u>260</u>
			5,872,028	5,524,807

Approved by the Board on 29 November 2001
and signed on its behalf by:



The notes on pages 8 to 14 form an integral part of these financial statements

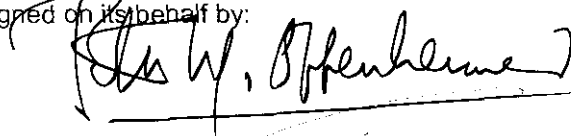
JEWISH CHRONICLE LIMITED

BALANCE SHEET

30 SEPTEMBER 2001

	Notes	£	2001 £	2000 £
FIXED ASSETS				
Tangible assets	9	261,345		297,789
Investments	10	3,879,054		3,727,342
Investments in subsidiaries	11	16,080		16,080
			4,156,479	4,041,211
CURRENT ASSETS				
Stocks	12	2,183		1,953
Debtors	13	1,477,418		1,408,991
Short term deposits		1,434,306		1,708,351
Cash at bank and in hand		27,598		16,003
		2,941,505		3,135,298
CREDITORS: amounts falling due within one year				
Trade creditors		142,471		203,982
Amounts due to subsidiary undertakings		745,183		658,036
Corporation tax		138,179		185,304
Other taxes and social security costs	14	169,726		161,707
Proposed dividend		110,348		191,910
Other creditors		367,943		471,089
Accruals and deferred income	15	185,677		267,513
		1,859,527		2,139,541
NET CURRENT ASSETS			1,081,978	995,757
TOTAL ASSETS LESS CURRENT LIABILITIES			5,238,457	5,036,968
PROVISIONS FOR LIABILITIES AND CHARGES	7		(52,908)	(52,508)
NET ASSETS			5,185,549	4,984,460
CAPITAL AND RESERVES				
Called up share capital	16		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	17		4,897,649	4,696,560
SHAREHOLDERS' FUNDS	17		5,185,549	4,984,460

Approved by the Board on 29 November 2001
and signed on its behalf by:



The notes on pages 8 to 14 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2001

	Notes	£	2001 £	2000 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		156,844	774,491
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Other income			103,164	241,492
TAXATION				
Taxation paid			(246,014)	(115,038)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS				
Purchase of tangible fixed assets		(69,431)		(102,408)
Proceeds of sale of tangible fixed assets		9,377		9,701
Purchase of investments		(593,658)		(971,817)
Proceeds of sale of investments		<u>569,178</u>		<u>1,151,183</u>
			(84,534)	86,659
EQUITY DIVIDENDS PAID			<u>(191,910)</u>	<u>(126,900)</u>
CASHFLOW BEFORE USE OF LIQUID RESOURCES			(262,450)	860,704
MANAGEMENT OF LIQUID RESOURCES				
Transfers from/(to) short term deposits			<u>274,045</u>	<u>(864,723)</u>
INCREASE IN CASH FOR THE YEAR	21		<u>11,595</u>	<u>(4,019)</u>

The notes on pages 8 to 14 form an integral part of these financial statements.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 2001

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 2001

4. OPERATING PROFIT	2001	2000
	£	£
This is stated after charging:		
Depreciation	98,960	149,232
Auditors' remuneration - audit	18,500	18,000
- other services	20,500	21,000
After crediting:		
Profit on disposal of tangible fixed assets	<u>2,462</u>	<u>3,802</u>
5. OTHER INCOME		
Investment income	67,526	63,865
Short term deposit interest	89,460	76,271
Net gains on investment sales	<u>78,334</u>	<u>297,204</u>
	235,320	437,340
Receipt from Insurance Policy	<u>-</u>	<u>164,504</u>
	<u>235,320</u>	<u>601,844</u>
6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax at 30% (2000: 30%)	140,600	266,735
Deferred taxation at 30% (2000: 30%)	400	(11,303)
Adjustments in respect of previous years		
Corporation tax	<u>(696)</u>	<u>(3,022)</u>
	<u>140,304</u>	<u>252,410</u>
7. DEFERRED TAXATION		
a) Balance at 1 October 2000	(52,508)	(63,811)
Transfer from profit and loss account (note 6)	<u>(400)</u>	<u>11,303</u>
Balance at 30 September 2001	<u>(52,908)</u>	<u>(52,508)</u>
b) The balance at 30 September 2001 is represented by:		
Provisions	4,277	1,577
Short term timing differences	63,424	63,751
Pension scheme actuarial surplus	<u>(120,609)</u>	<u>(117,836)</u>
	<u>(52,908)</u>	<u>(52,508)</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 2001

8. STAFF COSTS (including executive directors)	2001 £	2000 £
Wages and salaries	1,901,534	1,996,125
Social security costs	169,388	185,124
Other pension costs	158,016	149,719
	<u>2,228,938</u>	<u>2,330,968</u>

Directors Emoluments:

Aggregate emoluments - including fees to non-executive directors taxable benefits in kind and profit related pay	<u>251,268</u>	<u>229,416</u>
Highest paid director:		
Aggregate emoluments - including taxable benefits in kind and profit related pay	99,273	89,304
Accrued pensions	<u>20,966</u>	<u>17,683</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	13
Editorial	28	29
Selling and distribution	23	23
	<u>64</u>	<u>65</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 2001. 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 £10,909,000 and that there was a surplus of £1,379,000 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.

The next actuarial valuation will be at 1 January 2004.

In accordance with the requirements of Financial Reporting Standard Number 17 the full actuarial valuation at 1 January 2001 was updated by a qualified independent actuary at 30 September 2001. The major assumptions used by the actuary for the purpose of calculating the actuarial surplus were:

Discount rate	6.0%
Inflation assumption	2.5%
Rate of increase in salaries	4.5%
Rate of increase in pensions in payment	2.5%

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 2001

8. STAFF COSTS (CONTINUED)

The assets of the scheme are held in managed funds operated by Scottish Widows Investment Partnership, Schroder Investment Management (UK) Limited and Merrill Lynch Investment Managers. Subsequent to the year end certain fund managers were changed. The managed funds are invested in a diversified portfolio of investments comprising 82% equities, 13% fixed interest bonds and 5% cash.

The assets and liabilities of the Jewish Chronicle Retirement Benefit Scheme at 30 September 2001, along with the expected rates of return on Scheme assets are as follows:

	2001
	%
	£
Equities	8.0 9,945,000
Bonds	5.5 1,599,000
Cash	4.5 558,000
Total market value of scheme assets net of liabilities	12,102,000
Present value of scheme liabilities	10,251,000
	1,851,000
Related deferred tax liabilities	(555,300)
Net pension scheme assets	1,295,700

In addition to the above, the scheme holds assets of £108,000 which have been earmarked for the provision of additional benefits on a money purchase basis as a result of members Additional Voluntary Contributions.

As a result of the actuarial valuation as at January 2001, the company is contributing to the scheme at the rate of 10.1% of pensionable salary, plus the cost of death in service insurance cover. The current service cost will increase as the members of the scheme approach retirement. During the year the company contributed £137,027 to the scheme

9. TANGIBLE FIXED ASSETS

	Total £	Freehold properties £	Long Leasehold Property £	Fixtures, fittings and computers £
Cost:				
1 October 2000	1,123,760	150,543	100,000	873,217
Additions	69,431	-	-	69,431
Disposals	(90,683)	-	-	(90,683)
30 September 2001	1,102,508	150,543	100,000	851,965
Depreciation:				
1 October 2000	825,971	105,736	18,000	702,235
Provision for the year	98,960	2,999	2,000	93,961
Disposals	(83,768)	-	-	(83,768)
30 September 2001	841,163	108,735	20,000	712,428
Net Book Values				
30 September 2001	261,345	41,808	80,000	139,537
<i>30 September 2000</i>	<i>297,789</i>	<i>44,807</i>	<i>82,000</i>	<i>170,982</i>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 2001

10. INVESTMENTS	2001 £	2000 £
Listed investments at cost (market value 2001: £3,775,674 2000: £5,065,814)	3,754,054	3,602,342
Unlisted investments at cost (Directors' valuation: 2001: £125,000 (2000: £125,000))	<u>125,000</u>	<u>125,000</u>
	<u>3,879,054</u>	<u>3,727,342</u>

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Shares in group companies	<u>16,080</u>	<u>16,080</u>
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Company	Business	Type of Equity Held	% Held
Jewish Chronicle Newspaper Limited	Newspaper Publisher	"A" shares	100%
JC Tech Limited	Dormant	Ordinary	80%
JC Online Limited	Dormant	Ordinary	80%*
* Indicates indirectly owned			

	2001 £	2000 £
12. STOCKS	<u>2,183</u>	<u>1,953</u>

13. DEBTORS

Trade debtors	845,360	779,987
Other debtors, prepayments and accrued income	<u>632,058</u>	<u>629,004</u>
	<u>1,477,418</u>	<u>1,408,991</u>

Other debtors includes pension scheme prepayments to be amortised over a period of greater than one year £119,001 (2000 £142,799).

14. OTHER TAXES AND SOCIAL SECURITY COSTS	2001 £	2000 £
PAYE	34,607	32,819
National insurance	32,703	41,727
VAT	<u>102,416</u>	<u>87,161</u>
	<u>169,726</u>	<u>161,707</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 2001

15. ACCRUALS AND DEFERRED INCOME	2001	2000
	£	£
Accruals	128,524	214,263
Deferred income	57,153	53,250
	<u>185,677</u>	<u>267,513</u>
 16. SHARE CAPITAL		
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
	<u>286,000</u>	<u>286,000</u>
 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
	<u>191,910</u>	<u>191,910</u>
 17. MOVEMENTS IN RESERVES AND SHAREHOLDERS FUNDS		
	Group	Company
	£	£
a) General Reserve		
Balance 1 October 2000	5,236,647	4,696,560
Transfer from profit and loss account	347,221	201,089
 Balance 30 September 2001	<u>5,583,868</u>	<u>4,897,649</u>
 b) Shareholders Funds		
Profit for the year	457,569	311,437
Dividend	110,348	110,348
	347,221	201,089
 Shareholders Funds at 1 October 2000	<u>5,524,807</u>	<u>4,984,460</u>
	<u>5,872,028</u>	<u>5,185,549</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
30 SEPTEMBER 2001

18. 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.

19. HOLDING COMPANY

The ultimate holding company is The Kessler Foundation, a company which is limited by guarantee and is a registered charity.

20. CASHFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	362,553	499,660
Depreciation charges	98,960	149,232
Profit on sale of tangible fixed assets	2,462	3,802
Increase in stocks	(230)	(41)
Increase in debtors	(68,427)	(121,414)
(Decrease)/increase in creditors	(238,474)	243,252
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>156,844</u>	<u>774,491</u>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £	2000 £
Increase/(decrease) in cash for the year	11,595	(4,019)
(Decrease)/increase in short term deposits	(274,045)	864,723
Change in net funds	(262,450)	860,704
Net funds at 1 October 2000	<u>1,724,354</u>	<u>863,650</u>
Net funds at 30 September 2001	<u>1,461,904</u>	<u>1,724,354</u>

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 October 2000 £	Cashflow £	At 30 September 2001 £
Cash at bank and in hand	16,003	11,595	27,598
Short term deposits	<u>1,708,351</u>	(274,045)	<u>1,434,306</u>
	<u>1,724,354</u>	(262,450)	<u>1,461,904</u>