

AMENDING

Company No. 355248

Registered Charity No. 225910

JNF CHARITABLE TRUST

FINANCIAL STATEMENTS

31st DECEMBER 2005



JNF CHARITABLE TRUST
GENERAL INFORMATION FOR THE YEAR
ENDED 31st DECEMBER 2005

Directors and Trustees	G. Seal (Mrs) – Chairman S. Lovatt (Resigned 23 rd May 2006) D. L. Shore (Died 21 st September 2005) S. D. Kibel FCA S. Winters (Resigned 14 th July 2005) K. Abramson G. Berg A. Caplin E. M. Harris S. Leigh (Resigned 15 th February 2005) S. Pearlman A. Plancey (Rabbi) H. M. Rosen C. Sherling (Appointed 24 th July 2006) P. Wagman J. D. Zinkin FCA
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The directors are elected at annual general meetings and one third of them must offer themselves for re-election each year.

The directors retiring by rotation are Mrs K. Abramson, Mr A. Caplin, Rabbi A. Plancey and Mr C. Sherling who, being eligible, offer themselves for re-election.

Company Secretary	H. Bratt	
Registered Office	JNF House Spring Villa Park Spring Villa Road Edgware Middlesex, HA8 7ED	
Company Number	355248	
Registered Charity No.	225910	
Auditors	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square EC4Y 8EH	
Bankers	Barclays Bank plc 54 Lombard Street London, EC3P 3AH	Bank of Scotland plc 14 – 16 Cockspur Street London SW1Y 5BL

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2005

The directors, who are also the charity trustees, have pleasure in submitting their report and audited accounts for the year, ended 31st December 2005.

ORGANISATION

The company is a registered charity and a company limited by guarantee, without share capital. It is governed by its Memorandum and Articles of Association, dated 21st July 1939.

PRINCIPAL ACTIVITIES

The principal objectives and activities of the charity are the relief of poverty and other charitable activities in the territory of the State of Israel and there have been no changes in these objectives and activities since last year.

To achieve the objectives of the charity, activities are organised within a framework of committees, individuals, office-based and arranged activities, events and legacy programmes.

Committees

Committee fundraising is achieved by providing each group with a project to fulfil by means of activities such as supper quizzes, dinners, and individual solicited face-to-face fundraising and brochure advertising.

Individuals

The charity has a number of patrons, friends and lay leaders. These unpaid volunteers as well as paid staff organise events and meetings locally to raise both awareness and funds for the charity.

Office-based

Within the offices of the charity, it is the job of the professional staff to not only find and establish new committees, but to also initiate new means of fundraising – as well as continuing the established programs – throughout the year. The staff also provide backup to volunteers and lay leaders in order to enable them to focus on the task of fundraising from their social circles.

Events and Legacy Programmes

One of our most successful and unpredictable sources of income is through the Legacy Department. Deceased benefactors bequeath money to Israel in their wills – to be administered and distributed by the charity. Each year many bequeath sums of varying amounts – some through our own in-house will-writing service – which will only be received after their death.

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2005 (continued)

In the year 2005, JNF continued its established events and fundraising calendar which included:

- Direct fundraising – one to one meetings with individuals and charitable trusts
- Green Sunday – the annual nationwide telethon
- Missions to Israel – taking groups of donors to visit projects and then fundraising both directly and indirectly as a result of the visit
- Walk For Water – a sponsored trek through various parts of Israel
- The Annual Car Rally – a sponsored bi-annual drive from London to Jerusalem or a shorter version to other countries in the alternate years (in 2005 Swiss Roll)
- Dinners – special dinners honouring community members in London, Birmingham, Manchester and Leeds
- Local Committee Events – a summer jazz party, golf tournaments, a boat disco, several supper quizzes, race evenings and film events, festival related balls and discos, as well as cultural evenings and literary lunches
- Youth events – around the UK new young groups started up through 2005 holding events ranging from speakers, culinary demonstrations, discos and dinners.

The trustees are satisfied with the effectiveness of the company's fundraising activities, though it is a continual evolution year on year to improve and innovate in an increasingly crowded marketplace.

GRANT MAKING POLICY

The charity distributes funds in accordance with its objects on a project orientated basis. Potential projects are reviewed by a sub-committee of the Board and assessed accordingly, and are subject to final Board approval.

All grants given are closely monitored and are subject to site visits and written reports.

REVIEW OF ACTIVITIES

The full results of the year ending are shown in the attached Financial Statements.

After including the balance brought forward of £6,841,000 fund balances totalling £7,193,000 are carried forward.

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2005 (continued)

INVESTMENT POWERS AND POLICY

For the purposes of the above objects, the Memorandum and Articles of Association empower the charity to invest any monies not immediately required for its purposes in such investments, securities or properties as may be thought fit. As monies received are normally sent to Israel in accordance with the objects of the charity as soon as possible after receipt, no significant investments other than bank deposits are held by the charity.

RESERVES POLICY

It is the policy of the trustees for the charity to hold reserves against its obligations. The trustees believe that a reserve equivalent to not less than six months' operating expenditure should be held, and at least this level of reserves was held as at 31st December 2005, when free reserves were £1,663,000.

ASSET COVER FOR FUNDS

In the opinion of the trustees, the funds held by the charity are sufficient to meet its obligations.

RISK MANAGEMENT

The trustees have examined the major risks that the charity faces when preparing and updating its strategic plan. The charity has developed systems to monitor and control the risks to mitigate any impact that they may have on the charity in the future. It is recognised that such systems only provide reasonable assurance that major risks are adequately managed and that no absolute assurance is possible.

AUDITORS

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

By Order of the Board



Mrs. G. Seal
Trustee

11th September 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JNF CHARITABLE TRUST

We have audited the financial statements of JNF Charitable Trust for the year ended 31 December 2005 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the 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 opinion we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charitable 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 directors' remuneration and transactions with the charitable company is not disclosed.

Basis of 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 significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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.

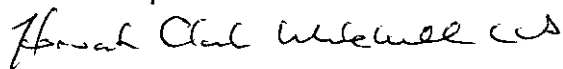
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JNF CHARITABLE TRUST (Continued)**

Fundamental uncertainty

In forming our opinion, we have examined the disclosures made in note 13 to the accounts, concerning the uncertainty regarding beneficial ownership of land and property, which have been excluded from the accounts of the charity. If beneficial ownership of these assets is established they would require it to be included in the balance sheet of the charity. This would have increased the value of fixed assets by an estimated £55,350,000 as at 31st December 1996, reserves by a corresponding amount. As at 31st December 2005 no further information was available. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charitable company and the group as at 31 December 2005 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
11th September 2006

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

JNF CHARITABLE TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors (who are also Trustees) to prepare accounts for each financial year or period which give a true and fair view of the organisation's state of affairs at the end of the year or period and of its surplus or deficit for that period. In preparing the accounts the directors are required to:

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 accounts;

Prepare the accounts on the going concern basis unless it is inappropriate to assume that the organisation 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 organisation and enable them to ensure that the accounts comply with the Companies Act 1985 and the Charities Act 1993. They are also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

JNF CHARITABLE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR YEAR ENDED 31st DECEMBER 2005

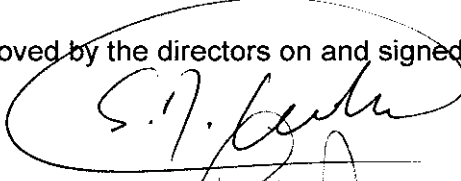
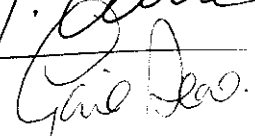
		Restricted Funds £'000	Unrestricted Funds £'000	Totals 2005 £'000	<i>Totals 2004 £'000</i>
INCOME AND EXPENDITURE	Notes				
INCOMING RESOURCES	1				
Donations		9,648	4,929	14,577	10,898
Legacies		-	480	480	722
		<u>9,648</u>	<u>5,409</u>	<u>15,057</u>	<u>11,620</u>
Activities in furtherance of charity's objects					
Educational projects		116	-	116	36
Investment income		<u>1</u>	<u>205</u>	<u>206</u>	<u>354</u>
TOTAL INCOMING RESOURCES		<u>9,765</u>	<u>5,614</u>	<u>15,379</u>	<u>12,010</u>
RESOURCES EXPENDED	4				
Cost of generating funds		68	2,025	2,093	1,867
Charitable expenditure:					
Remittances to Israel	2	804	2,615	3,419	2,882
Remittances to UK Charities	3	7,589	3	7,592	5,399
Educational projects		116	231	347	188
Support costs		234	1,215	1,449	1,293
Management and administration		<u>1</u>	<u>126</u>	<u>127</u>	<u>90</u>
		<u>8,812</u>	<u>6,215</u>	<u>15,027</u>	<u>11,719</u>
NET INCOMING / (OUTGOING) RESOURCES		953	(601)	352	291
Fund balances brought forward 1 st January 2005		<u>2,893</u>	<u>3,948</u>	<u>6,841</u>	<u>6,550</u>
FUND BALANCES CARRIED FORWARD AT 31st December 2005		<u>3,846</u>	<u>3,347</u>	<u>7,193</u>	<u>6,841</u>

The notes on pages 11 to 20 form an integral part of these accounts.

JNF CHARITABLE TRUST
CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31st DECEMBER 2005

	Note	2005 GROUP £'000	2004 GROUP £'000	2005 CHARITY £'000	2004 CHARITY £'000
FIXED ASSETS					
Tangible assets	6	1,702	1,743	1,689	1,721
Investments	7	105	90	194	179
		<u>1,807</u>	<u>1,833</u>	<u>1,883</u>	<u>1,900</u>
CURRENT ASSETS					
Debtors	8	1,507	2,013	1,568	2,007
Investments	9	37	341	37	341
Cash at bank and in hand		<u>4,655</u>	<u>3,460</u>	<u>835</u>	<u>688</u>
		<u>6,199</u>	<u>5,814</u>	<u>2,440</u>	<u>3,036</u>
CREDITORS – amounts falling due within one year	10	<u>413</u>	<u>364</u>	<u>507</u>	<u>291</u>
NET CURRENT ASSETS		<u>5,786</u>	<u>5,450</u>	<u>1,933</u>	<u>2,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,593</u>	<u>7,283</u>	<u>3,816</u>	<u>4,645</u>
CREDITORS – amounts falling due after more than one year	11	<u>382</u>	<u>424</u>	<u>382</u>	<u>424</u>
		<u>7,211</u>	<u>6,859</u>	<u>3,434</u>	<u>4,221</u>
REPRESENTED BY:					
Revaluation reserve		18	18	18	18
Unrestricted Funds		3,347	3,948	3,271	3,958
Restricted Funds	15	<u>3,846</u>	<u>2,893</u>	<u>145</u>	<u>245</u>
		<u>7,211</u>	<u>6,859</u>	<u>3,434</u>	<u>4,221</u>

Approved by the directors on and signed on their behalf

) Directors

The notes on pages 11 to 20 form an integral part of these accounts.

JNF CHARITABLE TRUST
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31st DECEMBER 2005

	£	£
	2005 GROUP £'000	2004 GROUP £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,158	585
Returns on investment and servicing of finance		
- Investment Income	(206)	(354)
Capital expenditure and financial investment		
- Disposal of short term investments	307	-
- Purchase of long term investments	(15)	(1)
- Purchase of tangible assets	(52)	(594)
- Net disposal of tangible assets	3	54
NET CASH INFLOW / (OUTFLOW) FOR THE YEAR	<u>1,195</u>	<u>(310)</u>
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Statement of financial activities:		
- Net movement in funds	352	291
Investment income	206	354
Unrealised profit on investments	(3)	(9)
Depreciation	90	57
Increase in creditors	7	4
Decrease / (Increase) in debtors	506	(112)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>1,158</u>	<u>585</u>
Cash at bank and in hand at end of the year	4,655	3,460
Cash at bank and in hand at beginning of the year	(3,460)	(3,770)
CHANGE IN CASH BALANCES FOR THE YEAR	<u>1,195</u>	<u>(310)</u>

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS 31st DECEMBER 2005

1. ACCOUNTING CONVENTION AND POLICIES

a) Accounting Conventions

The accounts are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by charities' (SORP 2000) and applicable accounting standards.

The Company has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the formats to reflect the special nature of its activities.

b) Group Financial Statements

These financial statements consolidate the results of the charity and its wholly owned subsidiaries KKL Charity Accounts, KKL Executor and Trustee Company Limited and Bloomsbury Advertising Agency Limited. A separate statement of financial activities (SOFA) is not presented because the charity has taken advantage of paragraph 304 of SORP 2000.

c) Incoming resources

- (1) Covenanted and gift aid income, donations, legacies and receipts from functions are accounted for when received or notified. All income received from regional offices of the charity is accounted for on receipt and banking at head office or on earlier banking at the regional office where applicable.
- (2) Covenanted loans are released to income in accordance with the loan agreements.
- (3) Income tax recoverable in respect of covenanted and gift aid income is accounted for on a received basis.
- (4) Income from shares in subsidiary undertakings is accounted for on a received basis.
- (5) Other interest receivable and similar income is accounted for on a receivable basis.

d) Resources expended

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Remittances to Israel – includes all funds remitted to Israel by the charity in direct pursuit of its charitable objectives.

Remittances to UK Charities – in accordance with instructions received for donors' individual accounts within KKL Charity Accounts.

Educational projects – expenditure incurred in the pursuit of educational projects with attributable overheads.

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) **31ST DECEMBER 2005**

1. ACCOUNTING CONVENTION AND POLICIES (Continued)

d) Resources expended (Continued)

Support costs – expenditure incurred in providing administrative and financial services in support of the charitable expenditure above.

Management and administration – costs of the central management of JNF including constitutional and governance matters.

Irrecoverable VAT is included under the relevant expense headings.

e) Capitalisation and depreciation of tangible fixed assets

(1) Tangible fixed assets are stated in the balance sheet at cost or valuation less depreciation.

(2) Depreciation is provided to write off the cost of fixed assets over their estimated useful lives.

(3) Rates of depreciation:

Leasehold Property -	10% of cost at the year end.
Furniture and Equipment -	10% of cost at the year end.
Computer Equipment -	33 1/3% of cost at the year end.
Motor Vehicles -	25% of cost at the year end.

(4) Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

f) Pension Scheme

Payments to defined contributions schemes are written off as incurred.

g) Funds

(1) Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects.

(2) Restricted funds are funds which have been given for particular purposes and projects.

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2005 (continued)

2. REMITTANCES TO ISRAEL

The number and value of grants to individuals and institutions in the year was as follows:

	2005 Number	2005 Value £'000	2004 Number	2004 Value £'000
Institutions	36	3,397	40	2,861
Individuals	9	22	9	21
	<u>45</u>	<u>3,419</u>	<u>49</u>	<u>2,882</u>

A full list of grants made to institutions of £1,000 and above is available on request. Full details are provided to the Charities Commission.

3. REMITTANCES TO UK CHARITIES

Payments to charities represent payments from KKL Charity Accounts through individual and corporate KKL Charity sub-accounts. Details of these payments are not disclosed as they are made in accordance with specific restrictions imposed by the donors and are not necessarily representative of the company's own grant making policies.

4. RESOURCES EXPENDED

	Staff Costs £'000	Other Costs £'000	Total 2005 £'000	Total 2004 £'000
Fundraising and publicity	726	1,367	2,093	1,867
Remittances to Israel	-	3,419	3,419	2,882
Remittances to UK Charities	-	7,592	7,592	5,399
Educational projects	117	230	347	188
Support costs	346	1,103	1,449	1,293
Management and administration of the charity	42	85	127	90
	<u>1,231</u>	<u>13,796</u>	<u>15,027</u>	<u>11,719</u>
			2005 £'000	2004 £'000
Depreciation			90	57
Payment to auditors for audit services			<u>11</u>	<u>12</u>

JNF CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31st DECEMBER 2005 (continued)

5. STAFF COSTS AND TRUSTEES' REMUNERATION

Trustees are not remunerated. One trustee was reimbursed for expenses incurred of £120 (2004: £923).

	2005 £'000	2004 £'000
Staff Costs		
Wages and salaries	1,070	874
Social security	110	95
Pension costs	51	49
	<u>1,231</u>	<u>1,018</u>
	No	No
Full time equivalent number of employees	<u>35</u>	<u>32</u>

The number of employees whose emoluments (including benefits) as defined for taxation purposes amounted to over £50,000 in the year was as follows:

£50,001 - £60,000	1	-
£60,001 - £70,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1
£110,001 - £120,000	<u>1</u>	<u>-</u>

Contributions were made to a defined benefits scheme for four higher paid employees and contributions amounted to £21,733 (2004 - £16,254)

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2005 (continued)

6. TANGIBLE FIXED ASSETS

GROUP	Freehold Property £'000	Furniture, Computer & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost and valuation				
At 1 st January 2005	1,550	317	103	1,970
Additions	4	23	25	52
Disposals	-	-	(21)	(21)
At 31 st December 2005	1,554	340	107	2,001
Depreciation				
At 1 st January 2005	-	179	48	227
Disposals	-	-	(18)	(18)
Charge for the year	19	44	27	90
At 31 st December 2005	19	223	57	299
Net Book Values				
At 31 st December 2005	1,535	117	50	1,702
At 31 st December 2004	1,550	138	55	1,743
Historical cost at 31 st December 2005	1,517	117	50	1,684
CHARITY				
Cost				
At 1 st January 2005	1,550	198	103	1,851
Additions	4	23	25	52
Disposals	-	-	(21)	(21)
At 31 st December 2005	1,554	221	107	1,882
Depreciation				
At 1 st January 2005	-	82	48	130
Disposals	-	-	(18)	(18)
Charge for the year	19	35	27	81
At 31 st December 2005	19	117	57	193
Net Book Values				
At 31 st December 2005	1,535	104	50	1,689
At 31 st December 2004	1,550	116	55	1,721
Historical cost at 31 st December 2005	1,517	104	50	1,671

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2005 (continued)

6. TANGIBLE FIXED ASSETS (continued)

The property was valued at £1,550,000, by R. Last FRICS of Last & Mazin, Chartered Surveyors, on 22 June 2004. The valuation was done on a market value basis.

	2005 GROUP £'000	2004 GROUP £'000	2005 CHARITY £'000	2004 CHARITY £'000
7. INVESTMENTS				
Property investment	105	90	105	90
Investment in subsidiary undertakings	-	-	89	89
	<u>105</u>	<u>90</u>	<u>194</u>	<u>179</u>

The company owns all of the issued share capital of its subsidiary undertakings, which are incorporated in the United Kingdom and registered in England and Wales. See note 14.

	2005 GROUP £'000	2004 GROUP £'000	2005 CHARITY £'000	2004 CHARITY £'000
8. DEBTORS				
Donations and legacies receivable	1,362	1,891	1,362	1,891
Amounts owed from group undertakings	-	-	100	12
Prepayments and accrued income	145	122	106	104
	<u>1,507</u>	<u>2,013</u>	<u>1,568</u>	<u>2,007</u>

9. INVESTMENTS

Quoted Securities	-	307	-	307
Unquoted Securities	1	1	1	1
Israel Bonds	36	33	36	33
	<u>37</u>	<u>341</u>	<u>37</u>	<u>341</u>

The unsecured securities are shown in the financial statements at their valuation for taxation purposes at the date of bequest or at their professional valuation at the date of the gift.

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2005 (continued)

	2005 GROUP £'000	2004 GROUP £'000	2005 CHARITY £'000	2004 CHARITY £'000
10. CREDITORS: Amounts falling due within one year				
Trade creditors	169	104	154	75
Amounts owed to group undertakings	-	-	109	54
Loan payable within one year	41	40	41	40
Bank overdraft	-	97	-	-
Taxation and social security	34	59	34	59
Accruals and deferred income	169	64	169	63
	<u>413</u>	<u>364</u>	<u>507</u>	<u>291</u>

11. CREDITORS: Amounts falling after more than one year

Secured loan over the property	382	424	382	424
	<u>382</u>	<u>424</u>	<u>382</u>	<u>424</u>

The loan is secured on the new head office. The loan is repayable over 10 years at base rate + 1.35%.

The amounts fall due as follows

1 - 2 years	44	42	44	42
2 - 5 Years	152	144	152	144
Over 5 years	186	238	186	238
	<u>382</u>	<u>424</u>	<u>382</u>	<u>424</u>

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Revaluation Reserve £'000	Total £'000
Fixed Assets	1,789	-	18	1,807
Current Assets	2,353	3,846	-	6,199
Current Liabilities	(413)	-	-	(413)
Long Term Liabilities	(382)	-	-	(382)
Net Assets	<u>3,347</u>	<u>3,846</u>	<u>18</u>	<u>7,211</u>

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2005 (continued)

13. DISPUTE WITH KEREN KAYEMETH LEISRAEL

The Trustees of the charity have been advised that certain monies sent over the years to its Israeli agent, Keren Kayemeth Lelsrael, had been used by Keren Kayemeth Lelsrael in the purchase of land and properties in Israel in trust for the charity and that the charity had the beneficial ownership thereof and was entitled to rent arising therefrom. Whilst the Trustees are confident that the advice which they have received is correct, they are aware that the Directors of Keren Kayemeth Lelsrael dispute this. The Trustees continue to investigate the position in conjunction with their professional advisors.

Keren Kayemeth Lelsrael's own financial statements had reflected such cost of the land and properties. As at 31st December 1996, the last Balance Sheet available from Keren Kayemeth Lelsrael showing such information, the Trust Fund within those financial statements showed the cost of such land and properties and their development amounted to £55.35m. Keren Kayemeth Lelsrael reported to the Trustees that these assets produced an income of £398,000 in 1996.

The Trustees have resolved that these assets cannot be reflected in the charity's accounts until the position has been clarified.

14. SUBSIDIARY COMPANIES

The Charity owns the following subsidiaries.

- KKL Executor & Trustee Company Limited acts as executors and trustees.
- KKL Charity Accounts is the group's charity voucher division which administers charitable funds and distributes monies to UK Charities on behalf of donors.
- Bloomsbury Advertising Agency, now almost dormant, provides advertising services.

A summary of their results are shown below:

	KKL Charity Accounts		KKL Executor & Trustee Company Ltd		Bloomsbury Advertising Agency	
	2005	2004	2005	2004	2005	2004
	£'000	£'000	£'000	£'000	£'000	£'000
Total Income	10,609	5,781	57	281	-	6
Total Expenses	(9,471)	(5,857)	(56)	(281)	-	(4)
Net results	1,138	(76)	1	-	-	2

The aggregate of the assets, liabilities and funds were:

Assets	3,888	2,784	99	95	-	1
Liabilities	103	(137)	(9)	(6)	(9)	(10)
Funds	3,785	2,647	90	89	(9)	(9)

JNF CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31st DECEMBER 2005 (continued)

14. SUBSIDIARY COMPANIES (continued)

The Charity also owns the following subsidiaries. These companies are dormant and have been incorporated in 2005.

- KKL Limited
- KKL/JNF Limited
- Jewish National Fund Limited
- JNF Limited
- Jewish National Fund For Israel Limited
- JNF/KKL Limited
- JNF UK Limited

15. RESTRICTED FUNDS

	Brought Forward £'000	Income £'000	Expenses £'000	Carried Forward £'000
Jerusalem Botanical Gardens	5	64	78	(9)
KKL Charity Accounts	2,647	8,862	7,809	3,700
Beit Uri	(18)	71	38	15
Educational projects	-	116	116	-
One Family	152	552	595	109
Mercaz Harmony	1	1	2	-
Aleh	75	71	146	-
Beit Issie Shapiro	31	28	28	31
Total	<u>2,893</u>	<u>9,765</u>	<u>8,812</u>	<u>3,846</u>

All restricted funds are held as cash.

Jerusalem Botanical Gardens raises money for projects and also provides scholarships for horticultural students to work at the gardens.

Educational projects are to further the Jewish education of young people via a variety of Jewish activities.

Beit Uri is a home for handicapped children in Israel which is a dedicated project for the golf committee.

One Family provides help and support to individuals and their families who have suffered injuries both physical and mental, from the terror campaigns in Israel.

Beit Issie Shapiro is an innovative rehabilitation centre in Ra'anana, Israel catering mainly for children with severe mental and physical disabilities.

KKL Charity Accounts is the group's charity voucher division which administers charitable funds and distributes monies to UK Charities on behalf of donors.

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2005 (continued)

16. CONNECTED CHARITY

KKL Charity Accounts is a connected charity (charity no. 1105998) which operates from the same address as the company. The majority of the Trustees of KKL Charity Accounts are also Trustees of this charity and it is therefore treated as a member of the company's group.

17. CONTINGENT LIABILITIES

JNF Charitable Trust is currently involved in a dispute with Keren Kayemeth le Yisroel ("KKL Israel"). The dispute covers the use of the names "JNF" and "KKL" in the UK, as well as the question of the beneficial ownership of land in Israel (see Note 13), and allied matters. The charity has been advised that it has a strong defence to any claims by KKL Israel but still hopes that the matter can be resolved amicably. The Trustees do not anticipate that any liability will arise as a result of any legal action, and accordingly no provision or reserve has been made in these Accounts.