

Company No 355248

Registered Charity No 225910

JNF CHARITABLE TRUST

FINANCIAL STATEMENTS

31st DECEMBER 2007

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JNF CHARITABLE TRUST
REPORT FOR THE YEAR
ENDED 31st DECEMBER 2007

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JNF CHARITABLE TRUST
TRUSTEES' REPORT FOR THE YEAR
ENDED 31st DECEMBER 2007

The directors, who are also the charity Trustees have pleasure in submitting their report and audited accounts for the year ended 31st December 2007 under the Companies Act 1985 and the Charities Act 1993, together with the audited financial statements for that year. The accounts comply with the Companies Act 1985, the Charity's governing document and the relevant Statement of Recommended Practice (the Charities SORP 2005).

REFERENCE AND ADMINISTRATIVE DETAILS

Company No	355248
Registered Charity No	225910
Registered Office	JNF House, Spring Villa Park, Spring Villa Road Edgware, Middlesex HA8 7ED
Directors and Trustees	<p>S Hayek - Chairman (Appointed 18th February 2008)</p> <p>Dr M Sinclair- Vice Chairman (Appointed 30th June 2008)</p> <p>R Freedman - Treasurer (Appointed 18th February 2008)</p> <p>K Abramson (Resigned 11th February 2008)</p> <p>G Berg (Resigned 11th February 2008)</p> <p>D Breuer-Weil (Appointed 18th February 2008)</p> <p>Dr S Cats (Appointed 18th February 2008)</p> <p>G Caplan (Resigned 11th February 2008)</p> <p>A Caplan (Resigned 25th June 2008)</p> <p>E Gorji (Appointed 18th February 2008)</p> <p>A Greenberg (Appointed 18th February 2008)</p> <p>G Greene (Appointed 31st March 2008)</p> <p>E. M Harris (Resigned 11th February 2008)</p> <p>S D Kibel (Resigned 1st July 2008)</p> <p>M Lee (Appointed 18th February 2008)</p> <p>M Mansour (Appointed 18th February 2008)</p> <p>S Pearlman</p> <p>A Plancey (Rabbi) (Resigned 11th February 2008)</p> <p>H M Rosen (Resigned 1st July 2008)</p> <p>G Seal (Mrs) (Resigned 30th June 2008)</p> <p>C Sherling</p> <p>P Wagman (Resigned 26th June 2008)</p> <p>M Waisman (Appointed 18th February 2008)</p> <p>J D Zinkin (Resigned 1st July 2008)</p>
Company Secretary	H Bratt
Auditors	Horwath Clark Whitehill LLP St Bride's House, 10 Salisbury Square London EC4Y 8EH
Solicitors	Mischon de Reya Summit House, 12 Red Lion Square London, WC1R 4QD
Bankers	<p>Barclays Bank plc Bank of Scotland plc</p> <p>7th Floor, 180 Oxford Street 14 – 16 Cockspur Street</p> <p>London, W1D 1EA London SW1Y 5BL</p>

JNF CHARITABLE TRUST

CHAIRMAN'S REPORT

I am delighted to introduce myself as Chairman of JNF UK. I am honoured to have been elected as Chairman of one of the most widely recognised and respected organisations in the UK Jewish Community, and I feel passionately about my role in promoting and developing JNF's impressive and long-standing commitment to supporting the people and land of Israel.

I am also proud to have been able to play an important role in resolving the disputes between JNF UK and Keren Kayemeth in Israel. An historic agreement will shortly be signed and JNF will once again play its full part under the world umbrella of KKL. Under the agreement, JNF UK will continue to function as an independent UK charity but will support KKL and other charitable projects in Israel.

At JNF, as is widely understood in the Jewish community, we strive to enhance and intensify the connection between the Jewish people and the land and people of Israel. We are involved in building schools, hospitals and playgrounds, as well as providing funds for essential infrastructure as part of the JNF Negev Campaign to bring people to the Negev. Environmental concerns are also prominent in our minds and JNF is at the forefront of the promotion of carbon neutrality with consistent emphasis on our extensive tree-planting campaign. In addition, as we believe that Jewish education is the glue that holds together the Jewish people, its heritage and the connection to its homeland, this year we plan major development and investment in our UK schools programme for the long-term benefit of the Jewish people.

I would like to take this opportunity to thank our donors for their on-going support and commitment and our dedicated staff and volunteers for their hard work and assistance to the JNF. I am confident that with the support of our donors and the hard work of the staff and Trustees, we will be equipped to meet the enormous challenges that lie ahead. With our collective dedication and hard work, we will continue to strengthen our Jewish identity and pride and strive to ensure JNF UK's role is at the forefront of the Jewish Community in the years to come.

Samuel Hayek
Chairman JNF Charitable Trust

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007

OBJECTIVES AND ACTIVITIES

JNF is an organisation raising funds for environmental and humanitarian causes in Israel. We raise funds for the building blocks of everyday life in Israel such as reservoirs, irrigation systems, desalination plants, recycling schemes, forest planting, roads, housing and healthcare centres. The causes we support vary from improving the facilities for disabled children, to helping victims of terror rebuild their lives, to feeding the needy, and to more traditional JNF pioneering the land projects such as our current major campaign to build new communities in the Negev.

In the UK we run a substantial Israel Education Programme in all Jewish schools, as well as bringing Israel to the national curriculum in Jewish and non-Jewish schools through subjects such as geography and history.

We have supported Israel since the State was formed. In fact we started working on the dream before it became a reality. Since 1901, throughout the Jewish world, the JNF has helped build a country out of nothing. JNF Charitable Trust was formed in 1939. From that moment we raised money to buy land and create the necessary infrastructure to rebuild the Jewish homeland.

The JNF Negev Campaign is currently helping to provide infrastructure, such as educational facilities, parks and synagogues for five new communities in the Negev Desert. It is also providing temporary caravans for people to live in whilst they build their own homes. The Negev desert comprises 60% of Israel's land and is home to only 7% of its people. This development will enable Israel to utilise its undisputed land resource in the South, helping pioneering young families to build their lives away from the crowded centre of the country.

JNF has always led the fight against two particular challenges of everyday life in Israel: the supply of water and the fertility of the land. To help provide water for Israel, we have built many reservoirs across the country, including the Elhaz Reservoir, Besor, and Tse'elim in the Negev, and the Gesher Reservoir in the North. This keeps drought at bay even in the country's very driest areas, supporting life at its most basic level.

Israel in the 21st Century faces critical humanitarian challenges. Demographic trends require an urgent rethink of how the land is managed, how the water is directed and above all, how communities are built and sustained. We have begun working closely with organisations in Israel to develop long-term solutions to the severe population squeeze now affecting many towns and cities in Israel.

Humanitarian challenges addressed by JNF also include caring for the disabled. We have supported a variety of projects such as a new residential campus for disabled young adults in the Negev, and therapeutic facilities such as horse-riding for the disabled, as well as providing training for guide dogs for the blind.

Departments

JNF operates three additional departments, education, legacy, and charity accounts, and their operation is described below.

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

Education Department

The JNF Education Department operates very active Israel orientated programmes within the school system, uniquely inserting their own Israel geography programme into the National Curriculum, and also working with youth groups. This work is continually being expanded. The JNF Education Department aims to educate in an imaginative, creative, professional and unique way. It provides relevant support to the whole Jewish community, with particular emphasis on the younger generation, in strengthening its bond with the land of Israel and knowledge of its history and people. We aim to reach out to children and young people through schools, youth clubs, youth movements and universities and to deliver Israel and JNF educational resources, materials and quality programmes. A team of staff travel around the country, and provide the resources and programmes that will continue to educate and inspire the next generation of JNF supporters.

KKL Charity Accounts

KKL Charity Accounts is a specialist charity voucher company administering over three thousand individual trusts on behalf of donors. Gift Aid tax is applied to donor accounts and donations are made to UK registered charities on the account holder instructions. We also accept gifts of shares and land, which are very tax efficient for the donor avoiding capital gains tax and income tax in some circumstances, the proceeds of sale are added to the charity account of the donor. KKL Charity Accounts is also an authorised payroll giving agency.

KKL Executor & Trustee Company Ltd

The charity has a prominent and successful legacy fundraising department, operated through its subsidiary company KKL Executor & Trustee Company. It offers to those wishing to support the charity's work through a legacy, a range of legal services without charge: will-writing, estate planning, executorship etc. Through the provision of these services, and in particular the pastoral support provided, and the donor relationship programme developed specifically for legacy givers, the charity has cultivated a positive ongoing relationship with many of its clients. The Legacy Department undertakes a regular review of its numerous marketing strategies and has devised a number of initiatives to encourage more people to leave legacies to Israel via the charity. Foremost among them is its 'Living Legacy' programme. This is a unique scheme enabling donors to identify and dedicate in their names in Israel a substantial project on payment of a small deposit of the cost, with the balance coming out of their estate.

Volunteers

JNF is grateful for the considerable contribution made by volunteers to its activities. As well as the expertise provided by lay-experts on the Charity's committees which is hugely beneficial to the professional management of the organisation, JNF's fundraising and operational activities are substantially enhanced by our loyal team of volunteers.

Strategic Aims and Objectives:

The JNF Charitable Trust is developing a Strategic Plan, which sets out the charity's objectives for developing the Negev Desert to be a major centre for new communities in Israel. This plan to be ratified by the Board, aims to safeguard the Charity's traditional objectives.

The central objective of the Charity, having raised funds for land, water and trees is to now also to raise funds to allow the population of Israel to use the 60% of the country, the Negev Desert which has previously been uninhabited. The JNF are helping to provide infrastructure to enable thousands of families to move from the overpopulated central cities to utilise the previously barren wilderness in the South.

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

The development of the projects in the Negev will be monitored by a representative based in Israel appointed by the JNF professional management, who will report back to the Board at regular intervals with progress reports and informed points for review

How We Spend Charitable Funds

JNF supports a variety of projects in Israel who work in different ways to improve things for suffering and/or underprivileged children and adults. Some are innovative therapeutic projects like INTRA. Many are 21st Century versions of our age-old commitment as an environmental charity to providing water and fertile land

- **Aleh Negev** is a rehabilitation village for autistic and brain damaged children and adults near Ofakim and covering 25 acres. Many of Aleh's children come from families who lack the financial resources or time to adequately care for their disabled child. Without Aleh, these children would never have the opportunity to develop beyond the boundaries of their prognoses. Ground was broken in June 2003 by Ariel Sharon and when completed will be home to 220 children and adults, as well as serving 12,000 out-patients. The village was planned to ensure that any resident at any time could receive the constant and necessary medical care needed for their wellbeing. Previously, the South had no support for these types of disabilities and families had to travel many hundreds of miles each week to get support. To date, there are some 100 residents receiving care at the Centre and many hundreds receiving outreach and day-care. The Centre has also become a significant employer in the area helping to stimulate the local economy
- **Or Negev** is an organisation we are working with to help build vital infrastructure projects for new communities in the Negev Region. In the five main new communities in which we are working we have recently funded a school in Shomriya, a synagogue in Givot Bar as well as a playground for children, and a promenade and recreational area for families at Sansana as well as provided temporary housing in the form of caravans for young families moving to the communities to live in whilst they build their permanent homes
- We raise funds to improve facilities for the community in the development town of **Arad**, in the remote Negev desert. Work here is going well, and JNF has provided a new Emergency Medical Centre, so that people in the South will be able to receive prompt life-saving treatment. On going funds are needed for operation and expansion. The Centre is one of the most important projects undertaken in Arad in recent years. It opened to the public in September 2004. Its design, in terms of medical requirements, was conceived by leading Israeli medical and architectural authorities in these fields. They in turn consulted with international specialists in the field of emergency medicine. The Centre consists of a spacious lobby, children's play area, emergency rooms, trauma room, orthopaedic casualty rooms, a gynaecology clinic and an ultra-sound and x-ray department

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

- **One Family** is a major project we work with raising large sums each year to help victims of terror rebuild their lives. The OneFamily Fund was created in response to the needs of families in Israel affected by terrorism. Their stories are not one-off horrors but ongoing tragedies that affect the rest of their lives. OneFamily looks after the long-term physical and emotional health of survivors and their families, together with their educational, housing, income maintenance and other needs. OneFamily is a catalyst, knowledgeable grant-maker and responsible guardian. It has helped more victims and families than any other private organisation.
- **Beit Uri**, a residential home for the mentally and physically disabled is supported with an annual sum for a specific project to improve the home, such as a woodworking workshop this year, raised by the JNF Golf Committees. Founded in 1969, Beit Uri's unique philosophy enables every member to be a partner in contributing his or her part to the home and to the wider community. Residents suffer from a wide range of mental and physical disabilities – many in combination. These include blindness, autism, epilepsy, Down's Syndrome, cerebral palsy and behavioural disorders.
- **INTRA**, a centre which provides therapeutic horse riding for the disabled, has enjoyed huge success improving the lives of the mentally and physically handicapped and of wounded soldiers. The movement of the horse, which mimics the hip movement of a human, has been found to actually re-educate the disabled body towards the possibility of walking. Close contact with horses, and riding high on their backs also has a calming therapeutic quality and restores confidence. The centre, located in Neurim on the shores of the Mediterranean, north of Tel Aviv, welcomes mentally and physically challenged adults, children, survivors of terror attacks and injured soldiers. JNF UK has refurbished INTRA's stables and provided funds for terror attack survivors and their families. They receive treatment and the chance to return to some semblance of emotional stability through the gentle therapy of horses.
- The **Jerusalem Botanical Gardens**, a centre of botanical research and conservation, linked to the Hebrew University is another project which is flourishing with help from JNF on specific projects such as the new Bible Path, and scholarships for visiting gardeners. The Gardens also act as a living gene bank to protect endangered plants in Israel and beyond. 370 plant species are in immediate need of protection in Israel. Many of them are grown in the garden for conservation and educational needs. Through the JNF, the British Friends of the Gardens raise funds to provide scholarships for horticultural graduates who work in the Gardens for a minimum of six months. So far more than 90 students have benefited from this scheme, some becoming Head Gardeners in famous gardens around the world.
- **Israel Guide Dog Centre for the Blind** where the partnership with JNF has enabled a threefold increase in funds raised. The mission of the Israel Guide Dog Centre for the Blind is to improve the quality of life for blind people in Israel by providing them with safe mobility, independence and self confidence through the faithful assistance of guide dogs. At the Centre JNF have funded a specialist library, several rooms at the residential school, vehicles for transportation and a number of Guide Dog/ person partnerships.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

Grant Making Policy

The charity distributes funds in accordance with its objectives on a project orientated basis. Potential projects are presented and discussed and then thoroughly assessed within the organisation, including visiting the project in Israel and assessing how and whether JNF can best benefit them before the project is then approved or rejected by the JNF Board of Trustees.

ACHIEVEMENTS AND PERFORMANCE

The way in which the Charity's activities supported its objectives is set out above. Broadly speaking JNF has been supporting a range of humanitarian and environmental projects in Israel.

In 2007 JNF launched its major new 10 year Campaign to provide infrastructure in the shape of schools, medical facilities, synagogues and recreational activities for five new communities in the Negev Desert. With the involvement of a major donor and fundraiser in the Jewish Community a new Negev Committee was developed and substantial funds were raised at a number of prestigious events to kick start this important Campaign.

Some of our other achievements in the year are as follows:

Work is in progress at five new communities in the Negev desert. Facilities provided this year include a new school building at Shomriya, a new synagogue and community facilities at Givot Bar and a public promenade and recreational park at Sansanna.

New facilities have been provided at a number of our projects in Israel including the new school facilities at Givat Olga; therapy rooms at the residential home for the severely disabled at Aleh Negev, and stable and office buildings at the Israel National Therapeutic Riding Centre.

We have provided funds for several organisations which operate as soup kitchens and rehabilitative facilities for the needy and underprivileged. This has helped feed more than 10,000 people around the country.

We have provided funds to assist the many victims of terror in Israel. This money has improved the lives of approximately three thousand families of those injured, traumatised and bereaved.

FINANCIAL REVIEW

The full results of the year ending are shown in the attached Financial Statements. After including the balance brought forward of £7,703,000, fund balances totalling £7,064,000 are carried forward.

Income

The Statement of Financial Activities (SoFA), set out on page 15 is designed to reflect all incoming resources receivable in the year irrespective of when the income is spent.

Our total income in 2007, excluding KKL Charity Accounts is just over £8.4m compared to £8.0m in 2006. After consolidating the results of KKL CA, our controlled charity, our total income was £15.8m. This income is 0.39% down when compared to 2006.

In 2006 JNF raised almost £1.8 million for its special Emergency Appeal during the Lebanon War. Thankfully, Israel was not at war last year so no Special Appeal was needed in the year. It did mean that our general donations dropped from £7.2 million to £6.5 million. However, legacy income, which by its very nature is unpredictable, has risen threefold to £1.6 million from £532,000 in 2006.

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TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

JNF fundraising through its traditional Rosh Hashanah (Jewish New Year) and Green Sunday Appeals produced jointly over £500,000. Likewise the income for the annual Walk for Water, which had over 50 walkers, was £120,000, and the Golf days brought in over £65,000.

Tree income has now picked up and will continue to increase due to JNF selling and planting trees in the Kibbutz Neot Smadar in the Negev. Sadly, we lost our famous Blue Box principal collector Cyril Shine in 2007, after many years collecting for us and endearing himself to our many donors. An Appeal raised money to dedicate a playground in the Negev in his memory.

JNF had a number of highly successful fundraising events in 2007 including

- **Clardges Dinner** - This event launched the JNF 10 year Negev Campaign. This dinner was hosted by Israel's Ambassador to the UN Dan Gillerman and raised over £200,000 for the Campaign.
- **Maureen Lipman Lunch** - This year's 'Lunch With a Legend' honoured the actress Maureen Lipman. Approximately two hundred attended the lunch in Knightsbridge and over £75,000 was raised.
- **Israeli Forum Dinner** - A major Dinner was held at a venue in Camden to raise funds for a school for special needs in Givat Olga. The event was fully sponsored, and over £200,000 was raised for this project.
- **Air Rally to Israel** - JNF had its second highly successful air rally where a convoy of light aircraft flew from Elstree to Eilat over a number of days. This event raised over £90,000 in sponsorship income.

Expenditure

Expenditure in the year rose from £15,697,000 to £16,423,000 of which £11,392,000 (69.4%) was expended on charitable activities. These activities include Israeli projects, UK charities and educational projects. As shown in Note 2 of the financial statements JNF has made donations of approximately £5.2m to a wide range of worthwhile and deserving causes in Israel.

During the year JNF was involved with litigation with Keren Kayemeth LeIsrael. On a positive note formal settlement agreement is near and the dispute is at an end. However in the year we incurred substantial legal costs pursuing this action, in reliance on a donor's undertaking.

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 3 months' operating expenditure should be held. Although there were under 2 months' reserves held as at 31st December 2007, internal management accounts show that this has increased beyond our minimum requirements of three months in the current year.

Operating expenditure is defined as unrestricted expenditure less remittances to Israel net of support costs.

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,

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

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, although JNF have been bequeathed some properties where there is a life tenant.

PLANS FOR FUTURE YEARS

Development Direction

Looking to the future the JNF will focus increasingly on three main aims:

We will continue to support the pioneering work that will bring the desert to life in the Negev for some years to come, this is part of the traditional work which JNF has undertaken for many years. The JNF commitment to developing the Negev is the focus of our major multi-million pound campaign which will unroll over the next ten years. We plan over the next five years in partnership with the Keren Kayemeth in Israel to plant 5 million trees in the Negev in a campaign to "Making the Negev Green". This will have an impact on waterfalls and the environment, helping in our mission to bring new communities of people to inhabit this currently barren wilderness.

The scope of the JNF Education Department will be expanded to cover a greater range of Israel and Jewish Education in a broad sweep of educational establishments including Youth Clubs, and a greater number of schools in the UK.

Fundraising Events

A number of major fundraising events have already taken place in 2008 and more are in the pipeline. The highlights of 2008 include, most importantly, a prestigious Dinner at Windsor Castle for 200 people hosted by the Duke of Edinburgh in honour of Israel's 60th Anniversary raising substantial funds for the JNF Negev Campaign and for the Israel Youth Award in Israel. Other 2008 events include the famous JNF London to Jerusalem Car Rally, involving 30 cars driving across Europe on an 18 day road trip taking them through France, Switzerland, Italy and Greece, and finally to Israel.

Annual Events such as the 'Walk For Water' sponsored Walk in the Negev and the JNF Golf Championships season, visits to the Races at Cheltenham and Royal Ascot will be held in both 2008 and 2009. Events planned for 2009 include a Dinner for 250 prominent UK donors at the Knesset, the Israeli Parliament in Jerusalem. Other events planned include a National 'Kosher Chef' Competition, and a Major Negev Fundraising Dinner in London. With these many and varied events as well as increased Direct Fundraising in place we are anticipating a good year for 2008, as well as 2009.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is a registered charity and a company limited by guarantee, without share capital originally incorporated on 21st July 1939. It is governed by its Memorandum and Articles of Association, the most recent version of which was adopted on 11th February 2008.

Appointment of Trustees

As set out in the Articles of Association the President, Chairman and up to 2 Vice-Chairmen are elected by the members for a term of up to 3 years. Up to 2 Treasurers are appointed by resolution of the Trustees for a similar period. The foregoing comprises the Honorary Officers of

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

the Charity They, together with up to 13 further Trustees, comprise the Board of Directors/Trustees of the Charity One third of them must offer themselves for re-election each year

The Director retiring by rotation is Mr S Pearlman who, being eligible, offers himself for re-election In addition, the new appointees to the Board, Mr S Hayek, Mr D Breuer-Weil, Mr S Cats, Mr R Freedman, Mr E Gorji, Mr A Greenberg, Mr G Greene, Mr M Lee, Mr M Mansour, Dr M Sinclair and Ms M Waisman as eligible persons, also offer themselves for re-election

Trustee induction and training

A new induction training manual for Trustees was introduced in 2007 New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity During the induction process they meet key employees and other Trustees

Organisation

The board of Trustees, which can have up to 19 members, administers the charity The board meets not less than quarterly and there are sub-committees covering education, finance, charity accounts and legacies which meet more regularly A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity The charity is in the process of moving forward and a new chief executive will be appointed over the next few months

Related parties

KKL Charity Accounts is a connected party as a majority of the board members of that charity are on the board of JNF Charitable Trust Their results are consolidated into JNF Charitable Trust's results KKL Executor & Trustee Company Limited is a wholly owned subsidiary of the Charity and operates a will writing and executorship service (in its capacity as a Trust Corporation), and the Charity's legacy administration

Risk management and internal control

The Charity is committed to a policy of identifying, monitoring and managing the risks that might adversely affect the activities in which it is involved In this context, risk is defined as the potential for loss, financial and reputational, inherent in the environment in which the Charity operates and in the nature of the transactions undertaken

The Trustees believe that an appropriate review of risks is necessary, that risks are ranked and periodically reviewed, and that appropriate action is identified to mitigate the consequences of the risks

The organisation is run on a day to day basis by the Chief Executive who is supported by a Senior Management Team consisting of Head of Fundraising, Financial Controller, Operations Director, KKL Charity Accounts Manager, Communications Director and the Chief Executive of KKL Executor & Trustee Company Ltd

The Trustees and Senior Professional Staff are supported by a number of committees which are as follows

Finance Committee

The Finance Committee meets on a monthly basis to discuss all financial matters relating to the organisation The Committee is chaired by the Honorary Treasurer and consists of selected members of the Board together with members of the Senior Management Team

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2007 (Continued)

Education Committee:

The Education Committee of the JNF exists to advise and support JNF's Education Department. It is chaired by a member of the JNF Executive Board, and meets six times per year, to be updated on the Department's activities, and to review proposed projects, programmes and activities.

Strategy Committee – looking at the medium to long term view and position in which JNF wants to see itself, what is our identity, what do we stand for, setting a strategic pathway, and a vision statement for the organisation.

Allocations Committee – receiving and considering requests for funds, deciding how the application fits in with the medium to long term plan, and deciding how much to allocate from both existing funds and potential future funds.

Provincial Committees

Each of our provincial offices (Manchester, Liverpool, Leeds, Birmingham and Glasgow) has a provincial steering committee which meets regularly to help assist with the strategic planning for that office.

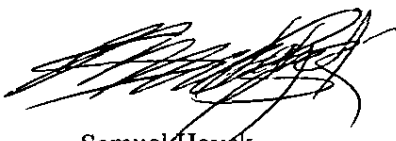
The Trustees have overall responsibility for the Charity's systems of internal control that are designed by senior management to ensure effective and efficient operations, including financial reporting, and compliance with laws and regulations. In establishing and reviewing the system of internal control, the Trustees and senior management have regard to the materiality of relevant risks, the likelihood of loss being incurred and the cost of control.

The Trustees believe the principal risks faced by the Charity are the effect of the credit crunch on our donors. Other risk includes fallout from the adverse publicity due to the recent legal dispute with Keren Kayemeth. The new board has reached an agreement, yet to be signed with Keren Kayemeth and is moving forward with the crucial charitable work of the organisation.

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



Samuel Hayek
Trustee

30th October 2008

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 2007 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 17 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 it would be required for it to be included in the balance sheet of the charity. This would have increased the value of fixed assets and the reserves by a substantial amount as at 31st December 1996. As at 31st December 2007 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 2007 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

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
30th October 2008

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

JNF CHARITABLE TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 of the profit or loss of the company for that period. In preparing these financial statements, the directors 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 company will continue to operate

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

JNF CHARITABLE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR YEAR ENDED 31st DECEMBER 2007

INCOME AND EXPENDITURE		Restricted Funds £'000	Unrestricted Funds £'000	Totals 2007 £'000	<i>Totals 2006 £'000</i>
	Note				
Incoming resources from generated funds	1c				
Donations		1,583	4,533	6,116	7,222
Donations for legal expenses	4	344	-	344	-
Legacies		-	1,607	1,607	532
Investment income		3	323	326	249
		<u>1,930</u>	<u>6,463</u>	<u>8,393</u>	<u>8,003</u>
Incoming resources from charitable activities					
KKL Charity Accounts income from donors		7,146	-	7,146	7,616
Other incoming resources		-	271	271	252
TOTAL INCOMING RESOURCES		<u>9,076</u>	<u>6,734</u>	<u>15,810</u>	<u>15,871</u>
RESOURCES EXPENDED	1d				
Fundraising costs of donations and legacies		122	2,503	2,625	2,463
Charitable Activities					
Remittances to Israeli charitable causes	2	2,835	3,196	6,031	6,530
Remittances to UK charities	3	5,860	470	6,330	5,871
Educational projects		252	241	493	519
Legal Expenses	4	344	542	886	289
Governance Costs	5	1	57	58	25
TOTAL RESOURCES EXPENDED		<u>9,414</u>	<u>7,009</u>	<u>16,423</u>	<u>15,697</u>
NET (OUTGOING) / INCOMING RESOURCES		(338)	(275)	(613)	174
(Loss) / Gain on Investment assets		(26)	-	(26)	38
Net movement in Funds		<u>(364)</u>	<u>(275)</u>	<u>(639)</u>	<u>212</u>
Fund balances brought forward		5,270	2,433	7,703	7,473
Fund balances carried forward at 31st December 2007		<u>4,906</u>	<u>2,158</u>	<u>7,064</u>	<u>7,685</u>

The notes on pages 18 to 28 form an integral part of these accounts

JNF CHARITABLE TRUST

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31st DECEMBER 2007

	Note	2007 GROUP £'000	2006 GROUP £'000	2007 CHARITY £'000	2006 CHARITY £'000
FIXED ASSETS					
Tangible assets	9	1,581	1,619	1,576	1,613
Investments	10	287	107	375	195
		<u>1,868</u>	<u>1,726</u>	<u>1,951</u>	<u>1,808</u>
CURRENT ASSETS					
Debtors	11	1,140	706	1,014	651
Investments	12	287	347	1	33
Cash at bank and in hand		5,051	5,717	737	1,138
		<u>6,478</u>	<u>6,770</u>	<u>1,752</u>	<u>1,822</u>
CREDITORS – amounts falling due within one year	13	990	456	1,095	552
		<u>5,488</u>	<u>6,314</u>	<u>657</u>	<u>1,270</u>
NET CURRENT ASSETS					
		7,356	8,040	2,608	3,078
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS – amounts falling due after more than one year	14	292	337	292	337
		<u>7,064</u>	<u>7,703</u>	<u>2,316</u>	<u>2,741</u>
REPRESENTED BY					
Unrestricted Funds					
General Funds		2,140	2,415	2,266	2,387
Revaluation reserve		18	18	18	18
		<u>2,158</u>	<u>2,433</u>	<u>2,284</u>	<u>2,405</u>
Restricted Funds	18	4,906	5,270	32	336
		<u>7,064</u>	<u>7,703</u>	<u>2,316</u>	<u>2,741</u>

Approved and authorised for issue by the directors on the 30th October 2008
and signed on their behalf




)
) Directors
)

The notes on pages 18 to 28 form an integral part of these accounts

JNF CHARITABLE TRUST

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st DECEMBER 2007

	Note	2007 GROUP £'000	2006 GROUP £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES		(151)	1,352
Returns on investment and servicing of finance			
- Investment Income		(326)	(249)
Capital expenditure and financial investment			
- Purchase of short term investments		(84)	(180)
- Disposal of short term investments		149	222
- Change in cash awaiting investment		(31)	(38)
- Purchase of long term investments		(180)	(2)
- Purchase of tangible assets		-	(2)
Financing			
- Decrease in debt		(43)	(41)
NET CASH INFLOW FOR THE YEAR		<u>(666)</u>	<u>1,062</u>
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Statement of financial activities			
- Net movement in funds		(639)	212
Investment income		326	249
Unrealised loss / (profit) on investments		26	(34)
Depreciation		38	85
Increase in creditors		532	39
(Increase) / decrease in debtors		(434)	801
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>(151)</u>	<u>1,352</u>
Cash at bank and in hand at end of the year		5,051	5,717
Cash at bank and in hand at beginning of the year		(5,717)	(4,655)
CHANGE IN CASH BALANCES FOR THE YEAR		<u>(666)</u>	<u>1,062</u>
Cash out flow from decrease in debt		<u>43</u>	<u>41</u>
Change in net funds resulting from cash flows		(623)	1,103
Net funds at 1 st January 2007		5,335	4,232
Net funds at 31 st December 2007	19	<u>4,712</u>	<u>5,335</u>

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007

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 2005) 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 Executor and Trustee Company Limited and Bloomsbury Advertising Agency Limited, and of KKL Charity Accounts. A separate statement of financial activities (SOFA) is not presented because the charity has taken advantage of paragraph 397 of SORP 2005

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. Donated services are included at their fair value to the charity
- (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 AS AT 31st DECEMBER 2007 (continued)

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. Support costs are generally allocated over charitable expenditure headings in a similar proportion to existing expenditure under those headings.

Governance costs – costs that are incurred in compliance with constitutional, legal and statutory requirements related to the general running of the Charity.

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 less depreciation.

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

(3) Rates of depreciation

Freehold property -	2% of cost at the year end
---------------------	----------------------------

Furniture and Equipment -	10% of the net book value
---------------------------	---------------------------

Computer Equipment -	33 1/3% of the net book value
----------------------	-------------------------------

Motor Vehicles -	25% of the net book value
------------------	---------------------------

(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.

h) Investments

Investments are valued at market value at the balance sheet date. Realised gains and losses on investments are calculated by comparing the sale proceeds with the market value at the end of the previous financial year. Unrealised gains and losses represent the difference between the market value of investments held at the end of the financial year with their value at the beginning of the year or with their cost if purchased subsequently.

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

2. REMITTANCES TO ISRAEL

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

	2007 Number	2007 Value £'000	2006 Number	2006 Value £'000
Donations to Institutions				
Cultural	8	305	12	110
Disabled / Health	27	492	24	815
Education	17	243	10	115
Environmental	9	75	8	138
Infrastructure	32	888	25	794
Social Projects / Relief of Poverty	54	1,848	60	2,440
Other Israeli causes	48	1,304	49	1,256
Total of donations to Institutions	195	5,155	188	5,668
Donations to Individuals				
Environmental	42	26	40	20
Support Costs	-	850	-	842
	237	6,031	228	6,530

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

Legal expenses were incurred in relation to the dispute between JNF and Keren Kayemeth LeIsrael, following notification to the Charity Commission The JNF received an undertaking from a donor to reimburse the JNF for the legal fees At the date of this report the donor had not paid what was due and, based on advice, the Board believe they are in a position to recover the money

5. GOVERNANCE COSTS

	2007 £'000	2006 £'000
Audit fees	11	11
Legal costs	23	-
Staff costs	12	10
	46	21
Support costs	12	4
	58	25

JNF CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31st DECEMBER 2007 (continued)

6. RESOURCES EXPENDED

	2007 £'000	2006 £'000
The resources expended figures are stated after charging		
Depreciation	38	85
Payment to auditors for audit services	<u>11</u>	<u>11</u>

7. SUPPORT COSTS

	Fundraising and publicity £'000	Remittances to Israel £'000	Remittance to UK Charities £'000	Educational projects £'000	Governance Costs £'000	Total 2007 £'000	Total 2006 £'000
Payroll costs	242	451	85	42	4	824	805
KKL Charity							
Accounts fees	-	-	265	-	-	265	252
General overheads	229	399	128	92	8	856	811
	<u>471</u>	<u>850</u>	<u>478</u>	<u>134</u>	<u>12</u>	<u>1,945</u>	<u>1,868</u>

8. STAFF COSTS AND TRUSTEES' REMUNERATION

Trustees are not remunerated No trustees were reimbursed expenses (2006 One trustee was reimbursed expenses of £549)

	2007 £'000	2006 £'000
Staff costs		
Wages and salaries	1,131	1,155
Social security	120	120
Pension costs	<u>57</u>	<u>52</u>
	<u>1,308</u>	<u>1,327</u>

Number of Employees

The average number of employees during the year was

	No	No
Fundraising	11	11
Bequest Department	4	4
Charity Accounts	4	4
Education	3	3
Administration	<u>13</u>	<u>13</u>
	<u>35</u>	<u>35</u>

The number of employees whose emoluments (including benefits) as defined for taxation purposes amounted to over £60,000 in the year was as follows

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

8. STAFF COSTS AND TRUSTEES' REMUNERATION (Continued)

£60,001 - £70,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
	<u>1</u>	<u>-</u>

Contributions were made to a defined benefits scheme for three higher paid employees and contributions amounted to £23,520 (2006 - £22,670)

9. TANGIBLE FIXED ASSETS

GROUP	Freehold Property £'000	Furniture, Computer & Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 st January 2007 and at 31 st December 2007	1,554	342	107	2,003
Depreciation				
At 1 st January 2007	38	267	79	384
Charge for the year	19	12	7	38
At 31 st December 2007	57	279	86	422
Net Book Values				
At 31 st December 2007	1,497	63	21	1,581
At 31 st December 2006	1,516	75	28	1,619
CHARITY				
Cost				
At 1 st January 2007 and at 31 st December 2007	1,554	223	107	1,884
Depreciation				
At 1 st January 2007	38	154	79	271
Charge for the year	19	11	7	37
At 31 st December 2007	57	165	86	308
Net Book Values				
At 31 st December 2007	1,497	58	21	1,576
At 31 st December 2006	1,516	69	28	1,613

The freehold property is the Charity's Head Office based in Edgware, Middlesex. The property was valued in April 2008 at £1,650,000, on an existing use basis by R Last FRICS of Last & Mazin, Chartered Surveyors. The accounts have not been adjusted in respect of this valuation.

JNF CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31st DECEMBER 2007 (continued)

	2007	2006	2007	2006
	GROUP	GROUP	CHARITY	CHARITY
	£'000	£'000	£'000	£'000
10. INVESTMENTS				
Property investments	287	107	287	107
Investment in subsidiary undertakings	-	-	88	88
	<u>287</u>	<u>107</u>	<u>375</u>	<u>195</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

The property investments relate to life tenancies on legacies that have crystallised to JNF CT

	2007	2006	2007	2006
	GROUP	GROUP	CHARITY	CHARITY
	£'000	£'000	£'000	£'000
11. DEBTORS				
Donations and legacies receivable	635	175	635	175
Amounts owed from group undertakings	-	-	-	9
Prepayments and accrued income	505	531	379	467
	<u>1,140</u>	<u>706</u>	<u>1,014</u>	<u>651</u>

	2007	2006	2007	2006
	GROUP	GROUP	CHARITY	CHARITY
	£'000	£'000	£'000	£'000
12. INVESTMENTS				
Unquoted Securities	1	1	1	1
Israel Bonds	-	32	-	32
Listed Investments	286	314	-	-
	<u>287</u>	<u>347</u>	<u>1</u>	<u>33</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

The Listed Investment relates to a portfolio of shares held by Charles Stanley on behalf of KKL Charity Accounts

	2007	2006
	£'000	£'000
The movement in investments is as follows		
Beginning of the year	314	280
Additions	84	180
Disposals	(117)	(222)
(Loss) / Gains on investments	(26)	38
Change in cash awaiting investment	31	38
End of year at market value	<u>286</u>	<u>314</u>
Investments at cost	<u>292</u>	<u>280</u>

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

	2007 £'000	2006 £'000
12. INVESTMENTS (Continued)		
Investments whose values exceeded 5% of the total market value are as follows:		
BHP Billiton	15	19
Centrica	-	18
Croda	-	16
Diageo	22	17
Hilton	-	18
ISIS Property Trust	22	28
McCarthy & Stone	-	19
National Grid	-	20
Rexam	-	15
United Utilities	-	17
	<u>59</u>	<u>187</u>

At the balance sheet date KKL Charity Accounts had a deposit with Kaupthing Singer and Friedlander. Due to economic conditions events have meant that the recoverability of this deposit is uncertain. We believe that most if not all the deposit will be recovered. However in the event a loss is incurred, any amount will be made up in the future from the unrestricted reserves of KKL Charity Accounts.

13. CREDITORS: Amounts falling due within one year

	2007 GROUP £'000	2006 GROUP £'000	2007 CHARITY £'000	2006 CHARITY £'000
Trade creditors	648	93	640	84
Amounts owed to group undertakings	-	-	113	109
Loan payable within one year	47	45	47	45
Taxation and social security	34	30	34	30
Accruals and deferred income	261	288	261	284
	<u>990</u>	<u>456</u>	<u>1,095</u>	<u>552</u>

14. CREDITORS: Amounts falling after more than one year

	2007 GROUP £'000	2006 GROUP £'000	2007 CHARITY £'000	2006 CHARITY £'000
Secured loan	<u>292</u>	<u>337</u>	<u>292</u>	<u>337</u>

The loan is secured on the head office property. The loan is repayable over 8 years at base rate + 1.35%.

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

14. CREDITORS: Amounts falling after more than one year (Continued)

The amounts fall due as follows

1 - 2 years	50	48	50	48
2 - 5 years	175	162	175	162
Over 5 years	67	127	67	127
	<u>292</u>	<u>337</u>	<u>292</u>	<u>337</u>

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Revaluation Reserve £'000	Total £'000
Fixed Assets	1,850	-	18	1,868
Current Assets	1,572	4,906	-	6,478
Current Liabilities	(990)	-	-	(990)
Long Term Liabilities	(292)	-	-	(292)
Net Assets	<u>2,140</u>	<u>4,906</u>	<u>18</u>	<u>7,064</u>

16. 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 LeIsrael, had been used by Keren Kayemeth LeIsrael 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 there from. The Trustees have reached an agreement in principle with Keren Kayemeth LeIsrael, which will settle the land issue, but the detailed settlement agreement has not yet been signed

17. SUBSIDIARY COMPANIES

The Charity owns the following subsidiaries

- KKL Executor & Trustee Company Limited acts as Executors and Trustees
- Bloomsbury Advertising Agency Limited, a dormant company due to be dissolved

A summary of their results is shown below

	KKL Executor & Trustee Company Ltd		Bloomsbury Advertising Agency	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Total Income	13	13	-	-
Total Expenses	<u>(13)</u>	<u>(13)</u>	<u>-</u>	<u>-</u>
Net results	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

17. SUBSIDIARY COMPANIES (Continued)

The aggregate of the assets, liabilities and funds were

Assets	91	93	-	-
Liabilities	(2)	(3)	-	-
Funds	89	90	-	-

The Charity also owns the following dormant subsidiaries

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

18. RESTRICTED FUNDS

	Brought Forward £'000	Income £'000	Expenses £'000	Loss on investments £'000	Carried Forward £'000
Jerusalem Botanical Gardens	7	51	57	-	1
KKL Charity Accounts	4,842	7,146	7,303	26	4659
Beit Uri	24	67	78	-	13
Educational projects	-	111	111	-	-
One Family	301	875	1,086	-	90
Aleh	50	237	178	-	109
Hazon Yeshaya	-	104	102	-	2
Israelife	-	62	55	-	7
Beit Issie Shapiro	46	79	100	-	25
Donation relating to costs of resolution of dispute with Keren Kayemeth LeIsrael	-	344	344	-	-
Total	5,270	9,076	9,414	26	4,906

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

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

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

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

18. RESTRICTED FUNDS (Continued)

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

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

Aleh is a group of homes for the severely mentally and physically disabled. The homes cater for both children and adults

Hazon Yeshaya runs soup kitchens throughout Israel and currently operates from 60 distribution points around the country providing some 400,000 hot meals per month

Israelife is a social enterprise that aims to integrate all of Israel's emergency services communications needs under one roof. This will ensure that they work efficiently together to save the most lives possible

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

A donor undertook to cover the legal expenses incurred by JNF in its endeavour to resolve the dispute with Keren Kayemeth LeIsrael. (See note 16 for details of the dispute)

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 st January 2007 £'000	Cash Flows £'000	At 31 st December 2007 £'000
Cash at bank and in hand	5,717	(666)	5,051
Debt due within one year	(45)	(2)	(47)
Debt due after one year	(337)	45	(292)
	<u>(382)</u>	<u>43</u>	<u>(339)</u>
Net Assets	<u>5,335</u>	<u>(623)</u>	<u>4,712</u>

20. 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 subsidiary of the company. A summary of its results are shown below

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2007 (continued)

20. CONNECTED CHARITY (Continued)

	Income Statement		Totals 2007 £'000	Totals 2006 £'000
	Restricted Funds £'000	Unrestricted Funds £'000		
Total Income	8,008	548	8,556	8,459
Total Expenses	(8,232)	(521)	(8,753)	(7,592)
Net results	(224)	27	(197)	867

The aggregate of the assets, liabilities and funds were

	2007 £'000	2006 £'000
Assets	4,762	4,985
Liabilities	(15)	(15)
Funds	<u>4,747</u>	<u>4,970</u>
Unrestricted funds	203	176
Restricted funds	<u>4,544</u>	<u>4,794</u>
	<u>4,747</u>	<u>4,970</u>

21. RELATED CHARITY IN ISRAEL

In 2004 certain of the then Trustees of the JNF in the United Kingdom, together with the then CEO formed a new charity in Israel called Nes Eretz Israel. As at 31st December 2007, a point in time covered by this set of audited financial statements, Gail Seal, the then JNF President together with Simon Winters, the then CEO of JNF were still on the board of Nes Eretz Israel.

During the period 2004 to 2007, the JNF under the Presidency of Gail Seal, made donations of approximately 1 million pounds to Nes Eretz Israel.

The new Board of Trustees is presently conducting a full review into JNF's relationship with Nes Eretz Israel including an analysis of the remittances made.

22. RELATED PARTY TRANSACTIONS

Mrs G Pearlman, wife of Mr S Pearlman, provided catering services to the charity at a cost of £3,270. The transaction was carried out on an arm's length basis with a discount applied for the benefit of the charity.

The charity's payroll is administered by Bloomsbury Office and Secretarial Services, a partnership in which Mr J D Zinkin is a partner. Total amounts paid for the year were £720. The services are provided at a basic cost, well below market value.