

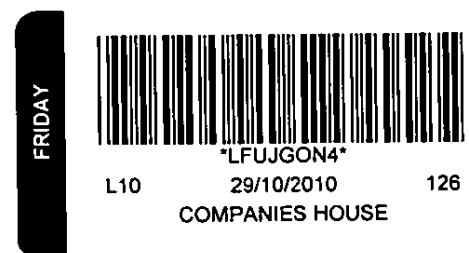
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ANNUAL REPORT & ACCOUNTS 2009

SUPPORTING ISRAEL FOR LIFE THIS YEAR & EVERY YEAR

*The leading UK
charity for Israel*

JNF Charitable Trust



**Supporting
Israel for Life**

THE FACTS RELATING TO JNF AND OUR SUPPORT FOR ISRAEL

**JNF – ISRAEL'S
LEADING
HUMANITARIAN
AND
ENVIRONMENTAL
CHARITY – HAS
SUPPORTED
ISRAEL SINCE
1901, HELPING TO
BUILD A
COUNTRY OUT OF
NOTHING**

**JNF RAISE FUNDS
FOR THE
BUILDING
BLOCKS OF
EVERYDAY LIFE
IN ISRAEL SUCH
AS RESERVOIRS,
FORESTS AND THE
DEVELOPMENT
OF
INFRASTRUCTURE**

**THE FIRST BLUE
BOX WAS
INTRODUCED IN
1902; THERE ARE
NOW MORE THAN
15,000 IN THE UK
ALONE**

**LONG BEFORE
IT WAS
FASHIONABLE,
JNF'S
ENVIRONMENTAL
POLICIES HAVE
HELPED TO
OFFSET CARBON
EMISSIONS WHILE
HELPING THE
EARTH'S
ENVIRONMENT
AND GREENING
THE LAND OF
ISRAEL**

**THE NEGEV,
JNF'S FOCUS IN
THE 21ST
CENTURY, FORMS
60% OF ISRAEL'S
LAND AREA BUT
HAS ONLY 7% OF
ITS POPULATION**

**THERE IS 75%
LESS WATER
AVAILABLE
TODAY IN ISRAEL
THAN 20 YEARS
AGO BUT 2
MILLION MORE
PEOPLE TO
SHARE IT**

**THERE ARE 1,000
FOREST FIRES
IN ISRAEL EVERY
YEAR DURING
THE FIVE
FIRE-PRONE
MONTHS**

**JNF RUNS
MISSIONS TO
ISRAEL; THERE
HAVE BEEN 17
WALKS FOR
WATER TAKING
PLACE EACH
OCTOBER RAISING
FUNDS TO BUILD
AND REPAIR
ESSENTIAL
RESERVOIRS**

OUR MISSION STATEMENT AND STRATEGIC GOALS EXPLAINS WHAT IS IMPORTANT TO US

“JNF is Israel's leading humanitarian and environmental charity, raising funds to support Israel for life.”

FUNDRAISING: *To preserve and enhance JNF's relationship with its donors, partners and other key stakeholders and to maintain and improve the level of funds raised from existing and future donors*

PROJECTS: *To make a real and significant difference to the land and the people of Israel by adopting and funding key projects, focusing in the Negev region of the country*

EDUCATION: *To strengthen Anglo-Jewry's bond with JNF and the land of Israel, its geography, history and people*

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OUR THANKS

**TO STAFF, VOLUNTEERS, TRUSTEES, DONORS AND
ALL OF OUR SUPPORTERS WHO MAKE JNF THE
CHARITY IT IS TODAY**

PICTURE REMOVED

**Samuel Hayek
Chairman**

“JNF is the UK’s pre-eminent Israel charity. Our heritage and history with the State of Israel is unrivalled. For over 100 years we have had one mission: to settle and develop the Land of Israel. Today, thanks to the incredible support we receive and particularly our work in the Negev, JNF continues to pioneer this historic Zionist dream in the 21st century.”

CHAIRMAN'S REVIEW

SAMUEL HAYEK, JNF CHAIRMAN

**“Developing infrastructure.
Addressing the water shortage.
Planting trees.
This is what JNF is all about.”**

Since it was founded in 1901, JNF has been the foremost UK charity raising funds to implement worthy projects in Israel. Back then our mission was to settle and develop the Land of Israel. This has not changed. Today, we remain as committed as ever to our slogan “Supporting Israel for Life” and to putting in place the foundations and building blocks that will ensure Israel flourishes for generations to come.

Our primary emphasis in 2009 has been our projects in the Negev region, Israel's barren, under-populated, southern region. Despite covering 60% of the land of Israel, the Negev houses only 7% of its population. The rising demographic challenges faced by Israel means that this balance urgently has to change. Working alongside the Israeli Government and our many partners in Israel, we have therefore undertaken a specific mission to make the Negev desert bloom.

David Ben Gurion, Israel's first prime minister, once said: “It is in the Negev that the creativity and pioneer vigour of Israel shall be tested.” Today, this is the case more than ever. But through the inspiring work of JNF, combined with the vision of the many 21st century Zionist pioneers in Israel, we are rising to meet this challenge.

This task has been made tougher by the global economic climate. In the UK, charities experienced a difficult 2009. Whilst voluntary income has fallen across the UK charity sector, I am heartened to see that our income does not reflect this. This in part reflects the long-standing, historic and deep connection between the UK Jewish community and JNF's work in Israel. As always, I am inspired and humbled by those who choose to support our work, it is because of them that JNF

is able to make such a significant difference to so many peoples' lives in Israel.

In 2009, JNF began to implement decisions designed to return the charity to its roots, primarily through focusing our efforts on projects aimed at establishing new communities or strengthening existing ones in the Negev. As you will see in this report we are supporting development in places such as Haluzit, Sderot, Arad and Shomriya, creating an attractive environment both for those residents already established in the Negev and for those we are hoping to encourage to make their new home in the Negev.

As a further example of our work, the 2009 Rosh Hashanah Appeal saw JNF raise funds to develop and upgrade two reservoirs in the north-west of the Negev which provide water for the Masu'ot Yitzhak and Negba communities. One is fully

functional already and the second will be ready to capture winter flood waters later this year

2009 also saw JNF continue to develop its partnership with the community of Halutzit which was set up in the Negev in 2006 by people who left Gaza and, like the early Zionist pioneers, wanted to settle and reaffirm their roots in the Land. We have continued to develop the community's necessary infrastructure of roads and buildings. In addition, we supported the establishment of successful and productive greenhouses which grow organic fruit and vegetables in the sand, produce which adorns the supermarket shelves in Marks & Spencer, Waitrose and Tesco and which is sold all over the world

Such development of the Land of Israel through pioneering projects has been the mainstay of JNF's work for over 100 years. It is what we are known for best. It is what we continue to do today.

Aside from developing infrastructure and addressing the water crisis in Israel, JNF's heritage is also about trees. In 2009, we set ourselves a target of establishing a new forest in the Negev. Unfortunately due to various complications – environmental and logistical – progress has been slower than we would have liked

Despite this, JNF was able to commit to plant a new forest in a prime location in the Aminadav Forest, in the hills of Jerusalem in honour of the elevation to the House of Lords of the Chief Rabbi Lord Sacks. For many years, Lord Sacks has been a true leader of the UK Jewish community and has personally made an outstanding contribution to the spiritual and intellectual life in the UK. The forest, which will be made up of 25,000 trees, will not only be a permanent tribute to Lord Sacks, but will also make a lasting contribution to the beauty and environment of Israel and Jerusalem in particular.

Developing infrastructure. Addressing the water shortage. Planting trees. This is what JNF is all about.

Within the UK, JNF continues to make a significant impact on the Jewish community. In the area of education, we are currently refining our approach ensuring it is more focussed and meets the specific needs of its audience.

We have continued to make strides to be open, honest and transparent with our donors and the wider public. This was reflected in our last Annual Report in 2008 which achieved a rating of 60% from Intelligent Giving. This was compared to scores of 32% and 25% in previous years. We hope you will find that this year's Annual Report contains more details about the projects to which our

loyal supporters have so generously donated.

In addition, we strengthened JNF's Board of Trustees with the appointment of Benjamin Perl MBE, a leading member of the Jewish community who will undoubtedly add significant substance and experience to the future development of the charity

Finally, I want to take this opportunity to thank all our donors, and our dedicated staff and volunteers for their hard work without whom none of our achievements would have been possible. The coming year will be a challenging one as we look to streamline JNF and continue to raise money, run missions and inspire donors to support our projects in an increasingly difficult economic climate

JNF continues to be the pre-eminent Jewish charity supporting Israel. The work we are doing in the Negev region in particular will have a profound effect on the future of the State of Israel. The people we work with in Israel are inspirational and true visionaries, and together I am proud JNF continues to support the historic Zionist dream in a 21st century setting



**Samuel Hayek
Chairman**

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Laying the cornerstone to the new boy's school in Halutzit

The Israeli flag flying proudly

The Negba Reservoir in the Negev

JNF Walk for Water 2009

Planting trees in the Negev

Children in Sderot celebrating with JNF

OUR AIMS AND OBJECTIVES ARE TO SUPPORT DEVELOPMENT IN SOUTHERN ISRAEL, THE NEEDIEST IN SOCIETY AND TO STRENGTHEN ANGLO-JEWRY'S BOND WITH ISRAEL

What we said we would do

Focus on projects in the Negev region, assist in the creation and support of major new communities and the construction of new reservoirs

Encourage donors and other supporters to accompany us on trips to the Negev to see the results of our labours and their donations

Promote and strengthen relations between Israel and the UK Jewish community

JNF will support the implementation of original education schemes in Jewish communities and schools across the UK

Locate new areas in the Negev to plant new forests

What we have done

Supported projects in the Negev region including new communities at Halutzit and Shomriya and begun the refurbishment of the Negba and Masu'ot Yitzchak Reservoirs

Four enjoyable Missions showed supporters and potential new donors what JNF has achieved and what we are still working on

JNF arranged briefings from senior Israeli figures throughout the year and organised a national Conference in December 2009

The Israel Geography programme was expanded to cover ages 5-18 and runs in 27 schools

In 2009 we planted a new forest for Lord Sacks near Jerusalem. We are continuing to explore opportunities to plan a forest in the Negev

Strategic objectives

To preserve and enhance JNF's relationship with its donors, partners and other key stakeholders and to maintain and improve the level of funds raised from existing and future donors

To make a real and significant difference to the land and people of Israel by adopting and funding key projects, especially in the southern region of the country

To provide educational materials and support, with particular emphasis on the younger generation, to strengthen the bond with JNF and the Land of Israel, its geography, history and people

Future plans

To continue this policy, sharing with our donors and partners the successes we have achieved

To intensify our efforts in adopting projects that deal primarily with establishing new communities and strengthening existing communities in the Negev

Our general approach to the provision of educational materials and support will become more focussed on particular areas that enhance our main objectives

OUR AIMS AND OBJECTIVES

JNF CONTINUES TO RAISE FUNDS FOR ENVIRONMENTAL AND HUMANITARIAN CAUSES IN ISRAEL. JNF'S MISSION AND PURPOSE IS 'SUPPORTING ISRAEL FOR LIFE'. WHILST HELPING THE NEEDIEST MEMBERS OF ISRAELI SOCIETY REMAINS AN IMPORTANT ASPECT TO JNF'S WORK, OUR PRIMARY PURPOSE IS THE FUNDING OF RESERVOIRS, ROADS, SCHOOLS AND FORESTS THAT WILL MAKE LIFE POSSIBLE IN THE NEGEV.

For more than 100 years, JNF's central objective was to raise funds to acquire and develop the land of Israel. JNF's voice was heard, not only asking for contributions, but also as Zionist educators, helping to connect Jewish communities scattered all over the world to the Jewish homeland.

JNF, as Israel's oldest environmental organisation, has a broad background in practicing the kind of sustainable development with which the world is now concerned.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's guidance on public benefit. In the 21st century, JNF is focusing its attention on developing the land in the Negev desert and helping to improve the quality of life for some of the people already living there. The

Negev covers more than 60% of the area of the State of Israel, yet a mere 7% of the population lives there. Successful development will help alleviate the pressure on communities in the north and will make best use of the land within agreed borders. Our work is in line with the Israeli Government's aim of encouraging 300,000 Israelis to move to the Negev by 2020.

Israel's first Prime Minister David Ben-Gurion said the desert provides us with the best opportunity to begin again. This is certainly true for a large group of modern-day pioneers, many of whom have seen their communities dismantled twice in the name of peace, first at Yamit in Sinai, and then at Atzmona, Gush Katif in the Gaza Strip. Now JNF is helping them to build again for a third time in the Negev.

JNF has adopted a number of projects that are central to this key objective, and which are already making a difference to how people consider the Negev. Roads, water supplies, medical centres and temporary homes have been built and the demographic balance is slowly changing as people realise the south is an area in which they want to live.

JNF considers it has a key role to play in promoting and strengthening links between Israel and the Jewish community in the United Kingdom through education. The JNF Education Department has implemented original education schemes in Jewish communities and schools across the UK. Through informal education it has reached out to every age group of the community.

OUR ACTIVITIES

RAISING FUNDS FOR AND

AWARENESS OF OUR PROJECTS

What we said we would do

Place a greater emphasis on building a core group of major donors and discovering new potential donors

Hold a series of smaller (home) fundraising functions, hosted by an existing major donor or member of the JNF leadership

Plans to

- Create a Business Club
- Re-launch the Blue Box
- Recruit a JNF Future committee

Expand the formal education programme in geography

To reach out to all sections of the community with an informal education programme

What we have done

Efforts were made during 2009 to increase our activity with donors and potential donors through large and small events; further efforts will be made in 2010

A number of smaller functions were held at the home of the JNF Chairman and elsewhere

As a result of management changes, these plans were not undertaken, it is still hoped to carry out these aims at some time in the future

The Israel Geography programme now covers ages 5-18 and is running in 27 schools

Yom Ha'atzmaut (Israel Independence Day) events, summer schemes and the Ambassador Competition were all run in 2009

Strategic objectives

To preserve and enhance JNF's relationship with its donors, partners and other key stakeholders and to maintain and improve the level of funds raised from existing and future donors

To provide educational materials and support-with particular emphasis on the younger generation-to strengthen the bond with JNF and the Land of Israel, its geography, history and people

Future plans

Recruit a JNF Future committee to host events specifically for potential young patrons Launch a Young Patron's Scheme

Complete a children's playground and skatepark in Sderot

Continue to develop the Lord Sacks Forest that has a capacity of 25,000 trees

Encourage UK communities to link with JNF projects

OUR ACTIVITIES

JNF CONTINUES TO RAISE FUNDS TO SUPPORT ITS CHARITABLE WORK IN ISRAEL THROUGH APPEALS, EVENTS, MAJOR DONATIONS AND LEGACIES. THE JNF CHARITABLE TRUST'S MAIN INCOME STREAMS COME FROM FUNDRAISING, KKL CHARITY ACCOUNTS AND LEGACY INCOME THROUGH KKL EXECUTOR & TRUSTEE COMPANY LTD.

JNF's fundraising income derives mainly from appeals (mass campaigns), events and major donors. Income also comes from Blue Box collections and tree certificates.

In an average year, donors can expect to receive 2-4 appeals in aid of projects in Israel that have been approved by the JNF Board. The two main appeals are usually at Tu B'Shevat (the Jewish festival of trees) in late January–early February, when JNF runs *Green Sunday*, and in the autumn at Rosh Hashanah (Jewish New Year).

However, in 2009, the first appeal of the year was in January, when an **emergency appeal** was launched to help the residents of Sderot, a town near the border with Gaza that has been hit by thousands of kassam rocket attacks over recent years, leaving the residents traumatised and isolated. The emergency appeal was launched during the military response Operation Cast Lead and raised funds to provide respite activities away from

Sderot for its children, who had suffered particularly badly from living under attack.

In February, Sderot remained the focus of our attention for **Green Sunday**. JNF's core environmental work dovetails with the theme of Tu B'Shevat, a festival particularly associated with tree planting. The 2009 *Green Sunday* appeal raised money to create a beautiful tree-lined park in Sderot for families to enjoy together. Due to the dangerous security situation, the park was built with bomb shelters. Our supporters felt immediate empathy with the suffering of the Sderot residents and gave generously; enabling the park to be completed in only a few months and participants on one of the June 2009 missions attended a celebratory dedication ceremony with hundreds of residents.

The final mass campaign of 2009 was at **Rosh Hashanah** (Jewish New Year) when an appeal was distributed with the popular JNF pocket diary. The 2008/9 diary

cover graphically showed the parched soil resulting from the drought in Israel and the appeal concentrated on the problems of two agricultural communities in the north-west Negev, Negba and Masu'ot Yitzchak, who depend on water from neighbouring **reservoirs**, both over 40 years old and in need of urgent repair. The refurbishments were no small undertaking (project cost £1 million) and needed to be completed in the shortest possible time. When finished, the reservoirs will be able to supply four times as much water as previously.

For all three appeals, fundraising letters were dispatched to the entire JNF donor database in the UK. Response rates for our appeals are high, above the expected response rate to direct mail fundraising initiatives.

The Major Donor Campaign continued with face-to-face canvassing meetings between fundraisers and major donors to discuss projects JNF is involved in.

or those that are close to the donors' hearts and which JNF may be able to find for them

Another important way of encouraging donors to connect with the projects is to include them on **missions to Israel**. This usually involves a small group of donors visiting Israel for a few days and is an ideal way to demonstrate what could be achieved through their generosity and to display what JNF is doing. Four missions to Israel took place in 2009, including a Senior Legacy Mission, organised by KKL Wills and Bequests

Progress in gaining the approval and trust of potential major donors is, for obvious reasons, slow but the successful completion of our projects, improvement in transparency of our accounting and the conclusion of legal disputes have all led to an increased interest in JNF's work.

A number of small to medium size functions for 20-25 special guests, hosted by a member of the JNF leadership took place during 2009. Often the guests received an in-depth briefing from a guest politician (either from the UK or Israel) or dignitary from the community

A further established means of fundraising is **Walk for Water**, now in its 17th year, with sponsorship money helping to develop Israel's water resources, specifically for new communities in the Negev Desert. JNF 'invented' the concept of this type of event which became a blueprint for many other charities, but we feel confident that the original is still the best! In 2009, the route took walkers from 'Sea to Sea' from the Mediterranean Sea to the Kinneret whose water level was so low, the Authorities were

near to stopping any further pumping, graphically illustrating to the walkers just how serious the water situation was in Israel

In the latter part of 2009, JNF decided to celebrate the ennoblement of Lord Sacks by planting a forest in his name. The **Lord Sacks Forest** will be contained within the Aminadav Forest in the southern hills of Jerusalem.

The **JNF Blue Box** has a unique place in our history, having stood in hundreds of thousands of Jewish homes, schools, synagogues, public buildings and businesses around the world. It made it possible for every Jew - whether man, woman or child, rich or poor - to become a partner in the Zionist dream and be personally involved in the development of the land.

In 2008 the Trustees agreed that the profile of the Blue Box had to be raised in the UK and in 2009, there was a successful campaign in the Jewish media (which was generously donated) to recruit additional voluntary Blue Box collectors. This has increased the areas in which volunteer collectors are available to empty boxes on a regular basis. Additionally, some London suburbs with a high concentration of Jewish homes were targeted by JNF fundraising staff in an effort to raise public awareness. The Education Department has launched a Blue Box Bob scheme and is developing a campaign to run in schools to further connect children with Israel. Further consideration will be given to finding other ways of highlighting to people the importance of the Blue Box.

Income also comes from the issue of **tree certificates** which remains a popular way of

recording life cycle events instead of giving a present.

We have some truly remarkable and dedicated **committees and communities** around the UK who support our projects

The **JNF Golf** committees have raised funds tirelessly for more than 40 years, most recently to benefit the Beit Uri home in Afula in northern Israel.

Beit Uri provides a home and activities for severely disabled young people and adults. In June 2009, President Peres awarded them with the Council for a Beautiful Israel Prize 2009, for their work in clearing rubbish from and maintaining a popular woodland area near the home. JNF was proudly represented at the ceremony by the Chairman of the JNF Mens' Golf Committee.

In total JNF Golf has raised more than £500,000, providing new workshops, kitchens, a laundry, dining rooms, therapy rooms, a petting zoo, an outdoor sports area and indoor recreational hall for the 83 residents, thus making their home a more pleasant and interesting place in which to live.

The **Sam Herwald JNF Wednesday Club** has existed for many years and is based in Manchester. The club meets weekly and organises events throughout the year. In 2009, they presented JNF with a cheque for £4,000 bringing their total fundraising to well over £75,000. In recent years they have paid for therapy rooms at Aleh Negev, a home for severely disabled children and young adults.

Members of **The New North London Synagogue** have entered into a special relationship with the families of Kibbutz Neot.

Semedar in the southern Negev, where JNF planted new orchards. It is hoped more communities in the UK will be encouraged to create similar links with other projects.

JNF fundraising activities also include **JNF Future** for young professionals aged 21 to 35. JNF Future has a strong reputation for organising excellent social functions and its aim is to secure the supporters of the future and to create a solid base of young donors who will safeguard the future of JNF and its projects for many years to come.

JNF Future is best known for its hugely successful annual trip to Israel, held every December. Participants enjoy a packed, fun-filled itinerary. For the first time in 2009, the group stayed in Tel Aviv which gave them easier access to visit more JNF projects. Additionally in 2009, a JNF Future Facebook group was created, helping to save costs and lessen the charity's environmental impact by advertising events using this popular social networking site.

Income is also derived from **KKL Charity Accounts**, 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 an authorised payroll giving agency. Payroll Giving is a valuable fundraising tool for charities, giving them an income on a monthly basis. It also allows the employer to become actively involved with the charitable aspirations of its employees. All the annual profits of KKL Charity Accounts are given to JNF Charitable Trust.

Likewise legacy fundraising continues to be an important part of JNF's activities, operated through its subsidiary company **KKL Executor & Trustee Company**. It offers those wishing to support the charity's work through a legacy, a range of legal services without charge: will-writing, estate planning, executorships etc. Through the provision of these services - 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 donors. 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 JNF.

2009 was not without its challenges for the Fundraising Department primarily as a result of the economic climate which meant that the voluntary sector saw a decrease in general donations.

The JNF Education Department was the sole

organiser of the Ambassador Competition in 2009, expanding the education and advocacy programme's scope and outreach. Sixth-form pupils competed from JFS, King Solomon, Immanuel College and King David Liverpool schools by undertaking a series of tasks.

JNF Education's Israel Geography programme was also expanded to cover the full range of school years from ages 5-18. The objective is to enable pupils to develop a lifelong connection with Israel and to be introduced to the vital work that JNF does.

The Tu B'Shevat roadshow and sederim took place with an expanded programme in the north of England which saw almost 1,000 children participating.

For Israel's Independence Day educational programmes were run at a number of schools and chadarim (Hebrew classes), the largest at King Solomon School where over 400 took part.

OUR PROJECTS

WHO WE SUPPORT AND WHY

JNF DISTRIBUTES FUNDS IN ACCORDANCE WITH ITS OBJECTIVES ON A PROJECT ORIENTATED BASIS. ALL PROPOSED PROJECTS ARE THOROUGHLY ASSESSED BY THE JNF PROJECTS COMMITTEE AGAINST DEFINED CRITERIA, INCLUDING VISITING THE PROJECT IN ISRAEL AND ASSESSING HOW AND WHETHER JNF CAN BEST BENEFIT THEM. PROPOSED PROJECTS ARE THEN PLACED BEFORE THE BOARD FOR APPROVAL OR REJECTION.

JNF continues to assist a range of humanitarian and environmental projects in Israel, with a significant number based in the Negev region.

Halutzit JNF is supporting a remarkable group of pioneers living in a group of villages that together are called Halutzit. Based in the northern Negev, they have seen their homes dismantled twice in the name of peace, first at Yamit in Sinai, and then at Atzmona, Gush Katif in the Gaza Strip. Now they are building again in the Negev Desert. In plastic greenhouses they grow top-quality sweet peppers sold in leading UK stores such as Marks & Spencer, Tesco and Waitrose. They are reclaiming the desert sands metre by metre - it is an impressive achievement. The residents of Halutzit are dedicating their lives to making life in the Negev a reality.

In 2009 JNF supported Halutzit by sponsoring the development of roads, irrigation and foundations for new buildings, as part of an overall cost of £934,000. JNF has undertaken a further commitment to help build a residential school for boys together with a dormitory building. At the moment, the children are educated in pre-fabricated huts which are hot, cramped and unsuitable. New schools will make Halutzit far more attractive to families - indeed it is their hope the community will double in size.

Reservoirs JNF is funding the refurbishment of two old reservoirs providing essential water supplies to two agricultural communities in the northern Negev - Negba and Masu'ot Yitzchak. The reservoirs are more than 40 years old and were beyond the point of simple repair, it is planned the work will allow the reservoirs to store four times as much water. The

first phase payment of £550,000 was transferred in 2009.

Sderot Playground As part of the support offered during 2009 to the residents of Sderot who had suffered so badly under rocket attack from Gaza, JNF funded the creation of a beautiful new park with underground bomb shelters. In 2009, £263,000 was transferred towards the completion of this park. Further projects were agreed to provide an exciting new playground for children together with a skateboard park and a new tree-lined boulevard at the entrance of the city leading to the park.

Shomriya Elementary School In August 2009, Prime Minister Benjamin Netanyahu dedicated the school which was completed through a bequest from Ruth and Harry Lewis z'l of Hove. This remarkable couple had, in the 1980s, rented an

airplane at their own expense to bring Jewish immigrants from the former Soviet Union to Israel. As they had no children of their own it was decided to honour their memory by using their contribution to build a school in a community where new pioneers are determined to raise their families in the harsh conditions of southern Israel. In 2009, £400,000 was transferred enabling the school to be completed.

Arad In line with our mission statement to help fund the building blocks of everyday life, JNF is supporting the Naot Avraham Ulpena (Ulpena L'banot) a religious Zionist secondary school providing residential education for girls from all over southern Israel. The three hundred pupils are both able-bodied and disabled, from privileged backgrounds and from poorer ones, the daughters of new immigrants and those whose families have lived in Israel for generations. All are treated equally and given the opportunity of a superb education. The girls are shown the importance of working and living in the modern world whilst maintaining their religious identity.

JNF UK has helped the Ulpena complete a new dormitory building which will house 150 young women and is now funding the landscaping of the grounds to make them accessible and to provide multi-purpose and attractive surroundings for the pupils. In 2009 the agreement was negotiated and signed. No funds were transferred but will be in future as each agreed phase is reached over the coming years.

Aleh Negev This rehabilitation village for autistic and brain damaged children and adults near Ofakim in the Negev, houses about 220 residents and serves 12,000 out-patients. It provides high-level medical care which was previously unavailable in the South and forced disabled people and their families to travel many hundreds of miles each week to get assistance. JNF has provided financial support for Aleh Negev since its inception in 2003 and has so far funded a 4-bed room in the high dependency nursing wing, a classroom in the special education school, jointly built the paramedical centre, equipped a therapy room and built a vocational training workshop. Additionally, the JNF Future Butterfly Committee (Manchester) funded the equipment for a rehabilitation music room and the Exposure Committee funded an outdoor play area. JNF continued to support this project in 2009 with further financial support planned for 2010.

Therapeutic Kindergarten In 2009, JNF agreed to undertake the renovation and expansion of a centre for autistic children so more affected children in the Ashkelon area can attend. JNF continued to support this project in 2009 with further financial support planned for 2010.

Benji Hillman Foundation Major Benji Hillman, z'l, was a London-born company commander in the elite Egoz unit, tragically killed in action on 20 July 2006. JNF is helping his family and friends to build 'Ha'bayit shel Benji' in Rana'ana, a home and

guidance centre for soldiers from underprivileged families and for 'lone soldiers' during their army service and afterwards. Building approval has been granted and a ground-breaking ceremony held. In 2009, £40,000 has been transferred.

Givol Situated in Givat Olga, near Hadera, this democratic school is in a very deprived area, where the school kitchens provide a hot meal each day, not only for the pupils, but for their families too. The facilities at the school are very basic and JNF's aim is to improve them and to assist each child in achieving their fundamental right of an education in a safe and caring environment. Financial support for the school continued in 2009 when £63,000 was transferred.

Nevia Merchav Am JNF has signed an agreement to sponsor a series of courses run by this small organisation. The courses give an alternative look at Jewish life to encourage young people to stay within Judaism rather than practising religions they may have encountered on their travels. The commitment is for £6,000 which is planned to be transferred in 2010.

Or Negev JNF has worked with this organisation to help build vital infrastructure projects for new communities in the Negev Region. In Or Negev's five main new communities JNF has funded a school in Shomriya, a synagogue in Givot Bar, a playground for children, a promenade and a recreational area for families in Sansana as well as providing caravans for

temporary housing for young families moving to the communities to live in whilst they build their permanent homes. No specific work was carried out in 2009 but discussions are now underway about a future new project.

Table To Table This is a food rescue organisation based in Ra'anana who provide the food that soup kitchens and relief agencies such as Ichlu Reim, Meir Panim and Hazon Yeshaya use daily in their own work. They "rescue" raw materials from farmers who have gluts or unsold produce and leftover food from corporate organisations and caterers. In 2009, £12,000 was transferred and further support is being discussed.

Beit Uri This is a residential home for mentally and physically disabled teenagers and adults at which JNF has completed many projects to improve the home over a number of years. 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. The JNF Golf Committees have adopted Beit Uri as the recipient of their fundraising efforts. JNF continued to support this project in 2009 with further financial support planned for 2010.

Ichlu Re'im This is a non-profit organisation that feeds the hungry of Jerusalem

regardless of their age, sex, religion or nationality. Ichlu Re'im is open 7 days a week, including Shabbat and Festivals, supported by a dedicated team of staff and volunteers. At each sitting they can feed some 200 people and additionally they offer takeaway meals to a similar number each day, including a 'meals on wheels' delivery service to the sick and homebound, (including more than 100 Holocaust survivors) and to families in depressed local districts who are living beneath the poverty line. JNF is committed to supporting this and £81,000 of support was provided in 2009.

Jerusalem Botanical Gardens The Gardens are a centre of botanical research and conservation and are supported by JNF who provide office accommodation for the British Friends of JBG. The Friends raise funds to provide scholarships to horticultural graduates to work in the Gardens for a minimum of 6 months. So far 103 scholarships have been awarded to students from all over the world. The Gardens 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.

Activity Centre In 2009, £66,500 was transferred to pay for an Activity Centre at Kibbutz Chulda for the families and friends of IDF soldiers from the Engineering Corps who have fallen in defence of Israel. This project is now completed.

Gardner Microeconomics Initiative This Initiative, which was started in 2006, helps low income, and unemployed populations create an independent income generating activity. Through the generous support of the Estate of Rosa Gardner, recruitment and operation of six groups has been made possible. Women from Kiryat Gat, Sderot and Kfar Chabad are being given the skills and credit to break out of the cycle of poverty. In 2009, £25,000 was transferred and further support is being provided.

During 2009 there were also amicable agreements to cease support for the following organisations:

- **One Family** (whose gradual independence was finally established in June 2010). One Family was established to help the victims of terror attacks and their families to live as normal a life as possible. As well as offering counselling, One Family assists by providing specialised equipment and treatments. As a direct result of JNF's support for One Family, it established its independence in June 2010.
- **Hazon Yeshaya** This organisation runs a network of soup kitchens, free dental clinics and food distribution centres and offers vocational training to try to help people out of poverty.

- **Israel Guide Dog Centre for the Blind**
The aim of the Israel Guide Dog Centre for the Blind is to improve the quality of life of blind people by providing them with safe mobility, independence and self-confidence through the faithful assistance of guide

dogs who are born in Israel, trained to understand instructions in Ivrit and to negotiate Israeli street hazards

- **INTRA (Therapeutic Riding School for the Disabled)** The Israel National Therapeutic Riding Association

(INTRA) is a non-profit organisation committed to teaching equine skills and horseback riding to people with a wide variety of disabilities. It is based just outside Netanya

STRUCTURE, GOVERNANCE & 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 (together with the Chairman of the Charity's subsidiary KKL Executor & Trustee Company Limited) comprises the Honorary Officers of the Charity. They, together with up to 12 further Trustees, comprise the Board of Directors/Trustees of the Charity. One third of them

must offer themselves for re-election each year.

The Directors retiring by rotation are Mr G Greene, Mr E Gorji, Mrs M Waisman and Mr M Lee who, being eligible, offer themselves for re-election. In addition, the new appointees to the Board, Dr A Julius and Dame R Deech as eligible persons, also offer themselves for re-election.

Trustee induction and training

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 which meet more regularly (see below). A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity.

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, Finance Director, KKL Charity Accounts Manager, Communications Director and the Chief Executive of KKL Executor & Trustee Company Ltd.

The Trustees and Senior Management Team are supported by a number of committees which are as follows:

Management Committee

The Management Committee comprises a number of Trustees and members of the senior management team, meeting more regularly than the main Board and to which the Board has delegated certain decision-making powers.

Finance Committee

The Finance Committee meets on a monthly basis to discuss all financial matters relating to the Charity. The

Committee is chaired by an Honorary Treasurer and consists of selected members of the Board together with selected members of the Senior Management Team.

Education Committee

The Education Committee exists to advise and support JNF's Education Department. It is chaired by a member of the JNF 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

The Strategy Committee looks at the medium to long term view and position in which JNF wants to see itself, what is the Charity's identity, what does it stand for, setting a strategic pathway, and a vision statement for the Charity.

Projects Committee

This Committee receives and considers requests for funding projects, deciding how the application fits in with the medium to long term plan of JNF, and how much to allocate from both existing funds and potential future funds.

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 risk faced by the Charity is the effect of the credit crunch on our donors.

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 Board and 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.

Financial Review

The full results for the year to the 31 of December are shown in the attached Financial Statements. Unrestricted Fund balances carried forward at year end have increased by 28% to £4.1m.

Income

The Consolidated Statement of Financial Activities set out on page 24 reflects all incoming resources receivable in the year irrespective of when the income is spent.

Our total income in 2009, excluding KKL Charity accounts and excluding any amounts due from Keren Kayemeth Lelsrael (see note 2) was £7.2m compared to £7.7m for the previous year a reduction of 6%. After taking in the KKL Charity accounts income, income increases to £14.6m which represents a decrease of 6%. Within this picture Legacy income increased by 36% significantly in 2009 to £3.9m (2008

£2.9m). However investment income for 2009 was almost negligible at £40,000 reflecting the much reduced interest rates available during the period

Fundraising activity during 2009 was reduced pending the organisational changes which are being put in place. The charity intends to build on the regular fundraising opportunities such as Green Sunday, Rosh Hashanah and Walk for Water which are now an established part of the communities calendar

Expenditure

Underlying recurring expenditure in the year, has fallen significantly principally because

- Fundraising costs have fallen by 35% due to tighter control on the direct costs relating to our main income streams

Reserves Policy

It is the policy of the Trustees of 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. The reserves at 31st of December 2008 comfortably exceeded this level at 4.6 months operating expenditure.

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

Investment Powers and Policy

For the purpose 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, although JNF have been bequeathed some

properties where there is a life tenant.

KKL Charity Accounts whose results are consolidated within JNF's accounts as noted on page 38 holds a portfolio of current asset investments within its restricted funds. This portfolio was gifted to the charity and the donor's son has discretion over how the portfolio is invested

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
Chairman**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JNF CHARITABLE TRUST

We have audited the group and parent company financial statements of the JNF Charitable Trust for the year ended which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 22. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees' (who are also the directors of the JNF Charitable Trust for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditor under the Companies Act 2006 and report to you in accordance with that Act.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you if in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information

and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 trustees 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and

expenditure, for the year then ended,

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements

Michael Hicks
Senior Statutory Auditor

For and on behalf of
**Horwath Clark Whitehill
LLP**
Statutory Auditor
London

30 September 2010

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any

time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 2009

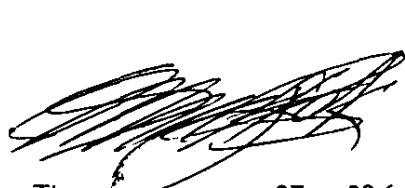
	NOTE	Restricted Funds £'000	Unrestricted Funds £'000	Total 2009 £'000	Total 2008 £'000
Income					
Donations		1,877	1,261	3,138	4,546
Legacies		14	3,969	3,983	2,934
Investment Income		—	40	40	245
		1,891	5,270	7,161	7,725
KKL Charity Accounts		7,482	—	7,482	7,592
Income from Donors					
Other Incoming Resources	2	—	5,000	5,000	287
Total Income		9,373	10,270	19,643	15,604
Fundraising Costs of Donations and Legacies		394	1,021	1,415	2,184
Charitable Activities					
Remittances to Israel	3	554	3,561	4,115	3,447
Remittances to UK	4	7,556	265	7,821	7,786
Charities					
Educational Projects		—	311	311	529
Legal Expenses	5	—	44	44	344
Governance Costs	6	—	39	39	57
Other Outgoing Resources	7	—	(375)	(375)	375
Other Resources Expended	2	—	4,500	4,500	—
Total Resources Expended	8	8,504	9,366	17,870	14,722
Net Incoming Resources		869	904	1,773	882
Gain/(Loss) on Investment Assets		30	—	30	(66)
Net Movement In Funds		899	904	1,803	816
Fund Balances Brought Forward		4,677	3,203	7,880	7,064
Fund Balances at Year End		5,576	4,107	9,683	7,880

The notes on pages 27 to 38 form an integral part of these accounts

CONSOLIDATED AND CHARITY BALANCE SHEETS AS AT 31 DECEMBER 2009 (COMPANY NUMBER 355248)

	NOTE	2009 GROUP £'000	2008 GROUP £'000	2009 CHARITY £'000	2008 CHARITY £'000
Fixed Assets					
Tangible Assets	11	1,523	1,542	1,518	1,537
Investments	12	452	448	541	536
		1,975	1,990	2,059	2,073
Current Assets					
Debtors	13	2,332	1,518	1,797	1,479
Investments	14	300	260	1	1
Cash at Bank and in Hand		6,517	4,901	2,550	926
		9,149	6,679	4,348	2,406
Creditors less than One Year	15	(1,268)	(554)	(1,289)	(945)
Net Current Assets		7,881	6,125	3,059	1,461
Total Assets Less Current Liabilities		9,856	8,115	5,118	3,534
Creditors more than One Year	16	(173)	(235)	(173)	(235)
		9,683	7,880	4,945	3,299
Represented By					
Unrestricted Funds		4,107	3,203	3,932	3,274
Restricted Funds	17	5,576	4,677	1,013	25
		9,683	7,880	4,945	3,299

Approved and authorised for issue by the Trustees on the 30 of September 2010 and signed on their behalf by




}
} Trustee
}

The notes on pages 27 to 39 form an integral part of these accounts

SAMUEL HAYEK

ROY FREEDMAN

CONSOLIDATED STATEMENT OF CASH FLOW FOR YEAR ENDED 31ST DECEMBER 2009

	NOTE	2009 GROUP £'000	2008 GROUP £'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		1,658	(154)
Return on Investments and servicing of Finance			
- Investment Income		40	245
Capital Expenditure and Financial Investment			
- Purchase of Shorter Term Investments		(297)	(120)
- Disposal of Shorter Term Investments		263	69
- Change in Cash awaiting Investment		24	12
- Purchase of Longer Term Investment		—	(161)
- (Acquisition)/Disposal of Tangible Asset		(14)	9
Financing			
- Decrease in Debt		(58)	(50)
NET CASH INFLOW/(OUTFLOW) FOR YEAR	20	1,616	(150)
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Statement of financial activities			
- Net Movement in Funds		1,803	816
Investment Income		(40)	(245)
Unrealised Profit (loss) on investments		(34)	66
Depreciation		33	30
Increase / (Decrease) in Creditors		710	(443)
Increase in Debtors		(814)	(378)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		1,658	(154)
Cash at Bank and in hand at the end of the year		6,517	4,901
Cash at Bank and in hand at the beginning of the year		(4,901)	(5,051)
CHANGE IN CASH BALANCES FOR THE YEAR		1,616	(150)
Cash outflow from the decrease in debt	20	58	50
Change in Net funds resulting from cash flows		1,674	(100)
Net Funds as at 1st January 2009		4,612	4,712
Net Funds as at 31st December 2009	20	6,286	4,612

JNF CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2009

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.

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 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. The Charity had incoming resources of £12,470,000 and expenditure of £6,326,000 and net incoming resources of £6,144,000 for the year.

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) Donations include legacies generated by its subsidiary company KKL Executor and Trustee Company Limited.

(3) Covenanted loans are released to income in accordance with the loan agreements.

(4) Income tax recoverable in respect of covenanted and gift aid income is accounted for on a receivable basis.

(5) Income from shares in subsidiary undertakings is accounted for on a received basis.

(6) 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

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 the defined contributions scheme 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

i) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2. OTHER INCOMING RESOURCES

Pursuant to the settlement negotiated between JNF and KKL wherein it was agreed that KKL would pay JNF £5,000,000 over the next 10 years at £500,000 per annum, the Board have considered the position and have decided that because of the length of time across which the payments are spread and the inherent uncertainty which is coupled with such an extended period, that it is reasonable to adopt a conservative policy and only account for each tranche as receipt becomes more certain. The Board believes that its treatment of the settlement amount is the most conservative, accurate and transparent method of accounting for this income.

3. REMITTANCES TO ISRAEL

A list of charities where JNF has given more than £25,000 is as follows

DONATIONS TO INSTITUTIONS	2009 £'000	2008 £'000
Cultural		
Israel Tennis Association	–	53
Disabled / Health		
Aleh	–	150
Beit Issie Shapiro	–	11
Beit Uri	38	50
Guide Dogs	–	60
Israelife	–	72
	38	343
Education		
Givol	63	230
Mibereshit	–	34
Neot Smader	21	–
	84	264
Environmental		
SPNI	18	10
Infrastructure		
Arad	62	715
KKL – Halutzit	934	–
KKL – Reservoirs	550	–
OR	–	225
Sderot	263	–
KKL – Shomriya	400	–
	2,209	940

(Continued on next page)

Social Projects / Relief of Poverty

Atalef	31	–
Askelon	9	–
Benji Hillman Foundation	40	80
Friends of Israel Firefighters	–	50
Hazon Yeshaya	–	40
Hineni	11	10
Ichlu Rheim	139	–
Intra	1	21
Israel Youth Award	–	100
Keren Malki	1	28
Kibbutz Chulda	67	–
Koret	25	–
Nes Israel	–	168
One Family	324	355
Table to Table	12	31
	660	883

Donation to Charities less than £25,000	147	219
------------------------------------------------	------------	------------

Total donations to Institutions	3,156	2,712
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DONATIONS TO INDIVIDUALS**Environmental**

JBG Scholarships	29	31
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Support Cost

930	794
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4,115	3,537
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4. 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 charities own grant making policies.

5. LEGAL EXPENSES

Legal expenses were incurred in relation to the dispute between JNF and Keren Kayemeth Lelsrael, following notification to the Charity Commission. The JNF received an undertaking from a donor to reimburse the JNF for the legal fees. The donor has not paid what was due and based on advice the Board is undertaking legal proceedings to recover the money.

6. GOVERNANCE COSTS

	2009 £'000	2008 £'000
Audit Fees	11	11
Legal Costs	18	33
	<u>29</u>	<u>44</u>
Support Costs	10	13
	<u>39</u>	<u>57</u>

7. OTHER RESOURCES EXPENDED

In 2008 economic events meant that the recoverability of a deposit held by KKL Charity Accounts was uncertain. Since 2008 this uncertainty has been successfully resolved and accordingly the provision for £375,000 has been reversed.

8. TOTAL RESOURCES EXPENDED

The resources expended figures are stated after charging

	2009 £'000	2008 £'000
Depreciation	33	30
Payment to auditors for audit services	11	11

9. SUPPORT COSTS

	Fundraising & Publicity £'000	Remittances to Israel £'000	Remittances to UK Charities £'000	Educational £'000	Governance Costs £'000	Total 2009 £'000	Total 2008 £'000
Payroll							
Costs	177	492	60	55	6	790	859
KKL CA							
Fees	–	–	272	–	–	272	287
General							
Overheads	110	438	33	19	4	604	798
	<u>287</u>	<u>930</u>	<u>365</u>	<u>74</u>	<u>10</u>	<u>1,666</u>	<u>1,944</u>

10. STAFF COSTS AND TRUSTEE RENUMERATION

Trustees are not remunerated £980 was reimbursed to one Trustee for expenses (2008 £0)

	2009 £'000	2008 £'000
Staff Costs		
Wages & Salaries	1,167	1,082
Social Security	119	113
Pensions Costs	49	58
	<u>1,335</u>	<u>1,253</u>

Number of Employees

The average number of employees during the year was

Fundraising	13	10
Bequest Department	4	4
Charity Accounts	4	3
Education	4	3
Administration	7	12
	<u>32</u>	<u>32</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

£60,000 - £70,000	2	2
£110,000 - £120,000	1	1

Contributions were made to defined contribution scheme for two higher paid employee and contributions amounted to £16,675 (2008 -£18,086) The total is disclosed above

11. FIXED ASSETS

	Freehold Property £'000	Furniture, Computer & Equipment £'000	Motor Vehicles £'000	Total £'000
GROUP				
Costs				
At 1 st January 2009	1,554	318	70	1,942
Additions	–	14	–	14
Disposal	–	–	(21)	(21)
At 31 st December 2009	1,554	332	49	1,935
Depreciation				
At 1 st January 2009	76	262	62	400
Change for Year	19	12	2	33
Disposal	–	–	(21)	(21)
At 31 st December 2009	95	274	43	412
Net Book Values				
At 31 st December 2009	1,459	58	6	1,523
At 31 st December 2008	1,478	56	8	1,542
CHARITY				
Costs				
At 1 st January 2009	1,554	223	70	1,847
Additions	–	14	–	14
Disposal	–	–	(21)	(21)
At 31 st December 2009	1,554	237	49	1,840
Depreciation				
At 1 st January 2009	76	172	62	310
Change for Year	19	12	2	33
Disposal	–	–	(21)	(21)
At 31 st December 2009	95	184	43	322
Net Book Values				
At 31 st December 2009	1,459	53	6	1,518
At 31 st December 2008	1,478	51	8	1,537

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.

12. LONGER TERM INVESTMENTS

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Property Investments	452	448	453	448
Investment in Subsidiary Undertakings (Note 19)	–	–	88	88
	452	448	541	536

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

13. DEBTORS

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Donations and Legacies Receivable	1,165	1,288	1,164	1,288
Prepayments and Accrued Income	144	230	124	191
Keren Kayemeth Lelsrael	500	–	500	–
Amount due from Group Undertakings	–	–	9	–
Recovery of Deposit with KSF (see note 7)	523	–	–	–
	2,332	1,518	1,797	1,479

14. SHORTER TERM INVESTMENTS

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Unquoted Securities	1	1	1	1
Listed Investments	299	259	–	–
	300	260	1	1

The unquoted investments are shown in the financial statements at cost

The listed investments refer to a portfolio of shares held by Charles Stanley on behalf of KKL Charity Accounts.

The movement in investments is as follows

	2009 £'000	2008 £'000
Beginning of year	259	286
Additions	297	120
Disposals	(263)	(69)
Gains/(Losses) on Investment	30	(66)
Change in Cash awaiting investment	(24)	(12)
End of year at market value	299	259

Investments at cost	308	345
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Investments whose value exceed 5% of the total market value of the portfolio are as follows

	2009	2008
	£'000	£'000
ISIS Property Trust	21	13
Blackrock Asset	–	23
European Investment Bank	19	–
Investec Global Strategy Fund	19	–
Ishares	20	–
JP Morgan	–	21
Rio Tinto	–	15
	79	72

15. CREDITORS LESS THAN ONE YEAR

	Group 2009	Group 2008	Charity 2009	Charity 2008
	£'000	£'000	£'000	£'000
Trade Creditors	141	128	129	128
Amounts due to group Undertakings	–	–	33	419
Loan Payable within One Year	58	54	58	54
Taxation and Social Security	33	30	33	30
Accruals and Deferred Income	1,036	342	1,036	314
	1,268	554	1,289	945

16. CREDITORS MORE THAN ONE YEAR

	Group 2009	Group 2008	Charity 2009	Charity 2008
	£'000	£'000	£'000	£'000
Secured Loan	173	235	173	235

The loan is secured on the head office property.

The amount fall due as follows

1-2 years	58	56	58	56
2-5 years	173	179	173	179

The loan is secured on the head office property. The loan is repayable over 4 years at base rate plus 2 25%.

17. RESTRICTED FUNDS

	Brought Forward 1 st January 2009 £'000	Income £'000	Remittances £'000	Gain On Investments £'000	Carried Forward 31 st December 2009 £'000
KKL Charity Accounts	4,515	7,482	7,454	30	4,573
Arad	—	76	—	—	76
Beit Uri	3	70	58	—	15
Environmental	—	67	20	—	47
Halutzit	—	100	23	—	77
Ichlu Reim	—	81	81	—	—
Jerusalem Botanical Gardens	30	40	46	—	24
Kibbutz Chulda	—	67	67	—	—
One Family	85	596	614	—	67
Reservoirs	—	251	85	—	166
Sderot	—	343	55	—	288
Other	44	200	1	—	243
	4,677	9,373	8,504	30	5,576

Background details on the restricted funds can be found in the Our Projects section within the Trustees' Report

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2009 £'000	Total 2008 £'000
Fixed Assets	1,975	—	1,975	1,990
Current Assets	3,573	5,576	9,149	6,679
Current Liabilities	(1,268)	—	(1,268)	(554)
Long Term Liabilities	(173)	—	(173)	(235)
Net Assets	4,107	5,576	9,683	7,880

19. SUBSIDIARY COMPANIES

The Charity owns the subsidiary KKL Executor and Trustee Company Limited which acts as Executors and Trustees

A summary of its results are shown below

	2009 £'000	2008 £'000
Total Income	3	49
Total Expenditure	(37)	(48)
Net Results	<u>(34)</u>	<u>1</u>

The aggregate of the assets, liabilities and funds were:

	2009 £'000	2008 £'000
Assets	61	98
Liabilities	(4)	(8)
Funds	<u>57</u>	<u>90</u>

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
- KNF/KKL Limited
- JUNF UK Limited

20. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 st January 2009 £'000	Cash Flows £'000	At 31 st December 2009 £'000
Cash at Bank in hand	4,901	1,616	6,517
Debt Due within One Year	(54)	(4)	(58)
Debt Due after One Year	(235)	62	(173)
	<u>(289)</u>	<u>58</u>	<u>(231)</u>
	<u>4,612</u>	<u>1,674</u>	<u>6,286</u>

21. 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

Income Statement

	Restricted Funds £'000	Unrestricted Funds £'000	Totals 2009 £'000	<i>Totals 2008 £'000</i>
Total Income	7,511	312	7,823	8,520
Total Expenses	(7,453)	(182)	(7,635)	(8,689)
Net Results	58	130	188	(169)

The aggregate of the assets, liabilities and funds were

	2009 £'000	<i>2008 £'000</i>
Assets	4,795	4,607
Liabilities	(28)	(29)
Funds	4,767	4,578
Unrestricted Funds	194	63
Restricted Funds	4,573	4,515
	4,767	4,578

22. RELATED PARTIES

£8,997 was paid for accountancy services in 2010 (in relation to the year 2009) to the Greene Partnership, in which Mr Gerald Greene, a trustee, is a partner. The Trustees undertook this action after considering the cost of getting other firms to undertake the work involved. The Trustees do not believe that there will be further need for external accountancy services.

The charity has taken advantage of the exemption in FRS8 and has not disclosed transactions with wholly owned subsidiaries.

REFERENCE & 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	S Hayek - Chairman Dr M. Sinclair - Vice Chairman R Freedman - Treasurer D Breuer-Weil (Resigned 9th March 2010) Dr S. Cats R Deech DBE (Appointed 13th April 2010) E Gorji A Greenberg (Resigned 19th May 2009) G. Greene A Julius (Appointed 13th April 2010) M Lee M Mansour (Resigned 20th January 2010) S. Pearlman (Removed 31st March 2009) B Perl MBE (Appointed 14th July 2009) C. Sherling (Resigned 24th February 2009) M Waisman
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	Barclays Bank plc 1 Churchill Place, London E14 5HP

PHOTOS REMOVED

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