

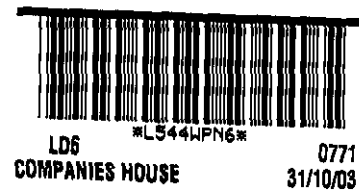
Company No. 355248

Registered Charity No. 225910

# **JNF CHARITABLE TRUST**

## **FINANCIAL STATEMENTS**

**31<sup>st</sup> DECEMBER 2002**



**JNF CHARITABLE TRUST**  
**GENERAL INFORMATION FOR THE YEAR**  
**ENDED 31<sup>st</sup> DECEMBER 2002**

Directors and Trustees	G. Seal (Mrs) – Chairman S. Lovatt J. D. Zinkin FCA S. D. Kibel FCA S. Winters – Executive Director G. Berg A. Caplin E. M. Harris S. Pearlman (appointed 8 <sup>th</sup> July 2002) A. Plancey (Rabbi) H. M. Rosen D. L. Shore R. M. Simmons
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The directors are elected at annual general meetings and one third of them must offer themselves for re-election each year.

The directors retiring by rotation are Mr G. Berg, Mr A. Caplin, Mrs E. M. Harris, Rabbi A. Plancey, Mr. D. L. Shore and Sam Pearlman who, being eligible, offer themselves for re-election.

Company Secretary	H. Bratt
Registered Office	58-70 Edgware Way Edgware Middlesex HA8 8GQ
Company Number	355248
Registered Charity No.	225910
Auditors	Horwath Clark Whitehill 25 New Street Square London EC4A 3LN
Bankers	Bank Leumi (UK) Plc 4-7 Woodstock Street London W1A 2AF

## **JNF CHARITABLE TRUST**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2002**

The directors, who are also the charity trustees, have pleasure in submitting their report and audited accounts for the year ended 31<sup>st</sup> December 2002.

#### **ORGANISATION**

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

#### **PRINCIPAL ACTIVITIES**

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

Activities are arranged and operated by the charity to raise funds for this object, including direct fund-raising, events and legacy programmes. Major events during the year included a sponsored 'Walk for Water' hike in Israel and the London to Jerusalem Car Rally. The trustees are satisfied with the effectiveness of the companies fund raising activities, though continual efforts are made to improve such efforts.

Funds are remitted to various Israeli organisations for the purpose of implementing projects identified and agreed in advance with the charity.

The charity is organised into various departments to meet these objectives, each reporting to the Executive Director, who in turn reports to the Board of Directors.

#### **REVIEW OF ACTIVITIES**

The results for the year are shown in the attached accounts. A large part of the monies transferred to Israel (over £1.4m) was for the construction of reservoirs in needy areas of Israel.

After including the balance brought forward of £3,556,650 fund balances totalling £3,443,235 are carried forward.

A proportion of the cost of salaries of employees of KKL Executor and Trustee Company Limited (a subsidiary company), relating to their activities on behalf of the charity in raising donations for the charity through its legacy department has been borne by the company.

The trustees anticipate that the charity will continue operating successfully in the coming year.

## JNF CHARITABLE TRUST

### TRUSTEES' REPORT FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2002 (continued)

#### INVESTMENT POWERS AND POLICY

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

#### RESERVES POLICY

It is the policy of the trustees for the charity to hold reserves against its obligations. The trustees believe that a reserve equivalent to not less than six month's expenditure should be held, and at least this level of reserves was held as at 31<sup>st</sup> December 2002, when free reserves were £3,185,340. The reserves are higher than policy in view of the high level of debtors at the balance sheet date, with cash monies expected in the coming months.

#### ASSET COVER FOR FUNDS

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

#### RISK MANAGEMENT

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

#### AUDITORS

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

By Order of the Board



Mrs. G. Seal  
Trustee

20th October 2003

## **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 2002 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 United Kingdom Auditing Standards.

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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 8 to the accounts, concerning the uncertainty regarding beneficial ownership of land and property, which have been excluded from the accounts of the charity. If beneficial ownership of these assets is established they would require to be included in the balance sheet of the charity. This would have increased the value of fixed assets by an estimated £55,350,000 as at 31<sup>st</sup> December 1996, reserves by a corresponding amount and incoming resources for the year by £398,000. As at 31<sup>st</sup> December 2002 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 of the state of affairs of the charitable company as at 31 December 2002 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Horwath Clark Whitehill  
Chartered Accountants and Registered Auditors  
20th October 2003

25 New Street Square  
London  
EC4A 3LN

## **JNF CHARITABLE TRUST**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts on the going concern basis unless it is inappropriate to assume that the organisation will continue in business.

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

# JNF CHARITABLE TRUST

(A Company with liability limited by guarantee without share capital)

## STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31<sup>st</sup> DECEMBER 2002

		Restricted Funds £	Unrestricted Funds £	Totals 2002 £	Totals 2001 £
<b>INCOME AND EXPENDITURE</b>	Notes				
<b>INCOMING RESOURCES</b>	1		£	£	£
Donations		246,014	4,047,339	4,293,353	4,878,108
Legacies		-	1,320,701	1,320,701	502,569
Investment income		212	47,135	47,347	100,649
<b>TOTAL INCOMING RESOURCES</b>		<b>246,226</b>	<b>5,415,175</b>	<b>5,661,401</b>	<b>5,481,326</b>
<b>RESOURCES EXPENDED</b>	4				
Cost of generating funds		27,215	1,470,856	1,498,071	2,212,398
Charitable expenditure:					
Remittances to Israel		198,953	3,403,158	3,602,111	2,625,149
Support costs		5,950	618,337	624,287	592,813
Management and administration		5,340	45,007	50,347	52,678
		<b>237,458</b>	<b>5,537,358</b>	<b>5,774,816</b>	<b>5,483,038</b>
<b>NET INCOMING / (OUTGOING) RESOURCES</b>		<b>8,768</b>	<b>(122,183)</b>	<b>(113,415)</b>	<b>(1,712)</b>
Fund balances brought forward 1 <sup>st</sup> January 2002		72,493	3,484,157	3,556,650	3,558,362
<b>FUND BALANCES CARRIED FORWARD AT 31<sup>st</sup> December 2002</b>		<b>81,261</b>	<b>3,361,974</b>	<b>3,443,235</b>	<b>3,556,650</b>

The notes on pages 10 to 16 form an integral part of these accounts.



# **JNF CHARITABLE TRUST**

(A Company with liability limited by guarantee without share capital)

## **BALANCE SHEET AS AT 31<sup>st</sup> DECEMBER 2002**

	Note	2002 £	£	2001 £	£
<b>FIXED ASSETS</b>					
Tangible assets	2		87,934		72,218
Investment in group undertakings	3		88,700		88,700
			<u>176,634</u>		<u>160,918</u>
<b>CURRENT ASSETS</b>					
Debtors	5	2,351,721		2,608,365	
Investments	6	39,786		43,995	
Cash at bank and in hand		<u>1,009,521</u>		<u>1,132,138</u>	
		3,401,028		3,784,498	
<b>CREDITORS – amounts falling due within one year</b>	7	<u>134,427</u>		<u>388,766</u>	
<b>NET CURRENT ASSETS</b>			3,266,601		3,395,732
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£ 3,443,235</u>		<u>£ 3,556,650</u>

### **REPRESENTED BY:**

Unrestricted Funds		3,361,974		3,484,157	
Restricted Funds	9	81,261		72,493	
		<u>£ 3,443,235</u>		<u>£ 3,556,650</u>	

Approved by the directors on and signed on their behalf

*Paul Neal*  
*P. Linder*

Directors

20<sup>th</sup> October 2003

The notes on pages 10 to 16 form an integral part of these accounts.

**JNF CHARITABLE TRUST**  
(A Company with liability limited by guarantee without share capital)

**CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2002**

	£	£
	2002	2001
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(126,587)	(1,157,696)
Investment income	47,347	100,649
Non-operational cash flow		
- Payments for tangible assets	(49,103)	(31,303)
- Net disposal of tangible assets	5,726	-
	<hr/>	<hr/>
NET CASH (OUTFLOW) / INFLOW FOR THE YEAR	<u>(122,617)</u>	<u>(1,088,350)</u>
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Statement of financial activities:		
- Net movement in funds	(113,415)	(1,712)
Investment income	(47,347)	(100,649)
Unrealised loss / (gain) on investments	4,209	(2,525)
Depreciation	27,661	23,297
(Decrease) / Increase in creditors	(254,339)	171,780
Decrease / (Increase) in debtors	256,644	(1,247,887)
	<hr/>	<hr/>
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	<u>(126,587)</u>	<u>(1,157,696)</u>
Cash at bank and in hand at end of the year	1,009,521	1,132,138
Cash at bank and in hand at beginning of the year	(1,132,138)	(2,220,488)
	<hr/>	<hr/>
CHANGE IN CASH BALANCES FOR THE YEAR	<u>(122,617)</u>	<u>(1,088,350)</u>

## **JNF CHARITABLE TRUST**

(A Company with liability limited by guarantee without share capital)

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)** **31<sup>st</sup> DECEMBER 2002**

#### **1. ACCOUNTING CONVENTION AND POLICIES**

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

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

- b) JNF Charitable Trust and its two wholly owned subsidiary undertakings, KKL Executor and Trustee Company Limited and Bloomsbury Advertising Agency Limited, comprise a medium sized group as defined by the Companies Acts. Group accounts have not been prepared as, in the opinion of the directors, the consolidated results for the year would not be meaningful in the context of the group as a whole and the company itself, and the cost of preparing these would be an unnecessary use of charitable funds.
- c) (1) Covenanted and gift aid income, donations, legacies and receipts from functions are accounted for when received or notified. All income received from regional offices of the charity is accounted for on receipt and banking at head office or on earlier banking at the regional office where applicable.
- (2) Covenanted loans are released to income in accordance with the loan agreements.
- (3) Income tax recoverable in respect of covenanted and gift aid income is accounted for on a received basis.
- (4) Income from shares in subsidiary undertakings is accounted for on a received basis.
- (5) Other interest receivable and similar income is accounted for on a receivable basis.
- d) Costs are allocated to direct charitable expenditure, support costs and other expenditure based on actual direct costs plus a proportion of overhead costs.

**JNF CHARITABLE TRUST**

(A Company with liability limited by guarantee without share capital)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**31<sup>ST</sup> DECEMBER 2002**

**1. ACCOUNTING CONVENTION AND POLICIES (Continued)**

- e) (1) Depreciation is provided to write off the cost of fixed assets over their estimated useful lives.
- (2) Rates of depreciation:

Leasehold Property -	10% of cost at the year end.
Furniture and Equipment -	10% of cost at the year end.
Computer Equipment -	33 1/3% of cost at the year end.
Motor Vehicles -	25% of cost at the year end.
- (3) Tangible fixed assets costing more than £200 are capitalised and included at cost including any incidental expenses of acquisition.
- f) Expenditure is accounted for on an accruals basis.
- g) Payments to defined contributions schemes are written off as incurred.
- h) Funds
  - (1) Unrestricted funds comprise those funds which the trustees are free to use in accordance with the charitable objects.
  - (2) Restricted funds are funds which have been given for particular purposes and projects.

**JNF CHARITABLE TRUST**

(A Company with liability limited by guarantee without share capital)

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> DECEMBER 2002**  
(continued)**2. TANGIBLE FIXED ASSETS**

	<u>Leasehold Property</u>	<u>Furniture, Computer &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
<b>Cost</b>	£	£	£	£
At 1 <sup>st</sup> January 2002	14,855	77,573	75,420	167,848
Additions	1,573	1,478	46,052	49,103
Disposals	-	-	(37,904)	(37,904)
At 31 <sup>st</sup> December 2002	16,428	79,051	83,568	179,047
<b>Depreciation</b>				
At 1 <sup>st</sup> January 2002	7,364	42,361	45,905	95,630
Disposals	-	-	(32,178)	(32,178)
Charge for the year	1,643	9,918	16,100	27,661
At 31 <sup>st</sup> December 2002	9,007	52,279	29,827	91,113
<b>Net Book Values</b>				
At 31 <sup>st</sup> December 2002	7,421	26,772	53,741	87,934
At 31 <sup>st</sup> December 2001	7,491	35,212	29,515	72,218

# JNF CHARITABLE TRUST

(A Company with liability limited by guarantee without share capital)

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> DECEMBER 2002 (continued)

	2002 £	2001 £
<b>3. INVESTMENTS IN GROUP UNDERTAKINGS</b>		
Shares at cost:		
KKL Executor and Trustee Company Limited		
250,000 £1 Ordinary Shares	250,000	250,000
 Bloomsbury Advertising Agency Limited		
100 £1 Ordinary Shares	<u>100</u>	<u>100</u>
	250,100	250,100
 Provision for diminution in value:		
KKL Executor and Trustee Company Limited	<u>161,400</u>	<u>161,400</u>
	<u>88,700</u>	<u>88,700</u>

The company owns all the issued share capital of both subsidiary undertakings, which are incorporated in the United Kingdom and registered in England and Wales. Group accounts incorporating the results and net assets of the subsidiary undertakings have not been produced for the reasons set out in Note 1(b) to these financial statements.

Bloomsbury Advertising Agency Limited organises functions and collects advertising revenue, KKL Executor and Trustee Company Limited acts as executors, administrators and trustees and undertakes and executes trusts of all kinds.

Information concerning unconsolidated subsidiary undertakings:

Aggregate amount of capital and reserves at 31<sup>st</sup> December 2002:

Bloomsbury Advertising Agency Limited	£ (14,702)
KKL Executor and Trustee Limited	£ 88,443

Profit (Loss) after taxation for the period ended 31<sup>st</sup> December 2002

Bloomsbury Advertising Agency Limited	£ 3,900
KKL Executor and Trustee Limited	£ 7,109

In the opinion of the Board of Management, the aggregate value of the above investments is not less than the aggregate of the amounts, net of the provisions for diminution in value, at which these assets are stated in the accounts. However the trustees are actively considering the future of Bloomsbury Advertising Agency Limited.

# **JNF CHARITABLE TRUST**

(A Company with liability limited by guarantee without share capital)

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> DECEMBER 2002** (continued)

### **4. RESOURCES EXPENDED**

	Staff Costs £	Other Costs £	Total 2002 £	Total 2001 £
Fundraising and publicity	472,079	1,025,992	1,498,071	2,212,398
Remittances to Israel	-	3,602,111	3,602,111	2,625,149
Support costs	281,421	342,866	624,287	592,813
Management and administration of the charity	29,213	21,134	50,347	52,678
	<u>782,713</u>	<u>4,992,103</u>	<u>5,774,816</u>	<u>5,483,038</u>

#### **Staff Costs**

	2002 £	2001 £
Wages and salaries	686,278	689,436
Social security	62,899	62,174
Pension costs	33,536	30,349
	<u>782,713</u>	<u>781,959</u>

	No.	No.
Average number of employees	28	27

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

	No.	No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

Trustees are not remunerated. (2001: £NIL). Trustees expenses were £2,360. Two trustees were reimbursed. (2001: NIL).

Payment to auditors for audit services	<u>£ 4,250</u>	<u>£ 3,850</u>
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### **5 DEBTORS**

	2002 £	2001 £
Donations and legacies receivable	2,262,593	2,249,566
Prepayments and accrued income	89,128	358,799
	<u>2,351,721</u>	<u>2,608,365</u>

# JNF CHARITABLE TRUST

(A Company with liability limited by guarantee without share capital)

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> DECEMBER 2002 (continued)

### 6. INVESTMENTS

	2002 £	2001 £
Unquoted Securities:		
These 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 Committee of the Board of management estimated the value of these securities at £501 as at 31 <sup>st</sup> December 2002.	501	501
Israel Bonds	39,285	43,494
	<u>39,786</u>	<u>43,995</u>

### 7. CREDITORS: Amounts falling due within one year

Trade creditors	52,068	138,576
Amounts owed to group undertakings	593	106,865
Other creditors including taxation and social security	21,944	22,272
Accruals and deferred income	59,822	121,053
	<u>134,427</u>	<u>388,766</u>

### 8. DISPUTE WITH KEREN KAYEMETH LEISRAEL

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

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

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



**JNF CHARITABLE TRUST**

(A Company with liability limited by guarantee without share capital)

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31<sup>st</sup> DECEMBER 2002**  
**(continued)****9. Restricted Funds**

	Brought Forward	Income £	Expenses £	Carried Forward £
Jerusalem Botanical Gardens	18,673	73,678	(64,455)	27,896
Golf	53,820	90,293	(162,923)	(18,810)
One Family	-	82,255	(10,080)	72,175
Total	72,493	246,226	(237,458)	81,261

All restricted funds are held as cash.