

Company No. 355248

Registered Charity No. 225910

JNF CHARITABLE TRUST

FINANCIAL STATEMENTS

31st DECEMBER 2003



JNF CHARITABLE TRUST
GENERAL INFORMATION FOR THE YEAR
ENDED 31st DECEMBER 2003

Directors and Trustees	G. Seal (Mrs) – Chairman S. Lovatt D. L. Shore S. D. Kibel FCA S. Winters – Executive Director K. Abramson G. Berg A. Caplin E. M. Harris S. Leigh (Appointed 1 st February 2004) S. Pearlman A. Plancey (Rabbi) H. M. Rosen R. M. Simmons (Resigned 7 th June 2004) P. Wagman (Appointed 6 th September 2004) J. D. Zinkin FCA
------------------------	---

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 S Lovatt, Mrs H Rosen, Mr S Winters and Mr J Zinkin who, being eligible, offer themselves for re-election.

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

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2003

The directors, who are also the charity trustees, have pleasure in submitting their report and audited accounts for the year, ended 31st December 2003.

ORGANISATION

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

PRINCIPAL ACTIVITIES

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

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

Committees

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

Individuals

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

Office-Based

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

Legacy Programmes

One of our most successful and unpredictable sources is through the legacy department. Deceased benefactors bequeath money to Israel in their wills – to be administered by JNF and distributed to projects as specified. Each year thousands bequeath money of varying amounts – many through our own in-house will-writing service – which will only be received after their death. This source of income is of course unpredictable and variable.

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2003 (continued)

In the year 2003, JNF continued its established events and fundraising calendar:

- Green Sunday – the annual nationwide telethon
- Missions to Israel – taking groups of donors to visit projects and then fundraising both directly and indirectly as a result of the visit
- Walk For Water – a sponsored trek through the desert in Southern Israel
- The Annual Car Rally – a sponsored drive from London to either Jerusalem or a shorter version to other countries (in 2003 London to Ireland ("The Irish Jig"))
- Dinners – we held successful dinners in London and Manchester (with Frank Abagnale as guest speaker) special lunches honouring community members in London, Manchester and Leeds and a special dinner with the Prime Minister of Israel, in Israel
- Local Committee Events – a summer jazz party, an Elvis impressionist evening, a boat disco, several supper quizzes, race evenings and film events, festival related balls and discos, as well as cultural evenings and literary lunches
- Youth events – around the UK new young groups started up through 2003 holding events ranging from speakers, culinary demonstrations, discos and dinners.

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

REVIEW OF ACTIVITIES

The full results of the year ending are shown in the attached documents. Of the money transferred to Israel over £1.4m was for the construction of reservoirs in areas of extreme aridness.

During the year the charity completed the purchase of the freehold of its new headquarters in Edgware at a cost of £1.1m of which they took occupancy in April 2004.

After including the balance brought forward of £3,443,235 fund balances totalling £3,838,702 are carried forward.

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.

JNF CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31st DECEMBER 2003 (continued)

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 operating expenditure should be held, and at least this level of reserves was held as at 31st December 2003, when free reserves were £2,454,030. The reserves are higher than policy in view of the high level of debtors at the balance sheet date.

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

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill will be resigning as auditors to the Company at the conclusion of the Annual General Meeting. The board has decided to recommend Horwath Clark Whitehill LLP for appointment as auditors of the JNF Charitable Trust and, Horwath Clark Whitehill LLP, having expressed their willingness to accept this appointment, a resolution for the appointment of them is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board


Mrs. G. Seal
Trustee

25th October 2004

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 2003 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 9 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 31st December 1996, reserves by a corresponding amount and incoming resources for the year by £398,000. As at 31st December 2003 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 2003 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 LLP

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
25th October 2004

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

JNF CHARITABLE TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the accounts comply with the Companies Act 1985. 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 31st DECEMBER 2003

		Restricted Funds £	Unrestricted Funds £	Totals 2003 £	<i>Totals 2002 £</i>
INCOME AND EXPENDITURE	Notes				
			£	£	£
INCOMING RESOURCES	1				
Donations		741,088	3,926,235	4,667,323	4,293,353
Legacies		-	889,838	889,838	1,320,701
		<u>741,088</u>	<u>4,816,073</u>	<u>5,557,161</u>	<u>5,614,054</u>
Activities in furtherance of charity's objects					
Educational projects		52,690	-	52,690	-
Investment income		1,453	71,590	73,043	47,347
TOTAL INCOMING RESOURCES		<u>795,231</u>	<u>4,887,663</u>	<u>5,682,894</u>	<u>5,661,401</u>
RESOURCES EXPENDED	4				
Cost of generating funds		96,026	1,440,234	1,536,260	1,498,071
Charitable expenditure:					
Remittances to Israel		543,660	2,327,112	2,870,772	3,602,111
Educational projects		52,690	111,275	163,965	-
Support costs		9,606	629,058	638,664	624,287
Management and administration		703	77,063	77,766	50,347
		<u>702,685</u>	<u>4,584,742</u>	<u>5,287,427</u>	<u>5,774,816</u>
NET INCOMING / (OUTGOING) RESOURCES		92,546	302,921	395,467	(113,415)
Fund balances brought forward 1 st January 2003		81,261	3,361,974	3,443,235	3,556,650
FUND BALANCES CARRIED FORWARD AT 31st December 2003		<u>173,807</u>	<u>3,664,895</u>	<u>3,838,702</u>	<u>3,443,235</u>

The notes on pages 11 to 18 form an integral part of these accounts.

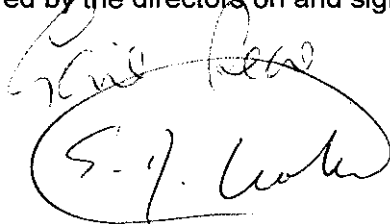
JNF CHARITABLE TRUST

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

**BALANCE SHEET
AS AT 31st DECEMBER 2003**

	Note	2003		2002	
		£	£	£	£
FIXED ASSETS					
Tangible assets	2		1,210,865		87,934
Investment in group undertakings	3		178,126		88,700
			<u>1,388,991</u>		<u>176,634</u>
CURRENT ASSETS					
Debtors	5	1,878,791		2,351,721	
Investments	6	330,920		39,786	
Cash at bank and in hand		<u>1,044,607</u>		<u>1,009,521</u>	
		3,254,318		3,401,028	
CREDITORS – amounts falling due within one year	7		<u>338,353</u>		<u>134,427</u>
NET CURRENT ASSETS			<u>2,915,965</u>		<u>3,266,601</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,304,956		3,443,235
CREDITORS – amounts falling due after more than one year	8		466,254		-
			<u>3,838,702</u>		<u>3,443,235</u>
REPRESENTED BY:					
Unrestricted Funds			3,664,895		3,361,974
Restricted Funds	10		<u>173,807</u>		<u>81,261</u>
			<u>3,838,702</u>		<u>3,443,235</u>

Approved by the directors on and signed on their behalf



Directors

The notes on pages 11 to 18 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 31st DECEMBER 2003**

	£	£
	2003	2002
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	1,153,130	(126,587)
Returns on investment and servicing of finance		
- Investment Income	(73,043)	47,347
- Loan taken out on property	500,000	-
Capital expenditure and financial investment		
- Purchase of short term investments	(295,000)	-
- Purchase of long term investments	(89,426)	-
- Purchase of tangible assets	(1,160,575)	(49,103)
- Net disposal of tangible assets	-	5,726
NET CASH INFLOW / (OUTFLOW) FOR THE YEAR	<u>35,086</u>	<u>(122,617)</u>
RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Statement of financial activities:		
- Net movement in funds	395,467	(113,415)
Investment income	73,043	(47,347)
Unrealised loss on investments	3,866	4,209
Depreciation	37,644	27,661
Increase / (Decrease) in creditors	170,180	(254,339)
Decrease in debtors	472,930	256,644
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	<u>1,153,130</u>	<u>(126,587)</u>
Cash at bank and in hand at end of the year	1,044,607	1,009,521
Cash at bank and in hand at beginning of the year	(1,009,521)	(1,132,138)
CHANGE IN CASH BALANCES FOR THE YEAR	<u>35,086</u>	<u>(122,617)</u>

JNF CHARITABLE TRUST

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

NOTES TO THE FINANCIAL STATEMENTS (Continued) **31st DECEMBER 2003**

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.

JNF CHARITABLE TRUST

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

31ST DECEMBER 2003

1. ACCOUNTING CONVENTION AND POLICIES (Continued)

- d) Resources expended
 - Remittances to Israel - includes all funds remitted to Israel by the charity in direct pursuit of its charitable objectives.
 - 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.
 - Management and administration - costs of the central management of JNF including constitutional and governance matters.
 - Irrecoverable VAT is included under the relevant expense headings.
- e)
 - (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 £1,000 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 31st DECEMBER 2003
(continued)

2. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Leasehold Property</u>	<u>Furniture, Computer & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost	£	£	£	£	£
At 1 st January 2003	-	16,428	79,051	83,568	179,047
Additions	1,126,746	-	10,831	22,998	1,160,575
Disposals	-	-	-	(8,418)	(8,418)
At 31 st December 2003	<u>1,126,746</u>	<u>16,428</u>	<u>89,882</u>	<u>98,148</u>	<u>1,331,204</u>
Depreciation					
At 1 st January 2003	-	9,007	52,279	29,827	91,113
Disposals	-	-	-	(8,418)	(8,418)
Charge for the year	-	3,710	9,397	24,537	37,644
At 31 st December 2003	<u>-</u>	<u>12,717</u>	<u>61,676</u>	<u>45,946</u>	<u>120,339</u>
Net Book Values					
At 31 st December 2003	<u>1,126,746</u>	<u>3,711</u>	<u>28,206</u>	<u>52,202</u>	<u>1,210,865</u>
At 31 st December 2002	<u>-</u>	<u>7,421</u>	<u>26,772</u>	<u>53,741</u>	<u>87,934</u>

During the year JNF Charitable Trust purchased the freehold of its new head office at a cost of £1,126,746. The freehold property is secured against the bank loan (Note 8)

JNF CHARITABLE TRUST

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2003 (continued)

	2003 £	2002 £
3. INVESTMENTS IN GROUP UNDERTAKINGS		
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	100	100
	<u>250,100</u>	<u>250,100</u>
Provision for diminution in value:		
KKL Executor and Trustee Company Limited	161,400	161,400
Property investment	89,426	-
	<u>178,126</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:

	Bloomsbury Advertising Agency Limited £	KKL Executor and Trustee Limited £
Aggregate amount of capital and reserves at 31 st December 2003	(10,730)	88,762
Turnover for the period ended 31 st December 2003	6,505	171,421
Profit (Loss) after taxation for the period ended 31 st December 2003	3,972	319

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 31st DECEMBER 2003 (continued)

4. RESOURCES EXPENDED

	Staff Costs £	Other Costs £	Total 2003 £	Total 2002 £
Fundraising and publicity	518,936	1,017,324	1,536,260	1,498,071
Remittances to Israel	-	2,870,772	2,870,772	3,602,111
Educational projects	-	163,965	163,965	-
Support costs	301,690	336,974	638,664	624,287
Management and administration of the charity	34,214	43,552	77,766	50,347
	<u>854,840</u>	<u>4,432,587</u>	<u>5,287,427</u>	<u>5,774,816</u>

Staff Costs

	2003 £	2002 £
Wages and salaries	740,068	686,278
Social security	73,895	62,899
Pension costs	40,877	33,536
	<u>854,840</u>	<u>782,713</u>

	No.	No.
Full time equivalent number of employees	30	28

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.
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	<u>1</u>	<u>-</u>

Contributions were made to a defined benefits scheme for two higher paid employees and contributions amounted to £15,275 (2002 - £13,483)

Trustees are not remunerated. One trustee was reimbursed for expenses incurred £923 (2002: £2,360).

Payment to auditors for audit services	<u>£ 4,250</u>	<u>£ 4,250</u>
--	----------------	----------------

JNF CHARITABLE TRUST

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2003
(continued)

5 DEBTORS	2003	2002
	£	£
Donations and legacies receivable	1,547,453	2,262,593
Prepayments and accrued income	131,338	89,128
	<u>1,678,791</u>	<u>2,351,721</u>

6. INVESTMENTS

Quoted Securities	295,000	-
Unquoted Securities	501	501
Israel Bonds	35,419	39,285
	<u>330,920</u>	<u>39,786</u>

The unsecured securities are shown in the financial statements at their valuation for taxation purposes at the date of bequest or at their professional valuation at the date of the gift. The Committee of the Board of management estimated the value of these securities at £501 as at 31st December 2003.

7. CREDITORS: Amounts falling due within one year

Trade creditors	96,870	52,068
Amounts owed to group undertakings	755	593
Loan payable within one year	33,746	-
Taxation and social security	26,276	21,944
Accruals and deferred income	180,706	59,822
	<u>338,353</u>	<u>134,427</u>

8. CREDITORS: Amounts falling after more than one year

Secured loan over the property	466,254	-
	<u>466,254</u>	<u>-</u>

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

The amounts fall due as follows

1 - 2 years	39,854	-
2 - 5 Years	135,615	-
Over 5 years	290,785	-
	<u>466,254</u>	<u>-</u>

JNF CHARITABLE TRUST

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2003 (continued)

9. DISPUTE WITH KEREN KAYEMETH LEISRAEL

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

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

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

10. Restricted Funds

	Brought Forward	Income £	Expenses £	Carried Forward £
Jerusalem Botanical Gardens	27,896	54,284	69,507	12,673
Beit Uri	(18,810)	96,970	72,342	5,818
Educational projects	-	52,690	52,690	-
Trees	-	193,060	193,060	-
One Family	72,175	366,050	303,804	134,421
Beit Issie Shapiro	-	32,177	11,282	20,895
Total	81,261	795,231	702,685	173,807

All restricted funds are held as cash.

JNF CHARITABLE TRUST

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 31st DECEMBER 2003
(continued)

10. Restricted Funds (Continued)

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

Educational Projects is to further the Jewish education of young people via a variety of Jewish activities.

Tree money is for afforestation in Israel.

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

One Family provides help and support to individuals and their families who have suffered injuries from the terror campaigns.

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