

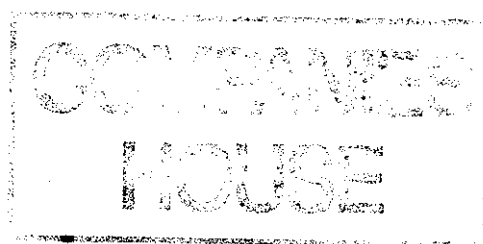
The Jewish News Limited

(Formerly London Jewish News Ltd)

**Directors' report and financial
statements**

31 December 2004

Registered number 3302610



Contents

Directors' report	1
Statement of directors' responsibilities	2
Independent auditor's report to the members of The Jewish News Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2004.

Principal activities

The company's principal activity has continued to be the publication of a free newspaper, The Jewish News, formerly London Jewish News. On 21 October 2004 the company changed its name from London Jewish News Limited to The Jewish News Limited in line with the renaming of the newspaper.

Business review

The company's turnover for the year to December 2004 was £1,117,101 (2003: £1,109,937) and the company incurred a loss for the year of £25,472 (2003: profit £43,627).

Results and dividends

The results for the year are set out on page 4.

No interim dividend has been paid and the directors do not recommend a final dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

Daniel Assor
Adam Becker (appointed 16 June 2004)
Steven Burns
Daniel M Levitt
Andrew Margolis

No directors had any disclosable interests in the shares of the company. All the directors, with the exception of Adam Becker, were also directors of Totally Plc, the company's parent company, during the year. The interests of all directors in the shares of that company at 31 December 2004 are disclosed in its accounts.

At 31 December 2004 and 31 December 2003, Adam Becker held 325,000 options to the value of 1.5p. The vesting period is from 1 October 2005 until 1 September 2013

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the appointment of Royce Peeling Green Ltd as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board
Steven Burns
Director

16 May 2005

Unit 611
Highgate Studios
53-79 Highgate Road
Kentish Town
London
NW5 1TL

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of The Jewish News Limited

We have audited the financial statements on pages 4 to 11.

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 opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' report is not consistent with the financial statements, if the 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 company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

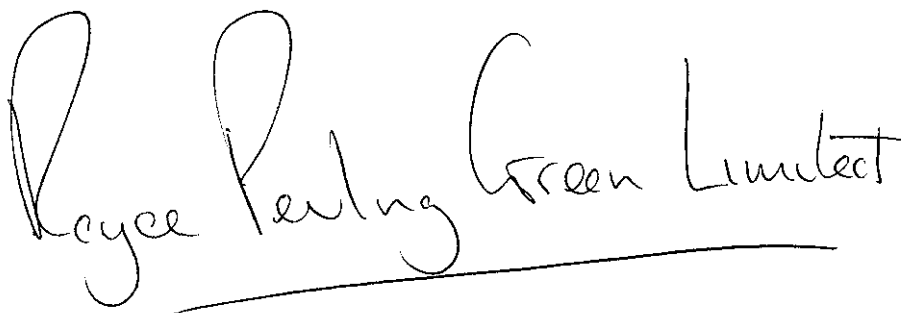
Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the reliance on the company's parent undertaking, Totally Plc, for continued financial support and the uncertainty as to the ability of that company to continue providing this support. In view of the significance of the uncertainty inherent in this matter, we consider that it should be drawn to your attention but 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 the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Royce Peeling Green Ltd
Chartered Accountants
Registered Auditor
Manchester
16 May 2005

A large, stylized handwritten signature in black ink that reads "Royce Peeling Green Limited". The signature is written in a cursive, flowing style and is positioned over a horizontal line.

Profit and loss account

for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	1	1,117,101	1,109,937
Cost of sales		(441,074)	(492,904)
Gross profit		676,027	617,033
Administration expenses		(680,391)	(573,159)
Operating (loss) profit		(4,364)	43,874
Interest payable and similar charges	5	(21,108)	(247)
(Loss)profit on ordinary activities before taxation	2	(25,472)	43,627
Tax on (loss)profit on ordinary activities	4	-	-
(Loss)profit on ordinary activities after taxation		(25,472)	43,627
Balance brought forward		(439,421)	(483,048)
Balance carried forward		(464,893)	(439,421)

There are no recognised gains or losses during the year other than those included in the profit and loss account.

The results for the year are attributable to continuing activities.

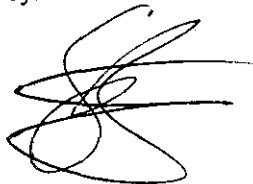
Balance sheet

at 31 December 2004

	Note	£	2004 £	£	2003 £
Fixed assets					
Tangible assets	6		6,248		642
Current assets					
Debtors	7	89,914		109,042	
Cash at bank and in hand		75,445		417	
		<u>165,359</u>		<u>109,459</u>	
Creditors: amounts falling due within one year	8	<u>(636,498)</u>		<u>(549,520)</u>	
Net current liabilities			<u>(471,139)</u>		<u>(440,061)</u>
Total assets less current liabilities			<u>(464,891)</u>		<u>(439,419)</u>
Creditors: amounts falling due after more than one year			-		-
Net liabilities			<u>(464,891)</u>		<u>(439,419)</u>
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		<u>(464,893)</u>		<u>(439,421)</u>
Shareholders' deficit – equity interests			<u>(464,891)</u>		<u>(439,419)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board of directors on 16 May 2005 and were signed on its behalf by:



Steven Burns
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.:

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons.

The company is dependent for its working capital on funds provided to it by Totally Plc, the company's ultimate and immediate holding undertaking. Totally Plc has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, the ability of Totally Plc to provide this support is in turn dependent upon Totally Plc and its group continuing to operate as a going concern for the foreseeable future.

1 Accounting policies *(continued)*

Basis of preparation(continued)

Inherently, there can be no certainty in relation to these matters. However, the directors of The Jewish News Limited have no reason to believe either that Totally Plc will not be able to continue providing the necessary support to the company or that it will not do so and therefore believe that the going concern basis of preparation continues to be appropriate. The financial statements do not include any adjustments that would result from a withdrawal of this support.

Turnover

Turnover represents amounts receivable for advertising and subscriptions, net of VAT and trade discounts. The directors are of the opinion that the company's turnover and results before tax are derived from its core activity, substantially all of which takes place in the UK. Accordingly, no segmental analysis is presented.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company incorporated in the EU and a consolidated cash flow statement is prepared by the ultimate parent undertaking.

Tangible fixed assets and depreciation

Following the acquisition by Totally Plc most of the assets were written off. Other assets acquired by the company since the acquisition are being depreciated as follows:

Computer equipment	-	straight line over 2 years
Fixture and fittings	-	straight line over 2 years

Notes (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Development expenditure

The company does not capitalise development expenditure. All development expenditure is written off to the profit and loss account as it is incurred.

2 Profit/(loss) on ordinary activities before taxation

	2004 £	2003 £
<i>Profit/(loss) on ordinary activities before and after taxation is stated after charging:</i>		
Depreciation of tangible assets	1,145	209
Auditor's remuneration	5,000	4,000
	<u> </u>	<u> </u>

3 Remuneration of directors

The directors' emoluments are paid directly by a fellow subsidiary undertaking, TotallyJewish.com Limited. The company is recharged a proportion of shared costs. Details of total directors emoluments are contained in the accounts of TotallyJewish.com.

4 Taxation

	Year ending 31 December 2004 £	Year ending 31 December 2003 £
UK corporation tax	-	-
	<u> </u>	<u> </u>

Notes (Continued)

Factors affecting the tax charge for the current period

	Year ended 31 December 2004 £	Year to 31 December 2003 £
<i>Current tax reconciliation</i>		
(Loss)/Profit on ordinary activities before tax	(25,472)	43,627
Current tax at 30% (2003: 30 %)	(7,642)	13,088
<i>Effects of:</i>		
Utilisation of tax losses	-	(13,088)
Tax losses not recognised as deferred tax assets	7,642	-
Total current tax charge (see above)	-	-

Factors that may affect future tax charges

Tax losses of approximately £1,743,320 (2003: £1,717,848) are available to relieve future profits of the Company.

5 Interest payable and similar charges

	Year ending 31 December 2004 £	Year ending 31 December 2003 £
On finance leases	-	247
Bank interest	21,108	-
	21,108	247

Notes (continued)

6 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
<i>Cost</i>			
At 1 January 2004	30,868	3,460	34,328
Additions	-	6,751	6,571
	<hr/>	<hr/>	<hr/>
At 31 December 2004	30,868	10,211	41,079
 <i>Depreciation</i>			
At 1 January 2004	30,868	2,818	33,686
Charged in the year	-	1,145	1,145
	<hr/>	<hr/>	<hr/>
At 31 December 2004	30,868	3,963	34,831
 <i>Net book value</i>			
At 31 December 2004	-	6,248	6,248
	<hr/>	<hr/>	<hr/>
At 31 December 2003	-	642	642
	<hr/>	<hr/>	<hr/>

Included above are assets held under finance lease contracts. The net book value of these assets at 31 December 2004 is £nil (2003:£642) and the depreciation charged for the year was £nil (2003: £209).

7 Debtors

	2004 £	2003 £
Trade debtors	88,052	103,550
Amounts due from fellow group undertakings	-	135
Prepayments and accrued income	1,862	5,357
	<hr/>	<hr/>
	89,914	109,042
	<hr/>	<hr/>

All debtors are due within one year.

Notes (continued)

8 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan and overdrafts	-	14,855
Trade creditors	100,985	111,519
Amounts owed to group undertakings and undertakings in which the company has a participating interest	501,752	385,449
Taxation and social security	16,318	24,173
Accruals and deferred income	17,443	13,524
	<u>636,498</u>	<u>549,520</u>

The Company had cash balances of £75,445 at 31 December, but has an overdraft facility, which is part of a Group overdraft facility as explained below.

The Group's financial liabilities during the year ended 31 December 2004 were represented by two overdraft facilities, repayable in less than one year.

One overdraft is secured by a debenture over the Group's trade debtors aged under 90 days, with a limit of £150,000 charging interest at 2.75% above bank base rate per annum. As security for the second facility, the bank has obtained the unlimited Joint and Several Guarantees of Dr. Michael J. Sinclair (non-executive Director of Totally plc), Mr Leo Noe and Grand Rabbi Y.A. Korff of Boston (non-executive Director of Totally plc). The second facility has a limit of £500,000 charging interest at 2% above bank base rate per annum. At 31 December 2004 there was no difference between the book and fair value of the group's financial liabilities.

9 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

Notes (continued)

10 Reconciliation of movements in equity shareholders' deficit

	Share capital	Profit and loss account	Equity shareholders' deficit
	2004	2004	2004
	£	£	£
At beginning of year	2	(439,421)	(439,419)
Profit for the year	-	(25,472)	(25,472)
	<hr/>	<hr/>	<hr/>
At end of year	<u>2</u>	<u>(464,893)</u>	<u>(464,891)</u>

11 Related party transactions

As the company is a subsidiary undertaking within a group, it has taken advantage of the exemption permitted by FRS8, and has not disclosed details of transactions or balances with other entities within the group.

The directors confirm that there are no other related party transactions to disclose in these financial statements.

12 Ultimate parent company

This Company is a direct 100% subsidiary of Totally Plc and is incorporated in the United Kingdom and registered in England and Wales.

Copies of the group financial statements of Totally Plc may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.