London Jewish News Limited

Directors' report and financial statements

Registered number 3302610

31 December 2000

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2000.

On 28 November 2000 the Company became a wholly owned subsidiary of Totally Plc.

Principal activities

The Company's principal activity has been the publication of a free newspaper, London Jewish News.

Business review

Revenue has continued to grow from £718,000 in 1999 to £893,000 in 2000. Further growth is anticipated during 2001.

Results and dividends

The results for the year are set out on page 5.

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:

Richard C Brenner	(appointed 28 November 2000)
Steven Burns	(appointed 28 November 2000)
Daniel M Levitt	(appointed 28 November 2000)
Andrew Margolis	(appointed 28 November 2000)
Dr Michael J Sinclair	(appointed 25 April 2000; resigned 28 November 2000)
Gary Stern	
Paul Stacey	(resigned 28 November 2000)

Richard Brenner, Steve Burns, Daniel Levitt, Andrew Margolis and Gary Stern were all directors of Totally Plc, the Company's parent company, during the year, and their interests in the shares of that company are disclosed in its accounts.

Since 31 December 2000 and up to and including 24 May 2001 there have been no changes in the directors' interests in the share capital of the Company.

Directors' report *(continued)*

Auditors

Westbury Schotness resigned as auditors of the Company on 28 November 2000 and the directors appointed KPMG Audit plc to fill the casual vacancy arising. In accordance with Section 385 of the Companies Act 1985 a resolution proposing that KPMG Audit plc be reappointed as auditors of the Company will be put to the Annual General Meeting.

By order of the board

Steven Burns
Director

Unit 610/611
Highgate Studios
53-79 Highgate Road
Kentish Town
London
NW5 1TL

24 May 2001

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.

KPMG

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditor's report to the members of London Jewish News Limited

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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. 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 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.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

24 May 2001

Profit and loss account

for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	*1*	893,484	718,355
Cost of sales		(1,051,369)	(793,985)
Gross loss		(157,885)	(75,630)
Distribution costs		-	(127,611)
Administration expenses		(400,418)	(147,065)
Profit on disposal of fixed assets	*2*	1,296,885	-
Operating profit/(loss)		738,582	(350,306)
Interest payable and similar charges	*6*	(14,403)	(11,149)
Profit/(loss) on ordinary activities before taxation	*2*	724,179	(361,455)
Tax on profit on ordinary activities	*5*	-	-
Profit/(loss) on ordinary activities after taxation	*12*	724,179	(361,455)

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

There were no movements in shareholders' funds other than the movement in the profit and loss account as shown above.

The results for the year are attributable to continuing activities.

Balance sheet

at 31 December 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		42,556		89,105
Current assets					
Debtors	8	125,843		126,302	
Cash at bank and in hand		223		10	
		126,066		126,312	
Creditors: amounts falling due within one year	9	(329,982)		(1,109,088)	
Net current liabilities			(203,916)		(982,776)
Total assets less current liabilities			(161,360)		(893,671)
Creditors: amounts falling due after more than one year	10		(8,132)		-
Net assets			(169,492)		(893,671)
Capital and reserves					
Called up share capital	11,12		2		2
Profit and loss account	12		(169,494)		(893,673)
Shareholders' funds – equity interest	12		(169,492)		(893,671)

These financial statements were approved by the board of directors on 24 May 2001 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 has been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

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 E.U. and a consolidated cash flow statement is prepared by the ultimate parent undertaking.

Tangible fixed assets and depreciation

The Company had previously depreciated its tangible fixed assets over a period of 5 years. Following the acquisition by Totally Plc most of the assets were written off. Other assets acquired by the Company since the acquisition are being written off over a period of 2 years.

Taxation

No provision has been made in the accounts for current corporation tax because the group is in a tax loss position in this period. No provision has been made in the accounts for deferred corporation tax because the directors have concluded, on the basis of reasonable assumptions, that no tax liability will crystallise.

Development expenditure

The group 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

	2000	1999
	£	£
Profit/(loss) on ordinary activities before and after taxation is stated after charging:		
Profit on disposal of fixed assets (note 9)	1,296,885	-
Depreciation of tangible assets	24,676	26,485
Write off of tangible fixed assets	40,769	-
Operating lease charges	13,420	-
Auditor's remuneration		
Audit	7,000	9,494

Notes *(continued)*

3 Remuneration of directors

	Year to 31 December 2000 Salary £	Year to 31 December 1999 Salary £
Directors' emoluments	59,667	59,753

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ending 31 December 2000	Year ending 31 December 1999
Management	2	2
Production	4	3
Editorial	6	5
Marketing	4	3
Sales	6	5
Administrative	1	1
	23	19

The aggregate payroll costs of these persons were as follows:

	Year ending 31 December 2000 £	Year ending 31 December 1999 £
Wages and salaries	467,282	383,292
Social security costs	51,920	42,588
	519,202	425,880

5 Taxation

	Year ending 31 December 2000 £	Year ending 31 December 1999 £
UK corporation tax	-	-

Tax losses of approximately £1,368,000 are available to relieve future profits of the Company.

Notes *(continued)*

6 Interest payable and similar charges

	Year ending 31 December 2000 £	Year ending 31 December 1999 £
On bank loans and overdrafts	14,403	11,149
	14,403	11,149

7 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2000	76,540	55,886	132,426
Additions	25,911	6,986	32,897
Disposals	-	(9,123)	(9,123)
Write offs	(45,000)	(41,716)	(86,716)
At 31 December 2000	57,451	12,033	69,484
Depreciation			
At 1 January 2000	28,893	14,428	43,321
Disposals	-	(300)	(300)
Write offs	(30,000)	(10,769)	(40,769)
Charged in the year	22,270	2,406	24,676
At 31 December 2000	**21,163**	**5,765**	**26,928**
Net book value			
At 31 December 2000	**36,288**	**6,268**	**42,556**
At 31 December 1999	47,647	41,458	89,105

Included above are assets held under finance lease contracts. The net book value of these assets at 31 December 2000 is £13,698 (*1999: nil*) and the depreciation charged for the year was £4,308 (*1999: nil*).

Notes *(continued)*

8 Debtors

	2000	1999
	£	£
Trade debtors	115,745	125,396
Amounts owed by group undertakings	9,028	-
Other debtors	-	906
Prepayments and accrued income	1,070	-
	125,843	126,302

All debtors are due within one year.

9 Creditors: amounts falling due within one year

	2000	1999
	£	£
Bank loan and overdrafts	79,790	128,802
Trade creditors	155,539	162,218
Net obligations under finance leases	5,566	-
Amounts owed to group undertakings and undertakings in which the company has a participating interest	58,544	776,521
Taxation and social security	10,179	34,610
Other creditors	-	6,937
Accruals and deferred income	20,364	-
	329,982	1,109,088

On 28 November 2000 London Jewish News Limited was acquired by Totally Plc. As part of the consideration Totally Plc issued 8,000,000 shares to the shareholders of London Jewish News Limited, Sinclair Montrose Trust (SMT). These shares resulted in Totally Plc acquiring the liability of £1,349,550 owed to SMT by London Jewish News Limited. As part of this transaction the Company disposed of its investment in SoJewish.co.uk Limited, which it had acquired for £52,665 earlier in the year. The net profit on this transaction of £1,296,885 is shown as profit on disposal of fixed assets in the profit and loss account.

The Company has an overdraft facility that specifies interest to be charged at a rate of 3% per annum over the bank's base rate for overdrawn positions up to £50,000, 5% per annum over the bank's base rate for positions between £50,001 and £75,000 and 15% for any borrowings in excess of £75,000. This facility is available for utilisation until 16 October 2001.

Notes *(continued)*

10 Creditors: amounts falling after more than one year

	2000 £	1999 £
Net obligations under finance leases	8,132	-
	8,132	-

The maturity of obligations under finance leases and hire purchase contracts is:

	2000 £	1999 £
Within one year	5,566	-
In the second to fifth years	8,132	-
Over five years	-	-
	13,698	-

11 Called up share capital

	2000 £	1999 £
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

On 28 November 2000 Totally Plc acquired the entire issued share capital of the Company.

12 Reconciliation of movements in equity shareholders' funds

	Share capital 2000 £	Profit and loss account 2000 £	Equity shareholders' funds 2000 £	Equity shareholders' funds 1999 £
At beginning of year	2	(893,673)	(893,671)	(532,218)
Profit for the year	-	724,179	724,179	(361,455)
	2	(169,494)	(169,492)	(893,671)

Notes *(continued)*

13 Obligations under operating leases

At 31 December 2000 the Company had the following annual commitments under non-cancellable operating leases:

	2000 £	1999 £
Commitments which expire:		
Between 1 and 2 years	5,088	-
	5,088	-

14 Related party transactions

During the year ended 31 December 2000 costs of £43,020 were recharged to SoJewish.co.uk Limited. Gary Stern and Dr Michael J Sinclair were directors of SoJewish.co.uk Limited.

Dr Michael J Sinclair has provided funds to London Jewish News Limited to be used to provide advertising to charities with which he is associated. The total amount during the year ended 31 December 2000 was £87,000.

15 Ultimate parent company

The Company's ultimate parent company and controlling party until 28 November 2000 was Sinclair Montrose Trust, a company incorporated in England and Wales. From that date on the Company's ultimate parent company was Totally Plc, a company incorporated in Great Britain, 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.