

JEWISH CHRONICLE LIMITED
DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS
30 SEPTEMBER 1997

Signed



CLARK WHITEHILL
Chartered Accountants

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JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 SEPTEMBER 1997

The Directors submit their report and the Group Financial Statements for the year ended 30 September 1997.

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 group at the end of the year and of the profit or loss of the group for that period. In preparing those financial statements the directors should:

- 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 a going concern basis unless it is inappropriate to assume that the group 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 of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 September 1997 are shown in the profit and loss account on page 5.

The Directors propose to pay an interim dividend of 57½% amounting to £110,348 in December 1997. No final dividend is proposed.

PRINCIPAL ACTIVITIES

The principal activity of the company and its subsidiaries during the year was the publishing of the Jewish Chronicle newspaper.

FIXED ASSETS

In the opinion of the Directors, the market value in aggregate of the company's properties was substantially higher than the book value at the end of the year.

JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1997

BUSINESS REVIEW

Turnover for the year increased by 4.2% and expenditure increased by 2.9% after including a substantially larger depreciation and repairs charge because of the refurbishment and other expenditure mentioned below. The year also saw a large one-off capital profit on the company's investments. Profits before taxation therefore showed a significant increase.

In the light of this satisfactory performance, the directors are pleased to recommend an increase of 15% in the dividend.

As reported last year we have now commenced the refurbishment of the offices which will be completed Spring 1998. During the year the Board also completed the second phase of the computerisation of the Advertisement Department and a new telephone system was installed. The Board is continuing with its various marketing initiatives reported previously. These have helped to maintain circulation which is under pressure because of the continuing decline in community numbers.

The Board would like to express its gratitude to all members of staff for their contribution to the company's performance during the year and particularly their forbearance during the difficulties caused by the office refurbishment.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

Mr L L Gordon	(Chairman)
Mr R A Fass	(Managing Director)
Mr S D Cohen	
Mr J M Greenwood	
Mr P L Levy	O.B.E.
Mr P M Oppenheimer	
Mr E J Temko	

None of the Directors or their families had a beneficial interest in the share capital of the company during the year.

Mr P L Levy and Mr J Greenwood will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1997

CHARITABLE DONATIONS

During the year donations were made to UK charitable organisations totalling £34,165 of which £17,500 was paid to The Kessler Foundation.

AUDITORS

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

By Order of the Board

Secretary





CLARK WHITEHILL

Chartered Accountants

25 New Street Square London EC4A 3LN
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REPORT OF THE AUDITORS TO THE MEMBERS OF JEWISH CHRONICLE LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on page 9.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

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 the information in the financial statements.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 September 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clark Whitehill
Chartered Accountants
and Registered Auditors

27th November 1997

JEWISH CHRONICLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Notes	1997 £	1996 £
TURNOVER	3	4,272,094	4,100,423
Cost of sales		<u>1,708,944</u>	<u>1,727,575</u>
GROSS PROFIT		2,563,150	2,372,848
Distribution and selling costs		525,124	499,973
Administrative expenses		<u>1,771,549</u>	<u>1,665,139</u>
OPERATING PROFIT	4	266,477	207,736
Income and net gains from sale of investments	5	<u>303,919</u>	<u>183,909</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		570,396	391,645
Tax on profit on ordinary activities	6	<u>140,741</u>	<u>81,622</u>
PROFIT FOR THE YEAR		429,655	310,023
Dividend		<u>110,348</u>	<u>95,955</u>
RETAINED PROFIT FOR THE YEAR	18	<u>319,307</u>	<u>214,068</u>

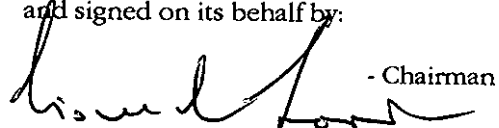
The profit and loss account contains all the gains and losses recognised in the year and in the previous year.

The notes on pages 9 to 15 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 1997

	Notes	£	1997 £	1996 £
FIXED ASSETS				
Tangible assets	9		421,624	275,657
Investments	10		3,225,192	2,841,463
Copyrights and goodwill			1	1
			<u>3,646,817</u>	<u>3,117,121</u>
CURRENT ASSETS				
Stocks	12	1,261		1,136
Debtors	13	1,073,205		1,050,400
Deferred taxation		-		3,752
Short term deposits		536,601		630,172
Cash at bank and in hand		13,418		16,505
		<u>1,624,485</u>		<u>1,701,965</u>
CREDITORS: amounts falling due within one year				
Trade creditors		138,864		95,740
Corporation tax		135,270		102,793
Other taxes and social security costs	14	136,382		137,842
Proposed dividend		110,348		95,955
Other creditors		381,086		270,922
Accruals and deferred income	15	224,122		213,851
		<u>1,126,072</u>		<u>917,103</u>
NET CURRENT ASSETS			<u>498,413</u>	<u>784,862</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,145,230</u>	<u>3,901,983</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16		<u>77,365</u>	<u>153,425</u>
NET ASSETS			<u>4,067,865</u>	<u>3,748,558</u>
CAPITAL AND RESERVES				
Called up share capital	17		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	18		3,779,705	3,460,398
SHAREHOLDERS' FUNDS				
Minority interest	18		4,067,605	3,748,298
	19		260	260
			<u>4,067,865</u>	<u>3,748,558</u>

Approved by the Board on 27 November 1997
and signed on its behalf by:

 - Chairman

The notes on pages 9 to 15 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED

BALANCE SHEET

30 SEPTEMBER 1997

	Notes	£	1997 £	1996 £
FIXED ASSETS				
Tangible assets	9		421,624	275,657
Investments	10		3,225,192	2,841,463
Investments in subsidiaries	11		<u>16,000</u>	<u>16,000</u>
			3,662,816	3,133,120
CURRENT ASSETS				
Stocks	12	1,261		1,136
Debtors	13	1,073,205		1,050,400
Deferred taxation	7	-		3,752
Short term deposits		536,601		630,172
Cash at bank and in hand		<u>13,418</u>		<u>16,481</u>
			1,624,485	1,701,941
CREDITORS: amounts falling due within one year				
Trade creditors		138,864		95,740
Amounts due to subsidiary undertakings		66,180		452,640
Corporation tax		101,807		67,560
Other taxes and social security costs	14	136,382		137,842
Proposed dividend		110,348		95,955
Other creditors		381,086		270,922
Accruals and deferred income	15	<u>224,122</u>		<u>213,851</u>
			1,158,789	1,334,510
NET CURRENT ASSETS			465,696	367,431
TOTAL ASSETS LESS CURRENT LIABILITIES			4,128,512	3,500,551
PROVISIONS FOR LIABILITIES AND CHARGES	16		<u>77,365</u>	<u>153,425</u>
NET ASSETS			4,051,147	3,347,126
CAPITAL AND RESERVES				
Called up share capital	17		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	18		<u>3,763,247</u>	<u>3,059,226</u>
SHAREHOLDERS' FUNDS	18		4,051,147	3,347,126

Approved by the Board on 27 November 1997
and signed on its behalf by:

 - Chairman

The notes on pages 9 to 15 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Notes	1997 £	1996 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	438,344	211,391
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Investment income		108,965	100,126
TAXATION			
Taxation paid		(88,216)	(115,026)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS			
Purchase of tangible fixed assets	(279,988)		(106,805)
Proceeds of sale of tangible fixed assets	8,900		4,755
Purchase of investments	(1,521,697)		(559,908)
Proceeds of sale of investments	<u>1,332,989</u>		<u>582,809</u>
		(459,796)	<u>79,149</u>
EQUITY DIVIDENDS PAID		<u>(95,955)</u>	<u>(95,955)</u>
CASHFLOW BEFORE USE OF LIQUID RESOURCES		(96,658)	21,387
MANAGEMENT OF LIQUID RESOURCES			
Transfers from/(to) short term deposits		<u>93,571</u>	<u>(27,426)</u>
DECREASE IN CASH FOR THE YEAR	22	<u>(3,087)</u>	<u>(6,039)</u>

The notes on pages 9 to 15 form an integral part of these financial statements.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 SEPTEMBER 1997

1. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

- a) The financial statements have been prepared using the historical cost convention and in accordance with applicable accounting standards.
- b) The financial statements incorporate the audited results of the company and its subsidiaries, details of which are shown in note 11. The company has not presented its own profit and loss account as permitted by Section 230 Companies Act 1985.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are as follows:

a) Stocks

Stocks are valued at the lower of cost and net realisable value.

b) Depreciation

No depreciation has been provided on freehold land. Other fixed assets in use are depreciated over their estimated useful lives by equal annual instalments based on cost at the following rates:

Long Leasehold buildings	- 2%
Freehold buildings	- 2%
Fixtures, Computers etc	- 25%
Motor vehicles	- 25%

c) Deferred Taxation

Deferred taxation is provided on all material timing differences to the extent that it is probable that liabilities or assets will crystallise.

d) Pension Costs

Pension costs are charged to the profit and loss account in order to spread the costs over the working lives of employees.

e) Investments

Investments are stated at historic cost.

3. TURNOVER

Turnover is stated at the invoiced value, excluding VAT, of goods and services supplied to customers outside the Group, less allowances and discounts.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 SEPTEMBER 1997

4. OPERATING PROFIT	1997	1996
	£	£
This is stated after charging:		
Depreciation	130,208	70,507
Auditors' remuneration	16,150	16,150
After crediting:		
Profit on disposal of tangible fixed assets	<u>5,087</u>	<u>1,789</u>
5. INCOME AND NET GAINS FROM SALE OF INVESTMENTS		
Investment income	95,211	90,585
Short term deposit interest	41,440	33,310
Net gains on investment sales	<u>167,268</u>	<u>60,014</u>
	<u>303,919</u>	<u>183,909</u>
6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax at 22.5%/32% (1996: 24.5%/33%)	102,165	72,957
Tax credits on UK dividends received	14,861	12,979
Deferred taxation at 31% (1996: 33%)	23,715	21,280
Adjustments in respect of previous years		
Corporation tax	<u>-</u>	<u>(25,594)</u>
	<u>140,741</u>	<u>81,622</u>
7. DEFERRED TAXATION		
a) Asset at 1 October 1996	3,752	25,032
Transfer from profit and loss account (note 6)	(23,715)	(21,280)
Increase in ACT recoverable	<u>3,598</u>	<u>-</u>
(Liability)/Asset at 30 September 1997	<u>(16,365)</u>	<u>3,752</u>
b) The balance at 30 September 1997 is represented by:		
Provisions	27,452	37,640
Short term timing differences	39,178	52,917
ACT recoverable	27,587	23,989
Pension scheme actuarial surplus	<u>(110,582)</u>	<u>(110,794)</u>
	<u>(16,365)</u>	<u>3,752</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 SEPTEMBER 1997

8. STAFF COSTS (including executive directors)	1997 £	1996 £
Wages and salaries	1,687,060	1,716,527
Social security costs	139,021	142,156
Other pension costs	124,447	132,042
	<u>1,950,528</u>	<u>1,990,725</u>

Directors Emoluments:

Aggregate emoluments	<u>188,652</u>	<u>183,255</u>
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In both years two directors had accrued pension benefits under a defined benefit scheme.

The average number of employees (including part-time employees) during the year was:	No.	No.
Management and office	14	15
Editorial	30	31
Selling and distribution	26	28
	<u>70</u>	<u>74</u>

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held independently from those of the company in a separately administered fund with its own Trustees. The contributions to the scheme are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was as at 1 January 1995. The principal actuarial assumption adopted at that valuation was that the rate of return on investments would exceed the increase in pensionable salaries by 2% per annum.

The valuation disclosed that the value of the scheme's assets at that date was £8,620,000 and that there was a surplus of £1,574,000 after allowing for the actuarially calculated liabilities for future benefits. This surplus comprises of £450,000 which was credited to Reserves in 1989 on the adoption of SSAP24, of which £237,982 remains to be amortised. This together with the balance of the surplus, which is being dealt with as an adjustment to the regular cost, is being spread over 10 years being the average remaining service lives of the employees.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 SEPTEMBER 1997

9. TANGIBLE FIXED ASSETS

	Total £	Freehold properties £	Long Leasehold property £	Fixtures, fittings and computers £
Cost:				
1 October 1996	847,616	138,438	100,000	609,178
Additions	279,988	12,105	-	267,883
Disposals	(24,182)	-	-	(24,182)
30 September 1997	1,103,422	150,543	100,000	852,879
Depreciation:				
1 October 1996	571,959	93,738	10,000	468,221
Provision for the year	130,208	3,000	2,000	125,208
Disposals	(20,369)	-	-	(20,369)
30 September 1997	681,798	96,738	12,000	573,060
Net book values:				
30 September 1997	421,624	53,805	88,000	279,819
<i>30 September 1996</i>	<i>275,657</i>	<i>44,700</i>	<i>90,000</i>	<i>140,957</i>

10. INVESTMENTS

	1997 £	1996 £
Listed investments at cost (market value 1997 £4,163,873: 1996 £3,296,059)	3,073,416	2,689,687
Unlisted investments at cost (Directors' valuation: 1997 £155,952; 1996 £156,982)	151,776	151,776
	3,225,192	2,841,463

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Shares in group companies	16,000	16,000
Company	Business	% Equity held
Jewish Chronicle Newspaper Limited	Newspaper Publisher	"A" shares 100%
Boundary Enterprises Limited	Dormant	100%

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 SEPTEMBER 1997

	1997 £	1996 £
12. STOCKS	<u>1,261</u>	<u>1,136</u>
13. DEBTORS		
Trade debtors	506,539	511,037
Other debtors, prepayments and accrued income	<u>566,666</u>	<u>539,363</u>
	<u>1,073,205</u>	<u>1,050,400</u>
Other debtors includes pension scheme prepayments to be amortised over a period of greater than 1 year £ 214,187 (1996 £237,982).		
14. OTHER TAXES AND SOCIAL SECURITY COSTS	1997 £	1996 £
PAYE	36,645	36,707
National insurance	26,807	25,619
VAT	<u>72,930</u>	<u>75,516</u>
	<u>136,382</u>	<u>137,842</u>
15. ACCRUALS AND DEFERRED INCOME		
Accruals	175,388	166,218
Deferred income	<u>48,734</u>	<u>47,633</u>
	<u>224,122</u>	<u>213,851</u>
16. PROVISIONS FOR LIABILITIES AND CHARGES		
Balance 1 October 1996	153,425	158,095
Expenditure during year	(67,035)	(4,670)
Provisions released in the year	<u>(25,390)</u>	<u>-</u>
	61,000	153,425
Deferred tax (note 7)	<u>16,365</u>	<u>-</u>
	<u>77,365</u>	<u>153,425</u>
Made up as follows:-		
(i) Renewals, repairs and maintenance	61,000	80,000
(ii) Indexing and microfilming	-	13,425
(iii) Planning permission expenditure	-	60,000
(iv) Deferred tax	<u>16,365</u>	<u>-</u>
	<u>77,365</u>	<u>153,425</u>

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 SEPTEMBER 1997

17. SHARE CAPITAL	1997	1996
	£	£
Authorised:		
191,000 Ordinary shares of 1p each	1,910	1,910
284,090 Non-voting Ordinary shares of £1 each	<u>284,090</u>	<u>284,090</u>
	<u>286,000</u>	<u>286,000</u>
Issued and Fully paid:		
190,010 Ordinary shares of 1p each	1,900	1,900
190,010 Non-Voting Ordinary shares of £1 each	<u>190,010</u>	<u>190,010</u>
	<u>191,910</u>	<u>191,910</u>

18. MOVEMENTS IN RESERVES AND SHAREHOLDERS FUNDS

	Group	Company
	£	£
a) General Reserve		
Balance 1 October 1996	3,460,398	3,059,226
Transfer from profit and loss account	<u>319,307</u>	<u>704,021</u>
Balance 30 September 1997	<u>3,779,705</u>	<u>3,763,247</u>
b) Shareholders Funds		
Profit for the year	429,655	814,369
Dividend	<u>110,348</u>	<u>110,348</u>
	319,307	704,021
Opening Shareholders Funds	<u>3,748,298</u>	<u>3,347,126</u>
Closing Shareholders Funds	<u>4,067,605</u>	<u>4,051,147</u>

19. MINORITY INTEREST

The minority interest represents 26,000 Jewish Chronicle Newspaper Limited "B" shares of 1p each, 99.8% of which are held by the Jewish Chronicle Trust Limited.

20. HOLDING COMPANY

The ultimate holding company is The Kessler Foundation, a company which is limited by guarantee and is a registered charity. A charitable donation of £17,500 was paid to the Kessler Foundation during the year.

JEWISH CHRONICLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
30 SEPTEMBER 1997

21. CASHFLOW FROM OPERATING ACTIVITIES	1997	1996
	£	£
Operating profit	266,477	207,736
Depreciation charges	130,208	70,507
(Profit)/loss on sale of tangible fixed assets	(5,087)	(1,789)
(Increase)/decrease in stocks	(125)	72
Increase in debtors	(22,803)	(90,803)
Increase in creditors	162,099	30,338
Expenditure charged against provisions	(67,035)	(4,670)
Provisions released	(25,390)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>438,344</u>	<u>211,391</u>

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	1997	1996
	£	£
Decrease in cash for the year	(3,087)	(6,039)
(Decrease)/increase in short term deposits	<u>(93,571)</u>	<u>27,426</u>
Change in net funds	(96,658)	21,387
Net funds at 1 October 1996	<u>646,677</u>	<u>625,290</u>
Net funds at 30 September 1997	<u>550,019</u>	<u>646,677</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 October 1996	Cashflow	At 30 September 1997
	£	£	£
Cash at bank and in hand	16,505	(3,087)	13,418
Short term deposits	<u>630,172</u>	<u>(93,571)</u>	<u>536,601</u>
	<u>646,677</u>	<u>(96,658)</u>	<u>550,019</u>