

**JEWISH CHRONICLE LIMITED**  
**DIRECTORS' REPORT AND GROUP**  
**FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2000**

*Sequel*



**HORWATH**  
**CLARK WHITEHILL**  
*Chartered Accountants*

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**JEWISH CHRONICLE LIMITED**  
**REPORT OF THE DIRECTORS**  
**YEAR ENDED 30 SEPTEMBER 2000**

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The Directors submit their report and the Financial Statements for the year ended 30 September 2000.

**BUSINESS REVIEW**

An unexpectedly strong advertising market boosted revenues by a record 12%. On the expenditure side, there was, as in previous years, higher outlay on marketing and distribution and a significant investment in the redesign of our Internet website. Total expenditure increased slightly less than total income, leaving operating profit significantly higher than last year.

Investment income was also up on last year, and the company received an exceptional payment of £164,504 from an insurance policy.

The overall result was a sharp increase in profits both before and after tax.

The company has continued to operate a Profit Related Pay scheme and this together with bonuses to pensioners totalled £212,000.

In the early months of the new financial year the company has suffered a fall in revenues from advertising because of the Middle East crisis, and it remains to be seen whether we will be able to replace lost revenues in the remainder of the year.

The Board would like to thank all members of staff for their continued contribution to the company's performance.

**RESULTS AND DIVIDEND**

The results of the Group for the year ended 30 September 2000 are shown in the profit and loss account on page 4.

The Directors propose to pay an interim dividend of 100% amounting to £191,910 in December 2000. 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)**  
**YEAR ENDED 30 SEPTEMBER 2000**

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**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 S D Cohen will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

**CHARITABLE DONATIONS**

During the year donations were made to UK charitable organisations totalling £36,873 of which £17,500 was paid to The Kessler Foundation.

**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.

**AUDITORS**

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

By Order of the Board

Secretary



**HORWATH  
CLARK WHITEHILL**

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**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
JEWISH CHRONICLE LIMITED**



We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on page 8.

**Respective Responsibilities of Directors and Auditors**

As described on page 2 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 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

30 November 2000

*Horwath Clark Whitehill*

Chartered Accountants  
and Registered Auditors

**JEWISH CHRONICLE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 SEPTEMBER 2000**

	Notes	2000 £	1999 £
<b>TURNOVER</b>	3	<b>5,329,704</b>	<b>4,752,669</b>
Cost of sales		<u>1,899,546</u>	<u>1,863,238</u>
<b>GROSS PROFIT</b>		<b>3,430,158</b>	<b>2,889,431</b>
Distribution and selling costs		<b>859,495</b>	<b>676,865</b>
Administrative expenses		<u>2,071,003</u>	<u>1,778,464</u>
<b>OPERATING PROFIT</b>	4	<b>499,660</b>	<b>434,102</b>
Other income	5	<u>601,844</u>	<u>271,288</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,101,504</b>	<b>705,390</b>
Tax on profit on ordinary activities	6	<u>252,410</u>	<u>162,086</u>
<b>PROFIT FOR THE YEAR</b>		<b>849,094</b>	<b>543,304</b>
Dividend		<u>191,910</u>	<u>126,900</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	17	<u><b>657,184</b></u>	<u><b>416,404</b></u>

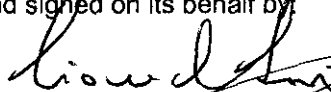
The profit and loss account contains all the gains and losses recognised in the year and in the previous year and the profit for the year is the only movement in shareholders' funds.

The notes on pages 8 to 14 form an integral part of these financial statements

**JEWISH CHRONICLE LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**30 SEPTEMBER 2000**

	Notes	£	2000 £	1999 £
<b>FIXED ASSETS</b>				
Tangible assets	9	297,789		350,512
Investments	10	3,727,342		3,554,048
Copyrights and goodwill		<u>1</u>		<u>1</u>
			<b>4,025,132</b>	<b>3,904,561</b>
<b>CURRENT ASSETS</b>				
Stocks	12	1,953		1,912
Debtors	13	1,408,991		1,287,577
Short term deposits		1,708,351		843,628
Cash at bank and in hand		<u>16,003</u>		<u>20,022</u>
		<b>3,135,298</b>		<b>2,153,139</b>
<b>CREDITORS: amounts falling due within one year</b>				
Trade creditors		203,982		204,249
Corporation tax		286,914		138,327
Other taxes and social security costs	14	161,707		157,178
Proposed dividend		191,910		126,900
Other creditors		471,089		332,737
Accruals and deferred income	15	<u>267,513</u>		<u>166,875</u>
		<b>1,583,115</b>		<b>1,126,266</b>
<b>NET CURRENT ASSETS</b>			<b>1,552,183</b>	<b>1,026,873</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>5,577,315</b>	<b>4,931,434</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	7		<b>(52,508)</b>	<b>(63,811)</b>
<b>NET ASSETS</b>			<b>5,524,807</b>	<b>4,867,623</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	17		<u>5,236,647</u>	<u>4,579,463</u>
<b>SHAREHOLDERS' FUNDS</b>	17		<b>5,524,547</b>	<b>4,867,363</b>
Minority interest	18		<u>260</u>	<u>260</u>
			<b>5,524,807</b>	<b>4,867,623</b>

Approved by the Board on 30 November 2000  
and signed on its behalf by

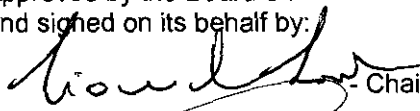
 Chairman

The notes on pages 8 to 14 form an integral part of these financial statements

**JEWISH CHRONICLE LIMITED**  
**BALANCE SHEET**  
**30 SEPTEMBER 2000**

	Notes	£	2000 £	1999 £
<b>FIXED ASSETS</b>				
Tangible assets	9	297,789		350,512
Investments	10	3,727,342		3,554,048
Investments in subsidiaries	11	16,000		16,000
			<b>4,041,131</b>	<b>3,920,560</b>
<b>CURRENT ASSETS</b>				
Stocks	12	1,953		1,912
Debtors	13	1,408,991		1,287,577
Short term deposits		1,708,351		843,628
Cash at bank and in hand		16,003		20,022
		<b>3,135,298</b>		<b>2,153,139</b>
<b>CREDITORS: amounts falling due within one year</b>				
Trade creditors		203,982		204,249
Amounts due to subsidiary undertakings		657,956		324,018
Corporation tax		185,304		101,819
Other taxes and social security costs	14	161,707		157,178
Proposed dividend		191,910		126,900
Other creditors		471,089		332,737
Accruals and deferred income	15	267,513		166,875
		<b>2,139,461</b>		<b>1,413,776</b>
<b>NET CURRENT ASSETS</b>			<b>995,837</b>	<b>739,363</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>5,036,968</b>	<b>4,659,923</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	7		<b>(52,508)</b>	<b>(63,811)</b>
<b>NET ASSETS</b>			<b>4,984,460</b>	<b>4,596,112</b>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	16		191,910	191,910
Capital redemption reserve			95,990	95,990
General reserve	17		4,696,560	4,308,212
<b>SHAREHOLDERS' FUNDS</b>	17		<b>4,984,460</b>	<b>4,596,112</b>

Approved by the Board on 30 November 2000  
and signed on its behalf by:

 Chairman

The notes on pages 8 to 14 form an integral part of these financial statements

**JEWISH CHRONICLE LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 30 SEPTEMBER 2000**

	Notes	£	2000 £	1999 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	20		<b>774,491</b>	<b>536,631</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Other income			<b>241,492</b>	<b>129,362</b>
<b>TAXATION</b>				
Taxation paid			<b>(115,038)</b>	<b>(164,978)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS</b>				
Purchase of tangible fixed assets		<b>(102,408)</b>		<b>(123,323)</b>
Proceeds of sale of tangible fixed assets		<b>9,701</b>		<b>7,880</b>
Purchase of investments		<b>(971,817)</b>		<b>(140,970)</b>
Proceeds of sale of investments		<b><u>1,151,183</u></b>		<b><u>74,391</u></b>
			<b>86,659</b>	<b>(182,022)</b>
<b>EQUITY DIVIDENDS PAID</b>			<b><u>(126,900)</u></b>	<b><u>(126,900)</u></b>
<b>CASHFLOW BEFORE USE OF LIQUID RESOURCES</b>			<b>860,704</b>	<b>192,093</b>
<b>MANAGEMENT OF LIQUID RESOURCES</b>				
Transfers to short term deposits			<b><u>(864,723)</u></b>	<b><u>(190,961)</u></b>
<b>INCREASE IN CASH FOR THE YEAR</b>	21		<b><u>(4,019)</u></b>	<b><u>1,132</u></b>

The notes on pages 8 to 14 form an integral part of these financial statements.



**JEWISH CHRONICLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 SEPTEMBER 2000**

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**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 2000**

<b>4. OPERATING PROFIT</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation	149,232	151,431
Auditors' remuneration - audit	18,000	17,500
- other services	21,000	19,500
After crediting:		
Profit on disposal of tangible fixed assets	3,802	3,072
	<u>          </u>	<u>          </u>
 <b>5. OTHER INCOME</b>		
Investment income	63,865	104,708
Short term deposit interest	76,271	37,738
Net gains on investment sales	297,204	47,627
	<u>          </u>	<u>          </u>
	437,340	190,073
Receipt from Insurance Policy	164,504	-
Legacy received	-	81,215
	<u>          </u>	<u>          </u>
	601,844	271,288
	<u>          </u>	<u>          </u>
 <b>6. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
Corporation tax at 30% (1999: 31%)	266,735	158,731
Deferred taxation at 30% (1999: 30%)	(11,303)	6,483
Adjustments in respect of previous years		
Corporation tax	(3,022)	(3,128)
	<u>          </u>	<u>          </u>
	252,410	162,086
	<u>          </u>	<u>          </u>
 <b>7. DEFERRED TAXATION</b>		
a) Balance at 1 October 1999	(63,811)	(25,603)
Transfer from profit and loss account (note 6)	11,303	(6,483)
Decrease in ACT recoverable	-	(31,725)
	<u>          </u>	<u>          </u>
Balance at 30 September 2000	(52,508)	(63,811)
	<u>          </u>	<u>          </u>
 b) The balance at 30 September 2000 is represented by:		
Provisions	1,577	8,501
Short term timing differences	63,751	44,047
Pension scheme actuarial surplus	(117,836)	(116,359)
	<u>          </u>	<u>          </u>
	(52,508)	(63,811)
	<u>          </u>	<u>          </u>

**JEWISH CHRONICLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**30 SEPTEMBER 2000**

8. STAFF COSTS (including executive directors)	2000 £	1999 £
Wages and salaries	1,996,125	1,816,812
Social security costs	185,124	161,483
Other pension costs	149,719	132,679
	<u>2,330,968</u>	<u>2,110,974</u>

**Directors Emoluments:**

Aggregate emoluments - including fees to non-executive directors taxable benefits in kind and profit related pay	<u>229,416</u>	<u>215,652</u>
Highest paid director:		
Aggregate emoluments - including taxable benefits in kind and profit related pay	89,304	83,899
Accrued pensions	<u>17,683</u>	<u>14,880</u>

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	13	13
Editorial	29	30
Selling and distribution	<u>23</u>	<u>24</u>
	<u>65</u>	<u>67</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 1998. 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 £10,720,000 and that there was a surplus of £2,462,000 after allowing for the actuarially calculated liabilities for future benefits. This surplus is being dealt with as an adjustment to the regular cost spread over 10 years being the average remaining service lives of the employees.

The next actuarial valuation will be at 1 January 2001.

**JEWISH CHRONICLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**30 SEPTEMBER 2000**

**9. TANGIBLE FIXED ASSETS**

	Total £	Freehold properties £	Long Leasehold Property £	Fixtures, fittings and computers £
Cost:				
1 October 1999	1,055,279	150,543	100,000	804,736
Additions	102,408	-	-	102,408
Disposals	(33,927)	-	-	(33,927)
<b>30 September 2000</b>	<b>1,123,760</b>	<b>150,543</b>	<b>100,000</b>	<b>873,217</b>
Depreciation:				
1 October 1999	704,767	102,737	16,000	586,030
Provision for the year	149,232	2,999	2,000	144,233
Disposals	(28,028)	-	-	(28,028)
<b>30 September 2000</b>	<b>825,971</b>	<b>105,736</b>	<b>18,000</b>	<b>702,235</b>
<b>Net Book Values</b>				
<b>30 September 2000</b>	<b>297,789</b>	<b>44,807</b>	<b>82,000</b>	<b>170,982</b>
<i>30 September 1999</i>	<i>350,512</i>	<i>47,806</i>	<i>84,000</i>	<i>218,706</i>

**10. INVESTMENTS**

	2000 £	1999 £
Listed investments at cost (market value 2000: £5,065,814 1999: £4,661,508)	3,602,342	3,402,273
Unlisted investments at cost (Directors' valuation: 2000: £125,000 1999: £156,250)	125,000	151,775
	<b>3,727,342</b>	<b>3,554,048</b>

**11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

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

**JEWISH CHRONICLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**30 SEPTEMBER 2000**

	2000 £	1999 £
<b>12. STOCKS</b>	<u>1,953</u>	<u>1,912</u>
<b>13. DEBTORS</b>		
Trade debtors	779,987	665,963
Other debtors, prepayments and accrued income	<u>629,004</u>	<u>621,614</u>
	<u>1,408,991</u>	<u>1,287,577</u>
Other debtors includes pension scheme prepayments to be amortised over a period of greater than one year £142,799 (1999 £166,597).		
<b>14. OTHER TAXES AND SOCIAL SECURITY COSTS</b>	2000 £	1999 £
PAYE	32,819	39,743
National insurance	41,727	34,845
VAT	<u>87,161</u>	<u>82,590</u>
	<u>161,707</u>	<u>157,178</u>
<b>15. ACCRUALS AND DEFERRED INCOME</b>		
Accruals	214,263	117,158
Deferred income	<u>53,250</u>	<u>49,717</u>
	<u>267,513</u>	<u>166,875</u>
<b>16. SHARE CAPITAL</b>		
<b>Authorised:</b>		
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>
<b>Issued and Fully paid:</b>		
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>

**JEWISH CHRONICLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**30 SEPTEMBER 2000**

**17. MOVEMENTS IN RESERVES AND SHAREHOLDERS FUNDS**

	Group £	Company £
<b>a) General Reserve</b>		
Balance 1 October 1999	4,579,463	4,308,212
Transfer from profit and loss account	657,184	388,348
<b>Balance 30 September 2000</b>	<b>5,236,647</b>	<b>4,696,560</b>
<b>b) Shareholders Funds</b>		
Profit for the year	849,094	580,258
Dividend	191,910	191,910
	657,184	388,348
Shareholders Funds at 1 October 1999	4,867,623	4,596,112
	<b>5,524,807</b>	<b>4,984,460</b>

**18. 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.

**19. 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.

**20. CASHFLOW FROM OPERATING ACTIVITIES**

	2000 £	1999 £
Operating profit	499,660	434,102
Depreciation charges	149,232	151,431
Profit on sale of tangible fixed assets	3,802	3,072
Increase in stocks	(41)	(520)
Increase in debtors	(121,414)	(62,258)
Increase in creditors	243,252	10,804
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>774,491</b>	<b>536,631</b>

**JEWISH CHRONICLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**30 SEPTEMBER 2000**

**21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT  
IN NET FUNDS**

	2000 £	1999 £
Increase in cash for the year	(4,019)	1,132
Increase in short term deposits	<u>864,723</u>	<u>190,961</u>
Change in net funds	860,704	192,093
Net funds at 1 October 1999	<u>863,650</u>	<u>671,557</u>
Net funds at 30 September 2000	<u>1,724,354</u>	<u>863,650</u>

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 October 1999 £	Cashflow £	At 30 September 2000 £
Cash at bank and in hand	20,022	(4,019)	16,003
Short term deposits	<u>843,628</u>	<u>864,723</u>	<u>1,708,351</u>
	<u>863,650</u>	<u>860,704</u>	<u>1,724,354</u>