COMPANY NUMBER: 95587

Signed

JEWISH CHRONICLE LIMITED

DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS

30 SEPTEMBER 2006

Horwath Clark Whitehill

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Chartered Accountants

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JEWISH CHRONICLE LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 30 SEPTEMBER 2006

The directors submit their report and the financial statements for the year ended 30 September 2006

PRINCIPAL ACTIVITIES

The principal activity of the company and its subsidiaries during the year was the publication of the Jewish Chronicle newspaper together with its website thejc com

RESULTS AND DIVIDENDS

The results of the group for the year ended 30 September 2006 are shown in the profit and loss account

A dividend of £115,146 in respect of the year was declared subsequent to the year-end and is payable in December 2006 The dividend charged to the profit and loss account in the year of £115,146 represents the dividend declared subsequent to 30 September 2005 in respect of the year then ended

BUSINESS REVIEW

Despite difficult trading conditions for the publishing industry generally, we are pleased to report that the turnover grew by 2 7% Our total costs increased by 8 9% which reflects an increase in investment in the product, editorial staff and marketing Whilst the newspaper's trading profit was stable, costs including staff restructuring and pension adjustments reduced overall operating profits

We are also pleased to announce that other income comprising of investment and rental income including gains on investments was strong This reflected the previously agreed realignment of our portfolio The capital gains achieved were spread over two years and are unlikely to be repeated in the near future

We have continued to invest in the newspaper and this year introduced access to our archives online which has greatly increased interest in our website thejc com We have also launched an initiative to encourage our customers, in co-operation with newsagents, to take out annual subscriptions and this has proved to be a great success with the level of subscriptions increasing substantially

This year saw the appointment of a new editor, David Rowan, as well as a new Israel and Middle East editor, Jeff Barak Other significant improvements have been made to the paper with a view to making it more interesting to a wider and younger audience

Operating profits were down substantially from the previous year due to the costs indicated above The board is committed to further investment in order to make the product more attractive to new and existing readers alike

We are pleased to report that advertising revenue has continued to show growth, much against the trend in most of the industry, despite the continuing conflict in the Middle East We continue to monitor the market and all new possibilities in order to increase our revenues

It must be appreciated that the Jewish community, which is our primary market, is diminishing in size which has an inevitable effect upon circulation

For the first time this year, we have implemented the Financial Reporting Standard 17 "Retirement Benefits" and the effect that this has had on the accounts will be noted After the end of the accounting period, the company's final salary Pension Scheme had its triennial valuation and in common with most final salary schemes, has shown a deficit The directors will continue to liaise with the Trustees of the Pensions Scheme in order to seek a satisfactory solution

BUSINESS REVIEW (continued)

The company recognises that external factors, economic or political, may have a substantial impact on the future of the business The board will keep all matters under review in order to react to changing circumstances

The company has a strong asset base and reserves which will assist in dealing with any unforeseen circumstances that may arise We are conscious of the challenges that new and different media present and are constantly reviewing the opportunities that may arise, as well as the investment that might be required to develop any new strategies

The directors are satisfied that the valuation included in the accounts for the company's investment properties is fair and reasonable The freehold property from which the company trades has a value substantially in excess of that shown in the accounts

We are aware of changing government legislation and regulations and are studying the implications and the costs involved

The directors would like to express their gratitude to all members of staff for their support, commitment, and dedication to the Jewish Chronicle We also value highly our readers' continued loyalty and interest

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with every other business, the group aims to minimise financial risk The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against those forecasts and ensuring that adequate financial facilities are in place to meet the requirements of the business Trade debtors are also closely monitored to keep the risk of bad debts to a minimum level

CHARITABLE DONATIONS

During the year donations were made to UK charitable organisations totalling £2,770 (2005 £8,205)

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows

Mr P L Levy O B E	(Chairman)
Mr R A Fass	(Managing Director)
Mr R L Bolchover	
Mrs J S Chain	
Mr S Grabiner	
Mr D B Kessler	
Mr P M Oppenheimer	(resigned 10 January 2006)
Mr A Rubenstein	

Mr D B Kessler had a beneficial interest in the company of 10 Ordinary shares of 1p each and 1,000 Non-Voting Ordinary shares of £1 each throughout the year The interests of Mr R A Fass in the share capital of JC Tech Limited are disclosed in that company's financial statements

Other than the interests disclosed above none of the directors who served during the year had a beneficial interest in the share capital of the company or its fellow group undertakings during the year

DIRECTORS AND THEIR INTERESTS (CONTINUED)

Mr R L Bolchover and Mr D B Kessler will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election

STAFF

The board would like to express its thanks to all members of staff for their continued contribution to the group's performance

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period In preparing these 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 UK 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 or group will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By Order of the Board

Secretary

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
JEWISH CHRONICLE LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Jewish Chronicle Limited for the year ended 30 September 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 21 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Horwath Clark Whitehill LLP

HORWATH CLARK WHITEHILL LLP 3 December 2006

Chartered Accountants and Registered Auditors

London

JEWISH CHRONICLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 52 Issues £	*As restated* *2005* *53 Issues* *£*
TURNOVER	2	**5,386,205**	*5,245,030*
Cost of sales		**(2,158,190)**	*(2,051,898)*
GROSS PROFIT		**3,228,015**	*3,193,132*
Distribution and selling costs		**(965,714)**	*(900,316)*
Administrative expenses FRS 17 pension cost adjustments	7	**(104,000)**	*(1,000)*
Administrative expenses other		**(2,127,885)**	*(1,962,960)*
		(2,231,885)	*(1,963,960)*
OPERATING PROFIT	3	**30,416**	*328,856*
Other income	4	**636,105**	*647,577*
Other finance income	5	**12,000**	*124,000*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**678,521**	*1,100,433*
Tax on profit on ordinary activities	6	**(54,749)**	*(147,477)*
PROFIT FOR THE FINANCIAL YEAR	15	**623,772**	*952,956*

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		2006 £	*As restated* *2005* *£*
Profit for the financial year	15	**623,772**	*952,956*
Actuarial gain/(loss) recognised in the pension scheme	15	**557,000**	*(647,000)*
Deferred tax recognised on gain/(loss) in the pension scheme	15	**(168,000)**	*195,000*
Unrealised surplus on revaluation of investment properties	15	**50,000**	*154,842*
Total gains and losses relating to the year		**1,062,772**	*655,798*
Prior year adjustment	15	**(642,330)**	
Total gains and losses recognised since last annual report		**420,442**	

The related notes 1 to 21 form an integral part of these financial statements.

JEWISH CHRONICLE LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2006

	Notes	2006 £	*As restated* *2005* *£*
FIXED ASSETS			
Tangible assets	8	**1,512,599**	*1,462,073*
Investments	9	**4,257,848**	*3,762,407*
Copyrights and goodwill		**1**	*1*
		5,770,448	*5,224,481*
CURRENT ASSETS			
Stocks		**2,550**	*1,759*
Debtors	11	**1,486,894**	*1,217,923*
Short term deposits		**1,220,001**	*1,353,044*
Cash at bank and in hand		**15,743**	*20,986*
		2,725,188	*2,593,712*
CREDITORS amounts falling due within one year	12	**(893,533)**	*(840,809)*
NET CURRENT ASSETS		**1,831,655**	*1,752,903*
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,602,103**	*6,977,384*
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	**(556)**	*1,537*
NET ASSETS (excluding pension liability)		**7,601,547**	*6,978,921*
Pension liability	21	**(509,000)**	*(834,000)*
NET ASSETS (including pension liability)		**7,092,547**	*6,144,921*
CAPITAL AND RESERVES			
Called up share capital	14,15	**191,910**	*191,910*
Capital redemption reserve	15	**95,990**	*95,990*
Revaluation reserve	15	**204,842**	*154,842*
Profit and loss account	15	**6,599,545**	*5,701,919*
SHAREHOLDERS' FUNDS	15	**7,092,287**	*6,144,661*
Minority interest		**260**	*260*
		7,092,547	*6,144,921*

Approved by the Board on 3 December 2006
and signed on its behalf by

} Directors

The related notes 1 to 21 form an integral part of these financial statements

JEWISH CHRONICLE LIMITED
COMPANY BALANCE SHEET
30 SEPTEMBER 2006

	Notes	2006 £	*As restated* *2005* *£*
FIXED ASSETS			
Tangible assets	8	**1,512,599**	*1,462,073*
Investments	9	**4,257,848**	*3,762,407*
Investments in subsidiary undertakings	10	**16,090**	*16,090*
		5,786,537	*5,240,570*
CURRENT ASSETS			
Stocks		**2,550**	*1,759*
Debtors	11	**1,486,894**	*1,217,923*
Short term deposits		**1,220,001**	*1,353,044*
Cash at bank and in hand		**15,743**	*20,986*
		2,725,188	*2,593,712*
CREDITORS: amounts falling due within one year	12	**(1,304,758)**	*(1,375,609)*
NET CURRENT ASSETS		**1,420,430**	*1,218,103*
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,206,967**	*6,458,673*
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	**(556)**	*1,537*
NET ASSETS (excluding pension liability)		**7,206,411**	*6,460,210*
Pension liability		**(509,000)**	*(834,000)*
NET ASSETS (including pension liability)		**6,697,411**	*5,626,210*
CAPITAL AND RESERVES			
Called up share capital	14,15	**191,910**	*191,910*
Capital redemption reserve	15	**95,990**	*95,990*
Revaluation reserve	15	**204,842**	*154,842*
Profit and loss account	15	**6,204,669**	*5,183,468*
SHAREHOLDERS' FUNDS	15	**6,697,411**	*5,626,210*

Approved by the Board on 3 December 2006
and signed on its behalf by

Directors

The related notes 1 to 21 form an integral part of these financial statements.

JEWISH CHRONICLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 £	2005 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	**42,386**	*241,937*
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Rental income		**45,000**	*23,855*
Investment income		**138,435**	*119,659*
Short term deposit interest		**55,887**	*49,667*
		239,322	*193,181*
TAXATION			
UK Corporation tax paid		**(123,719)**	*(20,874)*
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		**(82,471)**	*(92,573)*
Proceeds of sale of tangible fixed assets		**-**	*23,515*
Purchase of investments		**(2,595,487)**	*(2,452,753)*
Proceeds of sale of investments		**2,496,829**	*2,540,276*
		(181,129)	*18,465*
EQUITY DIVIDENDS PAID		**(115,146)**	*(71,006)*
NET CASH (OUTFLOW)/INFLOW BEFORE USE OF LIQUID RESOURCES		**(138,286)**	*361,703*
MANAGEMENT OF LIQUID RESOURCES			
Transfers from/(to) short term deposits		**133,043**	*(365,672)*
DECREASE IN CASH FOR THE YEAR	18	**(5,243)**	*(3,969)*

The related notes 1 to 21 form an integral part of these financial statements

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of investment properties (see note 1f), and in accordance with applicable accounting standards

The below accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as detailed in note 15 The comparative amounts have been restated accordingly

The financial statements incorporate the audited results of the company and its subsidiary undertakings The company has not presented its own profit and loss account as permitted by Section 230 Companies Act 1985

b) Depreciation

No depreciation has been provided on freehold land or investment properties Other tangible fixed assets in use are depreciated over their estimated useful lives by equal annual instalments based on cost, less estimated residual value, at the following annual rates

Freehold building	- 2%
Fixtures, fittings and computers	- 25%

c) Deferred Taxation

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 allowed by FRS 19

d) Pension Costs

Defined benefit scheme
Pension schemes assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality term and currency to the liability The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement of the scheme surplus/(deficit) is split between operating charges, finance items and, in the statement of recognised gains and losses, actuarial gains and losses The assets of the scheme are held separately from those of the company

Defined contribution scheme
Company contributions to the company's defined contribution stakeholder pension scheme are charged to the profit and loss account as incurred The assets of the scheme are held separately from those of the company

e) Investments

Investments are stated at historic cost, less provision for any impairment in value

1 ACCOUNTING POLICIES (CONTINUED)

f) Investment properties

Investment properties are valued annually and the aggregate surplus or deficit is transferred to the revaluation reserve Where a deficit, in excess of the amount previously transferred to the revaluation reserve, is regarded as being a permanent diminution the amount is charged immediately to the profit and loss account No depreciation is provided in respect of investment properties This constitutes a departure from the statutory rules requiring fixed assets to be depreciated over their economic useful lives and is necessary to enable the financial statements to give a true and fair view Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified

2 TURNOVER

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

3 OPERATING PROFIT

	2006	*2005*
	£	*£*
Is stated after charging/(crediting)		
Depreciation	77,983	*83,206*
Auditors' remuneration - audit	20,000	*20,000*
- other services	24,000	*24,657*
Loss/(profit) on disposal of tangible fixed assets	3,962	*(2,387)*

4. OTHER INCOME

Rental income	45,000	*23,855*
Investment income	138,435	*119,659*
Short term deposit interest	55,887	*49,667*
Net gains on investment sales	396,783	*454,396*
	636,105	*647,577*

5 OTHER FINANCE INCOME

Interest on pension scheme liabilities	(726,000)	*(652,000)*
Expected return on pension scheme assets	738,000	*776,000*
	12,000	*124,000*

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2006	2005
a) Analysis of charge in year	**£**	*£*
Current tax		
UK corporation tax on profits of the year (see b below)	**79,687**	*112,052*
Notional income tax suffered on dividend accumulation	**4,234**	-
(Over)/under provision in previous years	**(3,265)**	*283*
	80,656	*112,335*
Deferred tax		
Origination and reversal of timing differences	**2,093**	*(1,858)*
Impact of FRS 17 adjustments	**(28,000)**	*37,000*
	(25,907)	*35,142*
	54,749	*147,477*

b) Factors affecting the tax charge for the year

	2006	2005
Profit on ordinary activities before taxation	**678,521**	*1,100,433*
Profit on ordinary activities multiplied by UK standard rate of corporation tax of 30%	**203,556**	*330,130*
Effects of.		
Differential between standard and actual rate	**(26,788)**	*(22,082)*
Permanent differences	**(99,637)**	*(194,090)*
Other timing differences	**2,556**	*(1,906)*
	79,687	*112,052*

7. STAFF COSTS

(including executive directors)	2006 £	2005 £
Wages and salaries	2,094,875	1,971,326
Social security costs	203,040	194,031
Other pension costs	285,709	315,979
	2,583,624	2,481,336
FRS 17 pension cost adjustments		
- Current service cost	338,000	305,000
- Past service cost	38,000	-
- Contributions	(272,000)	(304,000)
	104,000	1,000
	2,687,624	2,482,336

Included within other pension costs above are £13,637 (2005 £9,965) of costs in connection with the company's defined contribution stakeholder pension scheme whilst the remaining £272,072 (2005 £306,014) are costs in connection with the company's defined benefit final salary scheme

Directors' Emoluments

	2006	2005
Aggregate emoluments - including fees to non-executive directors, taxable benefits in kind and profit related pay	347,167	394,472
Highest paid director		
Aggregate emoluments - including taxable benefits in kind and profit related pay	141,202	122,145
Accrued pensions	55,000	47,833

In 2006 two (2005 three) directors accrued pension benefits under the group's defined benefit scheme

The average number of employees (including part-time employees) during the year was	No	No
Management and office	11	11
Editorial	26	27
Selling and distribution	23	23
	60	61

8 TANGIBLE FIXED ASSETS

	Investment Property £	Freehold Property £	Fixtures, Fittings and Computers £	Total £
Cost/Valuation				
1 October 2005	*1,300,000*	*150,543*	*971,856*	*2,422,399*
Additions	-	-	82,471	82,471
Disposals	-	-	(52,218)	(52,218)
Revaluation	50,000	-	-	50,000
30 September 2006	**1,350,000**	**150,543**	**1,002,109**	**2,502,652**
Depreciation				
1 October 2005	-	*120,731*	*839,595*	*960,326*
Charge for the year	-	2,999	74,984	77,983
Disposals	-	-	(48,256)	(48,256)
30 September 2006	**-**	**123,730**	**866,323**	**990,053**
Net Book Values				
30 September 2006	**1,350,000**	**26,813**	**135,786**	**1,512,599**
30 September 2005	*1,300,000*	*29,812*	*132,261*	*1,462,073*

The directors' open market valuation of the company's investment properties was £1,350,000 (2005 £1,300,000) at 30 September 2006 The properties' historic cost is £1,173,158 (2005 £1,173,158)

9 INVESTMENTS

	Listed Investments £	Unlisted Investments £	*Total* £
Cost/Net Book Value			
At 1 October 2005	3,637,407	125,000	3,762,407
Additions	2,595,487	-	*2,595,487*
Disposals	(2,100,046)	-	*(2,100,046)*
At 30 September 2006	**4,132,848**	**125,000**	**4,257,848**

The market value of the listed investments at 30 September 2006 was £4,386,889 (2005 £4,074,108) The directors' valuation of the unlisted investments at 30 September 2006 was £125,000 (2005 £125,000)

10 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	2006 £	*2005* £
Cost and Net Book Value	**16,090**	*16,090*

Company	Business	Share Type Held	% Held
Jewish Chronicle Newspaper Limited	Newspaper Publisher	"A" shares	100
Boundary Enterprises Limited	Dormant	Ordinary	100
JC Tech Limited	Dormant	Ordinary	90
JC Online Limited	Dormant	Ordinary	90

11 DEBTORS

	2006 £	*2005 £*
Trade debtors	983,843	*937,491*
Other debtors, prepayments and accrued income	503,051	*280,432*
	1,486,894	*1,217,923*

Included within other debtors, prepayments and accrued income above is £200,000 (2005 £Nil) recoverable after more than one year from the balance sheet date

12. CREDITORS amounts falling due within one year

Group		
Trade creditors	200,267	*222,712*
Corporation tax	68,989	*112,052*
Other taxes and social security costs	163,660	*153,317*
Other creditors	345,793	*260,318*
Accruals and deferred income	114,824	*92,410*
	893,533	*840,809*
Company		
Trade creditors	200,267	*222,712*
Amounts owed to group undertakings	446,994	*585,969*
Corporation tax	33,220	*60,883*
Other taxes and social security costs	163,660	*153,317*
Other creditors	345,793	*260,318*
Accruals and deferred income	114,824	*92,410*
	1,304,758	*1,375,609*

13. DEFERRED TAXATION

a)	At 1 October 2005	(359,537)	*(199,679)*
	Charge for the year in the statement of total recognised gains and losses	168,000	*(195,000)*
	Transfer from profit and loss account (note 6)	(25,907)	*35,142*
	At 30 September 2006	(217,444)	*(359,537)*
b)	**The balance at 30 September 2006 is represented by:**		
	Provisions	(20,387)	*(20,122)*
	Short term timing differences	20,943	*18,585*
		556	*(1,537)*
	Deferred tax on pension liability	(218,000)	*(358,000)*
		(217,444)	*(359,537)*

14 SHARE CAPITAL

	2006	*2005*
	£	*£*
Authorised		
191,000 Ordinary shares of 1p each	**1,910**	*1,910*
284,090 Non-voting Ordinary shares of £1 each	**284,090**	*284,090*
	286,000	*286,000*
Allotted, issued and fully paid:		
190,010 Ordinary shares of 1p each	**1,900**	*1,900*
190,010 Non-Voting Ordinary shares of £1 each	**190,010**	*190,010*
	191,910	*191,910*

15. SHAREHOLDERS' FUNDS

Group	Called up Share Capital	Capital Redemption Reserve	Revaluation Reserve	Profit and Loss Account	Total
	£	£	£	£	£
At 1 October 2004 *	191,910	95,990	-	5,914,299	6,202,199
Prior year adjustment ***	-	-	-	(642,330)	(642,330)
At 1 October 2004 **	191,910	95,990	-	5,271,969	5,559,869
Actuarial loss recognised in pension scheme	-	-	-	(647,000)	(647,000)
Deferred tax arising on loss in pension scheme	-	-	-	195,000	195,000
Profit for the financial year **	-	-	-	952,956	952,956
Dividends **	-	-	-	(71,006)	(71,006)
Unrealised surplus on revaluation of investment	-	-	154,842	-	154,842
At 1 October 2005 **	191,910	95,990	154,842	5,701,919	6,144,661
Profit for the financial year	-	-	-	623,772	623,772
Actuarial gain recognised in pension scheme	-	-	-	557,000	557,000
Deferred tax arising on gain in pension scheme	-	-	-	(168,000)	(168,000)
Dividends	-	-	-	(115,146)	(115,146)
Unrealised surplus on revaluation of investment properties	-	-	50,000	-	50,000
At 30 September 2006	**191,910**	**95,990**	**204,842**	**6,599,545**	**7,092,287**

A dividend of £115,146 in respect of the year was declared subsequent to the year-end and is payable during December 2006

15. SHAREHOLDERS' FUNDS (CONTINUED)

Company	Called up Share Capital £	Capital Redemption Reserve £	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1 October 2004 *	191,910	95,990	-	5,043,614	5,331,514
Prior year adjustment	-	-	-	(642,330)	(642,330)
At 1 October 2004 **	191,910	95,990	-	4,401,284	4,689,184
Actuarial loss recognised in pension scheme	-	-	-	(647,000)	(647,000)
Deferred tax arising on loss in pension scheme	-	-	-	195,000	195,000
Profit for the financial year **	-	-	-	1,305,190	1,305,190
Dividends **	-	-	-	(71,006)	(71,006)
Unrealised surplus on Revaluation of investment	-	-	154,842	-	154,842
At 1 October 2005 **	191,910	95,990	154,842	5,183,468	5,626,210
Actuarial gain recognised in pension scheme	-	-	-	557,000	557,000
Deferred tax arising on gain in pension scheme	-	-	-	(168,000)	(168,000)
Profit for the financial year	-	-	-	747,347	747,347
Dividends	-	-	-	(115,146)	(115,146)
Unrealised surplus on revaluation of investment properties	-	-	50,000	-	50,000
At 30 September 2006	**191,910**	**95,990**	**204,842**	**6,204,669**	**6,697,411**

* As previously reported in the financial statements for the year ended 30 September 2005

** As restated

*** The prior year adjustment relates to the implementation of FRS 17 'Retirement Benefits' and FRS 21 'Events after the Balance Sheet Date' The implementation of FRS 17 has resulted in a decrease in the reported profit before taxation for the year ended 30 September 2006 of £62,000 (2005 increase £144,000) The implementation of FRS 21 has resulted in a decrease in the reported dividend charge in the financial statements for the year ended 30 September 2006 of £Nil (2005 £44,140)

	Group 2006 £	Group 2005 £	**Company 2006 £**	Company 2005 £
Profit and loss account excluding pension liability	**7,108,545**	6,535,919	**6,713,669**	6,017,468
Pension liability	**(509,000)**	(834,000)	**(509,000)**	(834,000)
Profit and loss account including pension liability	**6,599,545**	5,701,919	**6,204,669**	5,183,468

16. 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

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	2005
	£	£
Operating profit	**30,416**	*328,856*
Depreciation	**77,983**	*83,206*
Loss/(profit) on sale of tangible fixed assets	**3,962**	*(2,387)*
Increase in stocks	**(791)**	*(407)*
(Increase)/decrease in debtors	**(268,971)**	*22,173*
Increase/(decrease) in creditors	**95,787**	*(190,504)*
Pension adjustment	**104,000**	*1,000*
NET CASH INFLOW FROM OPERATING ACTIVITIES	**42,386**	*241,937*

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006	2005
Decrease in cash for the year	**(5,243)**	*(3,969)*
(Decrease)/increase in short term deposits	**(133,043)**	*365,672*
Change in net funds	**(138,286)**	*361,703*
Net funds at 1 October 2005	**1,374,030**	*1,012,327*
Net funds at 30 September 2006	**1,235,744**	*1,374,030*

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 October 2005	Cashflow	**At 30 September 2006**
	£	£	**£**
Cash at bank and in hand	*20,986*	(5,243)	**15,743**
Short term deposits	*1,353,044*	(133,043)	**1,220,001**
	1,374,030	(138,286)	**1,235,744**

20. ULTIMATE PARENT UNDERTAKING

The directors consider The Kessler Foundation, a company which is limited by guarantee and a registered charity, to be the ultimate parent undertaking The Kessler Foundation does not prepare consolidated financial statements

21. PENSION COSTS

The group operates a defined benefit pension scheme providing benefits based on final pensionable pay The latest full actuarial valuation was carried out at 1 October 2003 and was updated for FRS17 purposes to 30 September 2006 by a qualified independent actuary

The major assumptions used in this valuation were	**2006**	*2005*	*2004*
Discount rate	**5 10%**	*5 00%*	*5 50%*
Inflation assumption	**3 00%**	*2 75%*	*3 00%*
Rate of increase in salaries	**4 00%**	*4 00%*	*4 50%*
Rate of increase in pensions in payment	**3 00%**	*2 75%*	*3 00%*

Expected rates of return for years commencing 30 September	**2006**	*2005*	*2004*
Equities and property	**6 00%**	**5.80%**	*7 50%*
Bonds	**4.90%**	**4.50%**	*5 25%*
Cash	**4.50%**	**4.25%**	*4 75%*

The assumptions used by the actuary are those estimates chosen from a range of possible assumptions which, due to the timescale covered, may not necessarily be borne out in practice

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	2006 **£'000**	*2005* *£'000*	*2004* *£'000*
Equities and property	**8,142**	*10,789*	*8,512*
Bonds	**6,462**	*2,679*	*2,789*
Cash	**(31)**	*(18)*	*4*
Total market value of scheme assets	**14,573**	*13,450*	*11,305*
Present value of scheme liabilities	**(15,300)**	*(14,642)*	*(11,973)*
Deficit in the scheme	**(727)**	*(1,192)*	*(668)*
Related deferred tax asset	**218**	*358*	*200*
Net pension liability	**(509)**	*(834)*	*(468)*

21 PENSION COSTS (CONTINUED)

	Year ended 30 September		
	2006	*2005*	*2004*
	£'000	*£'000*	*£'000*
Analysis of the amount chargeable to operating profit			
Current service cost	**338**	*305*	*390*
Past service cost	**38**	*-*	*-*
Total operating charge	**376**	*305*	*390*
Analysis of amount recognisable in STRGL			
Actuarial return less expected return on pension scheme assets	**635**	*1,622*	*255*
Experience gains and losses arising on scheme Liabilities	**(71)**	*(437)*	*293*
Changes in assumptions underlying present value of scheme liabilities	**(7)**	*(1,832)*	*787*
Actuarial gain/(loss) recognised in STRGL	**557**	*(647)*	*1,335*

21 PENSION COSTS (CONTINUED)

Movement in deficit in year

	Year ended 30 September		
	2006	*2005*	*2004*
	£'000	*£'000*	*£'000*
Deficit in scheme at beginning of year	**(1,192)**	*(668)*	*(1,927)*
Current service cost	**(338)**	*(305)*	*(390)*
Contributions	**272**	*304*	*273*
Past service costs	**(38)**	-	-
Other finance income	**12**	*124*	*41*
Actuarial (loss)/gain	**557**	*(647)*	*1,335*
Deficit in scheme at end of year	**(727)**	*(1,192)*	*(668)*

History of experience gains and losses

		Year ended 30 September			
	2006	*2005*	*2004*	*2003*	*2002*
Difference between expected and actual return on scheme assets					
Amount (£'000)	**635**	*1,622*	*255*	*772*	*(2,638)*
Percentage of scheme assets	**4.4%**	*12 1%*	*2 3%*	*7 3%*	*27 6%*
Experience gains and losses on scheme liabilities					
Amount (£'000)	**(71)**	*(437)*	*293*	*(700)*	*(164)*
Percentage of present value of scheme liabilities	**0 5%**	*3 0%*	*2 4%*	*5 6%*	*1 5%*
Changes in assumptions underlying present value of scheme liabilities					
Amount (£'000)	**(7)**	*(1,832)*	*787*	*(158)*	*(791)*
Percentage of present value of scheme liabilities	**0 0%**	*12 5%*	*6 6%*	*1 2%*	*8 2%*
Total amount recognised in STRGL					
Amount (£'000)	**557**	*(647)*	*1,335*	*(86)*	*(3,593)*
Percentage of present value of scheme liabilities	**3 6%**	*4 4%*	*11 2%*	*0 7%*	*37 6%*

As a result of the actuarial valuation as at 1 October 2003, the company has been contributing to the scheme at the rate of 22 1% of pensionable salary, plus the cost of death in service insurance cover The contribution rate is 20 7% from 1 January 2005 and 26 7% from 1 January 2007 onwards The current service cost will increase as the members of the scheme approach retirement During the year company contributions to the scheme, excluding death in service insurance cover amounted to £231,821 (2005 £264,988)

In addition to the above, the scheme holds assets of £99,500 (2005 £82,000) that have been earmarked for the provision of additional benefits on a money purchase basis as a result of members Additional Voluntary Contributions