

COMPANY REGISTRATION NUMBER 357963

THE JOSEPH ROWNTREE REFORM TRUST LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2005



THE JOSEPH ROWNTREE REFORM TRUST LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

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THE JOSEPH ROWNTREE REFORM TRUST LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Amanda C Cormack
Peadar Cremin
Christine J Day
Pam Giddy
Christopher J Greenfield
Archibald J Kirkwood (Lord Kirkwood of Kirkhope)
Diana E Scott
David T Shutt (Lord Shutt of Greetland)
Trevor A Smith (Lord Smith of Clifton)

Company secretary

Tina C Walker

Registered office

The Garden House
Water End
York
YO30 6WQ

Auditor

Barron & Barron
Chartered Accountants
& Registered Auditors
Bathurst House
86 Micklegate
York
YO1 6LQ

Bankers

HSBC Bank plc
13 Parliament Street
York
YO1 8XS

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2005

The directors have pleasure in presenting their report and the financial statements of the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group's principal activity is investing in securities and real estate, making of grants, and undertaking projects for political and other purposes in accordance with the terms of the Memoranda of Association.

RESULTS

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies are included in notes 1 and 15 to the accounts.

DIRECTORS

The directors who served the company during the year were as follows:

Amanda C Cormack
Peadar Cremin
Christine J Day
Pam Giddy
Christopher J Greenfield
Archibald J Kirkwood (Lord Kirkwood of Kirkhope)
Diana E Scott
David T Shutt (Lord Shutt of Greetland)
Trevor A Smith (Lord Smith of Clifton)

The company is limited by guarantee and therefore has no share capital. None of the directors held any shares in this company's subsidiaries in the current or preceding year.

RETIREMENT OF DIRECTORS

The following directors are to retire from the board in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment:

Peadar Cremin
Archibald J Kirkwood (Lord Kirkwood of Kirkhope)
Trevor A Smith (Lord Smith of Clifton)

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

GRANTS

During the year the company has given grants for the following political purposes:

Kennedy, Professor Liam	1,000
Liberal Democrats	250,000
Liberal Democrats Youth & Students	1,250
Liberal Democrats - Bristol	250
Liberal Democrats - Calderdale	2,000
Liberal Democrats - Cotswolds	500
Liberal Democrats - East Devon	700
Liberal Democrats - East Leeds	250
Liberal Democrats - Eastleigh	500
Liberal Democrats - Keighley	1,250
Liberal Democrats - Keynsham and Saltford	250
Liberal Democrats - Kingswood (Hillfields)	195
Liberal Democrats - Kingswood Edge Bristol	445
Liberal Democrats - Langport	250
Liberal Democrats - Leeds North West	500
Liberal Democrats - Maidstone & Weald	250
Liberal Democrats - Roxburgh & Berwickshire	250
Liberal Democrats - Sheffield Hallam	500
Liberal Democrats - Somerton & Frome	500
Liberal Democrats - Street	250
Liberal Democrats - Vale of York	500
	<hr/>
	£261,590

For other purposes:

Angel Action	(220)
Abortion Rights	21,500
Action on Rights for Children (ARCH)	6,000
Bradford Resource Centre	8,000
Campaign Against Depleted Uranium	7,500
Compass	33,712
Corporate Watch	2,950
English Collective of Prostitutes	2,000
Hidden Agendas	2,925
House of Lords Reform Steering Group	2,651
Jackson, Dr Peter	2,000
Kirkwood, Archy - Select Committee Expenses	54
Liberal Summer School	500
Liberty	17,440
Make Votes Count	3,000
Nancy Seear Trust	1,000
National Assembly Against Racism	2,325
New Ireland Group	600
New Politics Network	23,415
NO2ID Campaign	46,000
	<hr/>
Carried forward	183,352

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

Grants continued:

Brought forward	183,352
Olof Palme International Center	25,000
Open Rights Group	2,958
Politics of Health Group	500
Searchlight	57,497
State of the Nation Poll - <i>Voices of the People</i>	4,000
tacticalvoter.net	3,000
Wave Network	12,000
Wilding ,Jo	(2,000)
	<u>£286,307</u>
Total Grants Paid	<u>£547,897</u>

Grants and project expenditure are recognised in the profit and loss account when paid. The directors have authorised a further £175,353 (2004: £437,613) for payment, which is not reflected in the accounts, as no binding agreement has been entered into.

Under an arrangement with the Trustees of the JRSST Charitable Trust, the company would reimburse the charitable trust in respect of any grants ultimately rejected by the Inland Revenue. There was no potential liability under this arrangement at 31 December 2005 (2004: £nil).

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 group and of the profit or loss of the group for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 12 to 13, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

AUDITOR

A resolution to re-appoint Barron & Barron as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the board

A handwritten signature in cursive script, reading "Tina C Walker".

TINA C WALKER
Company Secretary

Approved by the directors on 31 March 2006

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE JOSEPH ROWNTREE REFORM TRUST LIMITED

YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements of The Joseph Rowntree Reform Trust Limited for the year ended 31 December 2005 on pages 8 to 20 which have been prepared on the basis of the accounting policies set out on pages 12 to 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and parent 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.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
JOSEPH ROWNTREE REFORM TRUST LIMITED**

YEAR ENDED 31 DECEMBER 2005

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 31 December 2005 and of the profit of the group for the year then ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.



~~BARRON & BARRON~~
Chartered Accountants
& Registered Auditors

Bathurst House
86 Micklegate
York
YO1 6LQ

31 March 2006

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £
GROUP TURNOVER	2	1,134,566	1,144,529
Cost of sales		(3,204)	(2,976)
GROSS PROFIT		1,131,362	1,141,553
Administrative expenses		(288,369)	(431,530)
OPERATING PROFIT	3	842,993	710,023
Grants paid		(547,897)	(1,008,042)
		295,096	(298,019)
Profit/(loss) on sale of investments		(5,700)	35,459
Amounts written off investments	5	—	(14,500)
Interest payable and similar charges	6	(50)	(138)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		289,346	(277,198)
Tax on profit/(loss) on ordinary activities	7	(224,786)	(173,367)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	9	64,560	(450,565)

All of the activities of the group are classed as continuing.

The company has taken advantage of section 230 of the Companies Act 1985
not to publish its own Profit and Loss Account.

The notes on pages 12 to 20 form part of these financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2005

	2005 £	2004 £
Profit/(Loss) for the financial year attributable to the members of the parent company	64,560	(450,565)
Unrealised loss on revaluation of properties	—	(43,650)
Unrealised gain on investments	4,233,775	2,127,731
Total gains and losses recognised since the last annual report	<u>4,298,335</u>	<u>1,633,516</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	2005 £	2004 £
Reported profit/(loss) on ordinary activities before taxation	289,346	(277,198)
Realisation of gains recognised in previous periods	118,619	481,409
Historical cost profit on ordinary activities before taxation	<u>407,965</u>	<u>204,211</u>
Historical cost profit for the year retained after taxation	<u>183,179</u>	<u>30,844</u>

The notes on pages 12 to 20 form part of these financial statements.

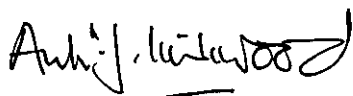
THE JOSEPH ROWNTREE REFORM TRUST LIMITED

GROUP BALANCE SHEET

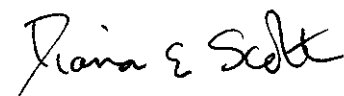
31 DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	10	8,349,931	8,936,932
Investments	11	24,337,696	19,504,674
		<u>32,687,627</u>	<u>28,441,606</u>
CURRENT ASSETS			
Debtors	12	147,154	80,532
Cash at bank and in hand		406,018	514,762
		<u>553,172</u>	<u>595,294</u>
CREDITORS: Amounts falling due within one year	13	(455,951)	(550,387)
NET CURRENT ASSETS		97,221	44,907
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,784,848</u>	<u>28,486,513</u>
RESERVES	17		
Revaluation reserve	18	21,759,707	18,104,961
Trust capital account	18	4,606,760	4,606,760
Profit and loss account	18	6,418,381	5,774,792
MEMBERS' FUNDS		<u>32,784,848</u>	<u>28,486,513</u>

These financial statements were approved by the directors on the 31 March 2006 and are signed on their behalf by:



Archibald J Kirkwood (Lord Kirkwood of Kirkhope)
Director



Diana E Scott
Director

The notes on pages 12 to 20 form part of these financial statements.

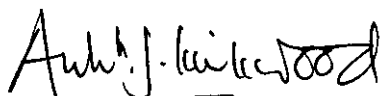
THE JOSEPH ROWNTREE REFORM TRUST LIMITED

COMPANY BALANCE SHEET

31 DECEMBER 2005

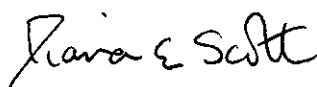
	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	10	5,458	8,862
Investments	11	5,010	5,010
		<u>10,468</u>	<u>13,872</u>
CURRENT ASSETS			
Debtors	12	1,081,898	771,412
Cash at bank and in hand		82,142	261,373
		<u>1,164,040</u>	<u>1,032,785</u>
CREDITORS: Amounts falling due within one year	13	<u>(47,268)</u>	<u>(16,415)</u>
NET CURRENT ASSETS		<u>1,116,772</u>	<u>1,016,370</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,127,240</u>	<u>1,030,242</u>
RESERVES	17		
Trust capital account	18	4,606,760	4,606,760
Profit and loss account	18	<u>(3,479,520)</u>	<u>(3,576,518)</u>
MEMBERS' FUNDS		<u>1,127,240</u>	<u>1,030,242</u>

These financial statements were approved by the directors on the 31 March 2006 and are signed on their behalf by:



Archibald J Kirkwood (Lord Kirkwood of Kirkhope)

Director



Diana E Scott

Director

The notes on pages 12 to 20 form part of these financial statements.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and financial instruments.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a group cash flow cash flow statement in the financial statements on the grounds that the group is small.

Turnover

Turnover represents investment income, interest receivable from short term loans, cash deposits and income from property.

Fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office Equipment - Straight line over 5 years

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Financial instruments

a) Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of capital until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

b) Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

c) Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Investments

Listed investments are stated at market value with the resulting difference between cost and market value transferred to the revaluation reserve annually. Where a fall in value to below cost occurs, then the deficit is taken to the profit and loss account if the diminution is considered permanent. Unlisted investments are accounted for on the same basis where a market value is readily available. Where no market value is available the investment is valued at cost, with an annual review by the directors for any permanent diminution in value.

Grants and trust projects

Grants and trust projects are included in the accounts when the expenditure has been incurred. Amounts authorised by the directors to which no binding commitments are made are noted in the directors' report.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group.
An analysis of turnover is given below:

	2005	2004
	£	£
Investment income	501,299	495,955
Interest receivable	15,675	27,279
Property rental income	614,088	618,788
Other income	3,504	2,507
	<u>1,134,566</u>	<u>1,144,529</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Depreciation of owned fixed assets	6,197	6,626
Loss on disposal of fixed assets	804	1,028
Auditor's remuneration		
- as auditor	5,698	7,075
- for other services	<u>2,598</u>	<u>12,591</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2005	2004
	No	No
Directors	9	9
Administration	3	3
	<u>12</u>	<u>12</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	98,451	93,909
Social security costs	7,609	7,751
Other pension costs	9,537	8,952
	<u>115,597</u>	<u>110,612</u>

5. AMOUNTS WRITTEN OFF INVESTMENTS

	2005	2004
	£	£
Amount written off investments		
-permanent diminution in value	<u>-</u>	<u>14,500</u>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Interest payable on bank borrowing	<u>50</u>	<u>138</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	224,677	178,175
(Over)/under provision in prior year	<u>109</u>	<u>(4,808)</u>
Total current tax	<u>224,786</u>	<u>173,367</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005	2004
	£	£
Profit/(loss) on ordinary activities before taxation	<u>289,346</u>	<u>(277,198)</u>
Profit/(loss) on ordinary activities by rate of tax	86,803	(83,159)
Non deductible expenses	196,189	346,689
Adjustments to previous periods	109	(1,874)
Dividends and distributions received	(150,390)	(148,787)
Other tax adjustments	2,597	(17,674)
Chargeable disposals	91,235	81,642
Capital allowances	(2,836)	(4,549)
Depreciation add back	<u>1,079</u>	<u>1,079</u>
Total current tax (note 7(a))	<u>224,786</u>	<u>173,367</u>

8. DIVIDENDS

No dividend has been recommended for the year ended 31 December 2005.

9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £96,998 (2004 - £(536,278)).

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

10. TANGIBLE FIXED ASSETS

Group	Investment Properties £	Office Equipment £	Total £
COST OR VALUATION			
At 1 January 2005	8,920,000	35,077	8,955,077
Disposals	(580,000)	(2,147)	(582,147)
At 31 December 2005	<u>8,340,000</u>	<u>32,930</u>	<u>8,372,930</u>
DEPRECIATION			
At 1 January 2005		18,145	18,145
Charge for the year		6,197	6,197
On disposals		(1,343)	(1,343)
At 31 December 2005		<u>22,999</u>	<u>22,999</u>
NET BOOK VALUE			
At 31 December 2005	<u>8,340,000</u>	<u>9,931</u>	<u>8,349,931</u>
At 31 December 2004	<u>8,920,000</u>	<u>16,932</u>	<u>8,936,932</u>
Company		Office Equipment £	
COST OR VALUATION			
At 1 January 2005			15,143
Disposals			(2,147)
At 31 December 2005			<u>12,996</u>
DEPRECIATION			
At 1 January 2005			6,281
Charge for the year			2,600
On disposals			(1,343)
At 31 December 2005			<u>7,538</u>
NET BOOK VALUE			
At 31 December 2005			<u>5,458</u>
At 31 December 2004			<u>8,862</u>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

10. TANGIBLE FIXED ASSETS *(continued)*

During the year, the property at 33/34 Blue Boar Row/2 Castle Street was sold to a third party.

The leasehold property at 303/323 Kings Road was valued by Mason Philips Chartered Surveyors on 22 October 2003 at £5,450,000 on the basis of Open Market Value. The historic cost of this property to the group is £2,462,854. In the opinion of the directors the Open Market Value of the property at 31 December 2005 is not materially different from that at 22 October 2003.

18/19 D'Arblay Street/9 Poland Street were revalued by Keneth Peters and Co on 31 December 2001 on the basis of Open Market Value of £2,890,000. The historic cost of this property was £1,505,244. In the opinion of the directors the Open Market Value of the property at 31 December 2005 is not materially different from that at 31 December 2001.

Should all the properties, held at the year end, be sold at the carrying values in the accounts a tax charge of £853,811 (2004: £977,500) would result.

11. INVESTMENTS

Group

	Listed Investments £	Unlisted Investments £	Total £
COST OR VALUATION			
At 1 January 2005	17,222,862	2,376,312	19,599,174
Additions	696,419	4,588	701,007
Disposals	(101,760)	-	(101,760)
Revaluations	4,142,725	91,050	4,233,775
At 31 December 2005	<u>21,960,246</u>	<u>2,471,950</u>	<u>24,432,196</u>
AMOUNTS WRITTEN OFF			
At 1 January 2005 and 31 December 2005	<u>-</u>	<u>94,500</u>	<u>94,500</u>
NET BOOK VALUE			
At 31 December 2005	<u>21,960,246</u>	<u>2,377,450</u>	<u>24,337,696</u>
At 31 December 2004	<u>17,222,862</u>	<u>2,281,812</u>	<u>19,504,674</u>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

11. INVESTMENTS *(continued)*

Subsidiary undertakings:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
All held by the company:				
JRRT (Properties) Limited	England	Ordinary shares	100%	Property Letting
JRRT (Investments) Limited	England	Ordinary shares	100%	Investment

Company	Group companies £	Unlisted Investments £	Total £
COST OR VALUATION			
At 1 January 2005 and 31 December 2005	<u>5,000</u>	<u>10</u>	<u>5,010</u>
NET BOOK VALUE			
At 31 December 2005	<u>5,000</u>	<u>10</u>	<u>5,010</u>
At 31 December 2004	<u>5,000</u>	<u>10</u>	<u>5,010</u>

Unlisted Investments are included at market value where a market price is readily available. The remaining unlisted investments are reviewed annually by the directors. The carrying value of unlisted investments, at 31 December 2005, where no market value is readily available amounts to £4,940 (2004; £4,940).

The tax charge, should the investments be sold at market value, would be £4,363,249 (2004 £3,172,190).

12. DEBTORS

	Group		Company	
	2005 £	2004 £	2005 £	2004 £
Trade debtors	101,117	54,163	—	—
Amounts owed by related undertakings	42,271	9,138	1,080,458	769,661
Other debtors and prepayments	3,766	17,231	1,440	1,751
	<u>147,154</u>	<u>80,532</u>	<u>1,081,898</u>	<u>771,412</u>

Amounts owed by related undertakings relates to a loan of £42,271 (2004 - £9,138) in respect of JRSST Charitable Trust which is an associated charity.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts owed to related undertakings	7,103	114,772	31,441	—
Other creditors including taxation:				
Corporation tax	224,677	178,175	410	175
VAT	28,400	28,870	—	—
Other creditors and accruals	195,771	228,570	15,417	16,240
	<u>455,951</u>	<u>550,387</u>	<u>47,268</u>	<u>16,415</u>

Amounts owed to related undertakings relates to JRSST Charitable Trust, which is an associated charity, of £7,103 (2004 - £114,772).

14. PENSIONS

The company operates a defined benefit pension scheme.

The assets of the defined benefit scheme are held separately from those of the company, being invested in the SCVO Final Salary Pension Scheme administered by The Pension Trust for Charities and Voluntary Organisations. It is a multi-employer scheme, therefore it is not possible to identify the company's share of the underlying assets and liabilities of the scheme.

The last actuarial report of the scheme had an effective date of 2 September 2003. Accordingly, to this report the scheme was in deficit at 30 September 2002 to the extent of £2.233 million. The main financial assumptions used in the actuarial valuation are an inflation rate of 2.5%, a rate of salary increases of 4.5%, a rate of pension increases of 2.5%, investment return on future contributions of 6.6% and an investment return on accumulated assets of 7.2%.

The standard rate of contributions for members was increased to 6% of pensionable earnings with effect from April 2004. The standard rate of contributions paid by the employer was 9.9% of pensionable earnings to 30 September 2005 and 12% of pensionable earnings from 1 October 2005. Prior to this contribution rates varied depending upon the age of the employee.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005

16. RELATED PARTY TRANSACTIONS

Group

During the year David T Shutt (Lord Shutt of Greetland), a director of this company, received a consultancy fee of £30,000 in respect of management services to the subsidiary company, JRRT (Investments) Limited.

17. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee, having no share capital. Each member is liable to contribute a sum not exceeding 50p in the event of the company being wound up while they are members or within one year thereafter. The number of members is declared not to exceed twenty.

18. RESERVES

Group	Revaluation reserve £	Trust capital account £	Profit and loss account £
Balance brought forward	18,104,961	4,606,760	5,774,792
Retained profit for the year	—	—	64,560
Revaluation of fixed assets	4,233,775	—	—
Other movements			
- transfer to/(from) revaluation reserve	(579,029)	—	579,029
Balance carried forward	<u>21,759,707</u>	<u>4,606,760</u>	<u>6,418,381</u>

Company	Trust capital account £	Profit and loss account £
Balance brought forward	4,606,760	(3,576,518)
Retained profit for the year	—	96,998
Balance carried forward	<u>4,606,760</u>	<u>(3,479,520)</u>