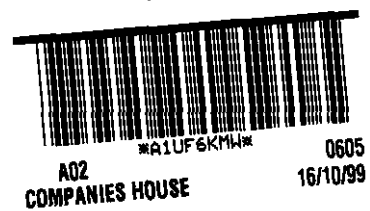


Company Registration No. 357963 (England and Wales)

**The Joseph Rowntree Reform  
Trust Limited (Company Limited by  
Guarantee) & Subsidiary Companies**

**Directors' Report and  
Consolidated Financial Statements  
For The Year Ended 31 December 1998**



# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## COMPANY INFORMATION

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### Directors

Trevor A Smith (Lord Smith of Clifton) - Chairman  
David T Shutt - Vice Chairman  
Archibald J Kirkwood MP - Vice Chairman  
David A Currie (Lord Currie of Marylebone)  
Christine J Day  
Christopher J Greenfield  
Diana E Scott

### Secretary

Lois A Jefferson

### Company number

357963

### Registered office

The Garden House  
Water End  
York  
YO30 6WQ

### Auditors

Garbutt & Elliott  
Monkgate House  
44 Monkgate  
York  
YO31 7HF

### Bankers

Midland Bank plc  
Parliament Street  
York  
YO1 8XS

### Investment advisers

Laing & Cruickshank  
Investment Management Limited  
Broadwalk House  
5 Appold Street  
London  
EC2A 2DA

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# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

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Consolidated profit and loss account	5
Consolidated balance sheet	6
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Notes to the financial statements	8 - 14

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# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

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The directors present their report and financial statements for the year ended 31 December 1998.

### Principal activities and review of the business

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

### Year 2000

The company recognises the implications of the Year 2000 on its operational and administrative computer systems. It is currently assessing and developing action plans to ensure that it will be millennium compliant but has not quantified the likely cost of this exercise.

### Directors

The following directors have held office since 1 January 1998:

Trevor A Smith (Lord Smith of Clifton) - Chairman  
David A Currie (Lord Currie of Marylebone)  
Christine J Day  
Christopher J Greenfield  
Archibald J Kirkwood MP - Vice Chairman  
Diana E Scott  
David T Shutt - Vice Chairman

None of the directors had an interest in the shares of the Group Companies.

The directors retiring by rotation are Christopher J Greenfield, Diana E Scott and David T Shutt who, being eligible, offer themselves for re-election.

### 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 the group and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

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### Grants

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

		£
Alliance Party of Northern Ireland		38,333
Calderdale Liberal Democrats		1,050
Conservative Group for Europe		20,000
Conservative Mainstream		100,000
Conservative Students		6,500
Ealing South Liberal Democrats		200
Highland Alliance		2,894
Cllr Peter Hunter		13,500
Islington South Labour Party		250
A J Kirkwood MP - expenses as Chair of Parliamentary Select Committee		251
A J Kirkwood MP - research assistance		691
Labour Campaign for Electoral Reform		10,250
Labour Reform Group		1,000
Liberal Democrats		225,000
Liberal Democrats Parliamentary Office		38,000
Liberal Democrats Peers		250
Gary McMichael		5,000
Northern Ireland Womens Coalition		15,000
Plaid Cymru		24,000
Lord Plant of Highfield		11,250
Progressive Unionist Party of Northern Ireland		19,166
Trevor A Smith (Lord Smith of Clifton) - research assistance		691
Social Democratic & Labour Party		37,500
Somerton & Frome Liberal Democrats		200
Ulster Democratic Party		16,666
Ulster Unionist Party		62,500
Sundry grants		198
		<hr/>
		650,340
Less unspent balances returned to Trust:		
George Robertson MP (1995/97 grant)	4,000	
Labour Rights Campaign (1995/96 grant)	1,022	(5,022)
	<hr/>	<hr/>
		£645,318
		<hr/>

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

### Grants (continued)

For other purposes:	£
Steve Byrne	825
Charter 88	57,485
Julian Cummins	300
Ealing Aircraft Noise Action Group	150
Electoral Reform Coalition	107,148
Hedgeline	3,000
Inquest	7,500
London Community Alliance	3,000
North East Constitutional Convention	6,500
Jonathan Rosenberg	3,000
Hugh Simpson	5,000
'Yes' Campaign, Northern Ireland Referendum May 1998	100,000
'Yes for London', Referendum campaign May 1998	10,000
	<hr/>
	303,908
Less income from sale of Directory of Pressure Groups (PMS)	(1,480)
	<hr/>
	£302,428
	<hr/>


Grant and project expenditure are recognised in the profit and loss account when paid. The directors have authorised a further £637,867 (1997: £578,964) 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 31st December 1998 (1997: £nil).

### Auditors

Garbutt & Elliott were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that Garbutt & Elliott be re-appointed will be put to the Annual General Meeting.

By order of the board



**Lois A Jefferson**  
**Secretary**  
**25 March 1999**

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## AUDITORS' REPORT

### TO THE MEMBERS OF THE JOSEPH ROWNTREE REFORM TRUST LIMITED

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We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 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 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.

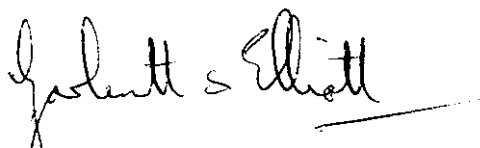
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Qualified opinion arising from non-compliance with Accounting Standard**

As disclosed in note 7 to the financial statements the freehold and leasehold properties are stated at cost less aggregate depreciation and amortisation, which is a departure from Statement of Standard Accounting Practice No. 19, requiring investment properties to be included in the financial statements at open market value. If the open market value for these properties were to be included, the amount stated in the balance sheet would increase by £2,535,791 and this would be reflected by a corresponding balance on the revaluation reserve.

#### **Opinion**

Except for the failure to account for the investment properties at their open market value, in our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1998 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Garbutt & Elliott**

Chartered Accountants  
**Registered Auditors**

30 March 1999

Monkgate House  
44 Monkgate  
York  
YO31 7HF

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	937,802	873,072
Costs attributable to rental property		(79,091)	(110,837)
<b>Gross profit</b>		858,711	762,235
Administrative expenses		(199,408)	(215,475)
<b>Operating profit</b>	3	659,303	546,760
Grants paid		(947,746)	(560,203)
Loss on sale of property		-	(17,387)
Profit on sale of investments		55,874	644,366
<b>(Loss)/profit on ordinary activities before taxation</b>		(232,569)	613,536
Tax on profit on ordinary activities	5	(202,610)	(199,125)
<b>Retained (loss)/profit for the year</b>	11	(435,179)	414,411

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	£	1998 £	£	1997 £
<b>Fixed assets</b>					
Tangible assets	6		2,336,349		2,384,831
Investments	7		7,131,749		6,849,894
			<hr/>		<hr/>
			9,468,098		9,234,725
<b>Current assets</b>					
Debtors	8	76,290		112,681	
Cash at bank and in hand		887,641		1,527,537	
		<hr/>		<hr/>	
		963,931		1,640,218	
<b>Creditors: amounts falling due within one year</b>	9	(103,684)		(111,419)	
<b>Net current assets</b>		<hr/>	860,247	<hr/>	1,528,799
<b>Total assets less current liabilities</b>			<hr/>		<hr/>
			10,328,345		10,763,524
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Trust capital account			4,606,760		4,606,760
Profit and loss account	11		5,721,585		6,156,764
			<hr/>		<hr/>
			10,328,345		10,763,524
			<hr/>		<hr/>

The financial statements were approved by the Board on 25 March 1999 and signed on its behalf by:



Trevor A Smith (Lord Smith of Clifton)  
Director



David T Shutt  
Director

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	£	1998 £	£	1997 £	£
<b>Fixed assets</b>						
Tangible assets	6		21,745		24,703	
Investments	7		5,010		5,010	
			<u>26,755</u>		<u>29,713</u>	
<b>Current assets</b>						
Debtors	8	3,740,461		4,280,924		
Cash at bank and in hand		6,033		4,429		
			<u>3,746,494</u>	<u>4,285,353</u>		
<b>Creditors: amounts falling due within one year</b>	9	(20,628)		(56,194)		
<b>Net current assets</b>			<u>3,725,866</u>	<u>4,229,159</u>		
<b>Total assets less current liabilities</b>			<u>3,752,621</u>	<u>4,258,872</u>		
<b>Capital and reserves</b>						
Trust capital account			4,606,760		4,606,760	
Profit and loss account	11		(854,139)		(347,888)	
			<u>3,752,621</u>	<u>4,258,872</u>		

The financial statements were approved by the Board on 25 March 1999 and signed on its behalf by:

Trevor A Smith (Lord Smith of Clifton)  
Director

David T Shutt  
Director

*(Signature)*  
Clifton

*(Signature)*

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

---

### 1. Accounting policies

#### 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

#### 1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings.

As permitted by Section 230 of the Companies Act 1985 the company has not presented a separate profit and loss account.

The company is entitled under section 246, Companies Act 1985, to claim the small company exemption from preparing a cashflow statement.

#### 1.3 Turnover

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

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and amortisation. These are provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	Straight line over 50 years
Leasehold land and buildings	Straight line over the term of the lease
Fixtures, fittings and equipment	Straight line over 5 years

#### 1.5 Investments

Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been a permanent diminution in value, in which case an appropriate adjustment is made.

#### 1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

#### 1.8 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 FOR THE YEAR ENDED 31 DECEMBER 1998

### 1. Accounting policies continued

#### 1.9 Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year in accordance with SSAP 24.

2. Turnover	1998 £	1997 £
Investment income	501,491	480,357
Income from property rental	381,200	366,751
Interest receivable	54,681	24,544
Other income	430	1,420
	<u>937,802</u>	<u>873,072</u>

3. Operating profit	1998 £	1997 £
---------------------	-----------	-----------

Operating profit is stated after charging:

Depreciation	50,936	51,229
Auditors remuneration	11,129	10,999
	<u>62,065</u>	<u>62,228</u>

#### 4. Employees and directors

Employees	1998 £	1997 £
Staff costs (excluding directors) :		
Wages and salaries	46,260	42,838
Social security costs	4,758	4,498
Other pension costs	4,914	5,733
	<u>55,932</u>	<u>53,069</u>

The average monthly number of employees during the year was made up as follows:

	Number	Number
Directors	7	7
Administration	2	2
	<u>9</u>	<u>9</u>
<b>Directors</b>		
Directors' emoluments for the year	2,250	-

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

5.	Taxation	1998 £	1997 £
	<b>U.K. current year taxation</b>		
	U.K. Corporation tax at 31% (1997 - 32%)	78,532	91,021
	Tax credits on franked investment income	100,751	97,736
		<hr/>	<hr/>
		179,283	188,757
	<b>Prior years</b>		
	U.K. Corporation tax	23,327	10,368
		<hr/>	<hr/>
		202,610	199,125
		<hr/> <hr/>	<hr/> <hr/>

## 6. Tangible fixed assets

### The Group

	Freehold land and buildings £	Leasehold land and buildings £	Plant and equipment etc £	Total £
<b>Cost</b>				
At 1 January 1998	1,505,244	1,151,294	42,716	2,699,254
Additions	-	-	2,454	2,454
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	1,505,244	1,151,294	45,170	2,701,708
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 1998	146,859	144,940	22,624	314,423
Charge for year	30,105	12,925	7,906	50,936
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	176,964	157,865	30,530	365,359
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Values</b>				
At 31 December 1998	1,328,280	993,429	14,640	2,336,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 1997	1,358,385	1,006,354	20,092	2,384,831
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 6. Tangible fixed assets (continued)

#### The Company

	Leasehold land and buildings £	Plant and equipment etc £	Total £
<b>Cost</b>			
At 1 January 1998 and at 31 December 1998	34,590	17,652	52,242
<b>Depreciation</b>			
At 1 January 1998	14,003	13,536	27,539
Charge for year	355	2,603	2,958
At 31 December 1998	14,358	16,139	30,497
<b>Net Book Values</b>			
At 31 December 1998	20,232	1,513	21,745
At 31 December 1997	20,587	4,116	24,703

#### The Group

The freehold property, 18/19 D'Arblay Street and 9 Poland Street, London, was valued by Goodman Mann Associates, in December 1995 at £1,400,000 on the basis of open market value. The directors are of the opinion that the open market value of this property at 31 December 1998 is not materially different to that valuation.

The three quarter share in the long leasehold property at 303/323 Kings Road, London and the long leasehold at 2 Castle Street and 33/34 Blue Boar Street, Salisbury were valued by Goodman Mann Associates in December 1998 at £2,962,500 and £495,000 respectively, on the basis of open market value.

The aggregate tax charge, should the properties be sold at the above market values, would be £430,000.

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 7. Fixed asset investments

#### The Group

	Listed investments £	Unlisted investments £	Total £
<b>Cost</b>			
At 1 January 1998	6,623,875	226,019	6,849,894
Additions	441,541	-	441,541
Disposals	(159,686)	-	(159,686)
	<hr/>	<hr/>	<hr/>
At 31 December 1998	6,905,730	226,019	7,131,749
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1998	6,905,730	226,019	7,131,749
	<hr/>	<hr/>	<hr/>
At 31 December 1997	6,623,875	226,019	6,849,894
	<hr/>	<hr/>	<hr/>

The market value of listed investments at 31 December 1998 is £18,270,735 (1997: £18,473,617). The tax charge, should the investments be sold at this value, would be £2,718,000.

#### The Company

	Unlisted investments £	Shares in group undertakings £	Total £
<b>Cost or valuation</b>			
At 1 January 1998 and at 31 December 1998	10	5000	5010
	<hr/>	<hr/>	<hr/>

In the opinion of the directors, the value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 7. Fixed assets investments continued

#### Holdings of more than 10%

The company holds more than 10% of the following companies:

Subsidiary	Country of registration or incorporation	Shares held	
		Class	%
J R R T (Properties) Ltd	England and Wales	Ordinary	100
J R R T (Investments) Ltd	England and Wales	Ordinary	100

All subsidiary undertakings have been included in the consolidation.

### 8. Debtors

	The Group		The Company	
	1998 £	1997 £	1998 £	1997 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	3,722,259	4,241,640
Other debtors	76,290	112,681	18,202	39,284
	<u>76,290</u>	<u>112,681</u>	<u>3,740,461</u>	<u>4,280,924</u>

Other debtors includes a loan of £33,250 (1997:£42,750) to Fortnight Publications Limited which is secured on the company's premises in Belfast. The loan is repayable over 15 years and interest is payable quarterly at 4/5ths of the bank base rate. The amount due after more than one year is £27,250 (1997:£33,250).

### 9. Creditors—amounts falling due within one year

	The Group		The Company	
	1998 £	1997 £	1998 £	1997 £
Taxation	78,532	91,021	8,406	48,851
Other creditors	25,152	20,398	12,222	7,343
	<u>103,684</u>	<u>111,419</u>	<u>20,628</u>	<u>56,194</u>



# THE JOSEPH ROWNTREE REFORM TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

### 10. Company status

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.

### 11. Reserves

	The Group		The Company	
	1998	1997	1998	1997
	£	£	£	£
<b>Profit and loss account</b>				
At 1 January 1998	6,156,764	5,742,353	(347,888)	(277,212)
Retained (loss)/profit for the financial year	(435,179)	414,411	(506,251)	(70,676)
	<u>5,721,585</u>	<u>6,156,764</u>	<u>(854,139)</u>	<u>(347,888)</u>

### 12. Related party transactions

During the year David T Shutt, a director of this company received a consultancy fee of £26,333 (1997 £25,000) in respect of management services to the subsidiary company, JRRT (Investments) Limited.

Archibald J Kirkwood, a director of this company, received a grant of £251 in respect of expenses as Chair of a Select Committee and £691 in respect of research assistance (1997: £15,069 in respect of research assistance and publication costs).

Trevor A Smith (Lord Smith of Clifton), a director of this company, received a grant of £691 in respect of research assistance (1997: £nil).