

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

**Directors' Report and
Consolidated Financial Statements
For The Year Ended 31 December 2000**



THE JOSEPH ROWNTREE REFORM TRUST LIMITED

COMPANY INFORMATION

Directors

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

Secretary

Joy Boaden

Company number

357963

Registered office

The Garden House
Water End
York
YO30 6WQ

Auditors

Garbutt & Elliott
Monkgate House
44 Monkgate
York
YO31 7HF

Bankers

HSBC
13 Parliament Street
York
YO1 8XS

Investment advisers

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

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

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THE JOSEPH ROWNTREE REFORM TRUST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

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.

Directors

The following directors have held office since 1 January 2000:

Archibald J Kirkwood MP - Chairman
David T Shutt (Lord Shutt of Greetland) - Vice Chairman
Trevor A Smith (Lord Smith of Clifton)
David A Currie (Lord Currie of Marylebone)
Christine J Day
Christopher J Greenfield
Diana E Scott
Pam Giddy (appointed 28 March 2000)

None of the directors had an interest in the shares of the Company or its Subsidiaries.

The directors retiring by rotation are David A Currie (Lord Currie of Marylebone) and Christine J Day 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 group 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 2000

Grants

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

	£
Bitton Liberal Democrats	250
Burnside, David – South Antrim By-Election	3,000
Calderdale Liberal Democrats	1,500
Conservative Group for Europe	10,000
Islington South Labour Party	500
Keynsham & Salterton Liberal Democrats	75
Kingswood Liberal Democrats	250
Labour Campaign for Electoral Reform	5,250
Liberal Democrat Peers Whips' Office	250
Make Votes Count	100,000
Monmouth Liberal Democrats	500
Northavon Liberal Democrats	250
Operation Black Vote	8,250
Ryedale Liberal Democrats	250
Scottish Liberal Democrats	500
Tweeddale, Ettrick & Lauderdale Liberal Democrats	450
Vale of York Liberal Democrats	250
	<hr/>
	131,525
	<hr/>

For other purposes:

	£
Association of Community Health Councils in England and Wales Opinion Poll	4,112
Britain in Europe	12,500
Campaign Against Arms Trade	4,073
Campaign Against Depleted Uranium	2,500
Campaign for a Democratic Upper House	2,000
Campaign for English Regions	34,900
Campaign for Media Freedom	12,700
Campaign for Yorkshire	31,250
Charter 88	105,000
Democratic Audit – PFI Investigation	1,000
Directors Remuneration in Privatised Utility Companies	822
Fawcett Society	10,970
Future of Philanthropy Project	2,794
Highton, Margaret – Road Safety Campaign	250
JRRT Consultative Seminar	2,648
Kirkwood MP, A J – Chair of House of Commons Select Committee	459
Land is Ours Campaign	2,910
Low Pay Unit	3,500
Movement for Democratic Change – Expenses for Officials' Visit to UK	1,200
Movement for Democratic Change June 2000 Parliamentary Elections	10,000
MSD Forum	375
Nairn, Tom	4,500

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2000

Grants (continued)

For other purposes:

	£
Public Voice	10,000
Red Pepper	12,000
Referendum for Change – Liverpool	1,593
Sherlock, Neil – Booklet on Constitutional Reform	13,000
State of the Nation Opinion Poll	52,128
UK Noise Association	100
Welsh Communities Campaign	1,000
Wilkinson, Pete	6,000
Women Against Rape	14,050
Response to Yorkshire Water Mutualisation Proposal	3,000
	<hr/>
	363,334
	<hr/>
	494,859
	<hr/>

Grant and project expenditure are recognised in the profit and loss account when paid. The directors have authorised a further £1,214,600 (1999: £721,065) for payment, which is not reflected in the accounts, as no binding agreement has been entered into.

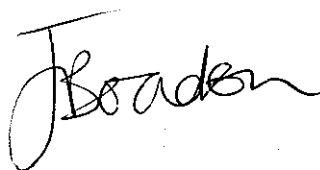
Under an arrangement with the Trustees of the JRSST Charitable Trust, the company would reimburse the charitable trust in respect of any grants ultimately rejected by the Inland Revenue. There was no potential liability under this arrangement at 31st December 2000 (1999: £nil).

Auditors

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

By order of the board

Joy Boaden
Secretary
21 March 2001



THE JOSEPH ROWNTREE REFORM TRUST LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF THE JOSEPH ROWNTREE REFORM TRUST LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 and 10.

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.

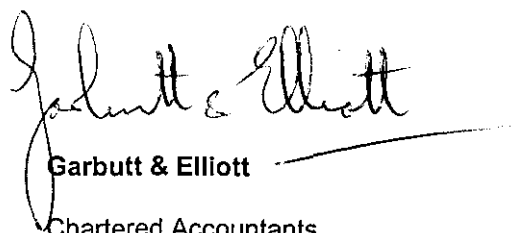
Basis of opinion

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.

Opinion

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 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.



Garbutt & Elliott

Chartered Accountants
Registered Auditors

4 April2001

Monkgate House
44 Monkgate
York
YO31 7HF

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	As restated 1999 £
Turnover	2	805,418	984,233
Costs attributable to rental property		(203,820)	(41,128)
Gross profit		601,598	943,105
Administrative expenses		(179,954)	(310,541)
Operating profit	3	421,644	632,564
Grants paid		(494,859)	(1,278,866)
Interest payable and similar charges		(754)	(106)
Profit on sale of investments		1,186,942	1,327,299
Profit on ordinary activities before taxation		1,112,973	680,891
Tax on profit on ordinary activities	5	(508,977)	(422,955)
Retained profit for the year	12	603,996	257,936

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

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 OCTOBER 2000

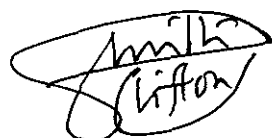
	Note	2000 £	1999 £
Profit for the financial year		603,996	257,936
Unrealised surplus on revaluation of properties	11	3,707,651	-
		<hr/>	<hr/>
Total recognised gains and losses relating to the year		4,311,647	257,936
		<hr/>	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

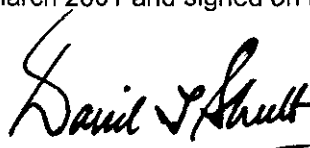
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	6		6,197,240		2,489,756
Investments	7		7,649,544		6,129,250
			<hr/>		<hr/>
			13,846,784		8,619,006
Current assets					
Debtors	8	179,520		134,574	
Cash at bank and in hand		1,481,501		2,297,825	
		<hr/>		<hr/>	
		1,661,021		2,432,399	
Creditors: amounts falling due within one year	9	(609,877)		(465,124)	
		<hr/>		<hr/>	
Net current assets			1,051,144		1,967,275
			<hr/>		<hr/>
Total assets less current liabilities			14,897,928		10,586,281
			<hr/>		<hr/>
Capital and reserves					
Revaluation reserve	11		3,707,651		-
Trust capital account			4,606,760		4,606,760
Profit and loss account	12		6,583,517		5,979,521
			<hr/>		<hr/>
			14,897,928		10,586,281
			<hr/>		<hr/>

The financial statements were approved by the Board on 21 March 2001 and signed on its behalf by:



Trevor A Smith (Lord Smith of Clifton)
Director



David T Shutt (Lord Shutt of Greetland)
Director

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

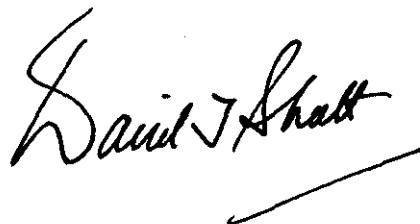
COMPANY BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	6		498,280		22,149
Investments	7		5,010		5,010
			<u>503,290</u>		<u>27,159</u>
Current assets					
Debtors	8	2,874,634		2,808,485	
Cash at bank and in hand		481		118,573	
		<u>2,875,115</u>		<u>2,927,058</u>	
Creditors: amounts falling due within one year	9	(34,961)		(22,353)	
Net current assets			<u>2,840,154</u>		<u>2,904,705</u>
Total assets less current liabilities			<u>3,343,444</u>		<u>2,931,864</u>
Capital and reserves					
Revaluation reserve	11		475,123		-
Trust capital account			4,606,760		4,606,760
Profit and loss account	12		(1,738,439)		(1,674,896)
			<u>3,343,444</u>		<u>2,931,864</u>

The financial statements were approved by the Board on 21 March 2001 and signed on its behalf by:

Trevor A Smith (Lord Smith of Clifton)
Director

David T Shutt (Lord Shutt of Greetland)
Director

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of the investment properties which are shown on the basis described in note 1.4. The financial statements are prepared 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:

Fixtures, fittings and equipment

Straight line over 5 years

In accordance with Statement of Standard Accounting Practice number 19 investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. The directors consider that this accounting policy results in the accounts giving a true and fair view. 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. No depreciation is charged in respect of investment properties. (1999 The freehold investment properties were stated at cost less depreciation on a straight line basis over 50 years and the leasehold investment properties were amortised over the term of the lease).

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.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. Accounting policies (continued)

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.

1.9 Pensions

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

2. Turnover	2000 £	1999 £
Investment income	313,328	434,113
Income from property rental	413,443	502,682
Interest receivable	78,594	46,405
Other income	53	1,033
	<u>805,418</u>	<u>984,233</u>
3. Operating profit	2000 £	1999 £
Operating profit is stated after charging:		
Depreciation	9,078	59,603
Auditors remuneration	4,100	3,500
	<u></u>	<u></u>
4. Employees and directors	2000 £	1999 £
Employees		
Staff costs (excluding directors):		
Wages and salaries	56,190	51,086
Social security costs	2,582	5,181
Other pension costs	3,446	60,170
	<u>62,218</u>	<u>116,437</u>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

4. Employees and directors (continued)

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

	2000 Number	1999 Number
Directors	8	7
Administration	1	2
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>
Directors		
Directors' emoluments for the year	-	£750
	<hr/>	<hr/>

5. Taxation

	2000 £	1999 £
U.K. current year taxation		
U.K. Corporation tax at 30% (1999 - 30%)	425,730	438,019
Prior years		
U.K. Corporation tax	83,247	(15,064)
	<hr/>	<hr/>
	508,977	422,955
	<hr/>	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

6. Tangible fixed assets

The Group	Investment properties Freehold land and buildings £	Leasehold land and buildings £	Plant and equipment etc £	Total £
Cost or valuation				
At 1 January 2000	1,696,729	1,151,294	61,957	2,909,980
Additions	-	-	9,027	9,027
Disposals	-	-	(5,369)	(5,369)
Revaluation	1,019,756	2,306,206	-	3,325,962
At 31 December 2000	2,716,485	3,457,500	65,615	6,239,600
Depreciation				
At 1 January 2000	210,899	170,790	38,535	420,224
Charge for year	-	-	9,078	9,078
On disposals	-	-	(5,253)	(5,253)
Revaluation	(210,899)	(170,790)	-	(381,689)
At 31 December 2000	-	-	42,360	42,360
Net Book Values				
At 31 December 2000	2,716,485	3,457,500	23,255	6,197,240
At 31 December 1999	1,485,830	980,504	23,422	2,489,756

The investment property, 18/19 D'Arblay Street and 9 Poland Street, London, was revalued by Kenneth Peters, a Commercial Property Adviser, in December 1999 at £2,525,000 on the basis of Open Market Value. The historic cost of this property is £1,505,244. The investment property, at 35 Blue Boar Row, Salisbury, acquired in July 1999 is included in the accounts at a cost of £191,485.

The three quarter share in the long leasehold property at 303/323 Kings Road, Chelsea and the long leasehold at 2 Castle Street and 33/34 Blue Boar Row, Salisbury were valued by Goodman Mann Associates, Chartered Surveyors in December 1998 at £2,962,500 and £495,000 respectively, on the basis of Open Market Value. The historic cost of these properties is £1,116,704 and £34,590 respectively.

The directors are of the opinion that the Open Market Value at 31 December 2000 is not materially different to the values shown above.

The directors have this year decided to conform with Statement of Standard Accounting Practice number 19 by including the investment properties at market value in the accounts. The change in the above accounting policy has resulted in a credit in the revaluation reserve of £381,689 depreciation. If no policy change had occurred, the accounts would have shown a depreciation charge of £46,860.

The tax charge, should the properties be sold at the above values, would be £592,000.

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

6. Tangible fixed assets (continued)

The Company

	Investment property Leasehold land and buildings £	Plant and equipment etc £	Total £
Cost or valuation			
At 1 January 2000	34,590	20,492	55,082
Additions	-	1,970	1,970
Disposals	-	(4,684)	(4,684)
Revaluation	460,410	-	460,410
	<hr/>	<hr/>	<hr/>
At 31 December 2000	495,000	17,778	512,778
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2000	14,713	18,220	32,933
Charge for year	-	962	962
On disposals	-	(4,684)	(4,684)
Revaluation	(14,713)	-	(14,713)
	<hr/>	<hr/>	<hr/>
At 31 December 2000	-	14,498	14,498
	<hr/>	<hr/>	<hr/>
Net Book Values			
At 31 December 2000	495,000	3,280	498,280
	<hr/>	<hr/>	<hr/>
At 31 December 1999	19,877	2,272	22,149
	<hr/>	<hr/>	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

7. Fixed asset investments The Group

	Listed investments £	Unlisted investments £	Total £
Cost			
At 1 January 2000	5,878,231	251,019	6,129,250
Additions	2,240,508	-	2,240,508
Disposals	(568,645)	(151,569)	(720,214)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2000	7,550,094	99,450	7,649,544
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 2000	7,550,094	99,450	7,649,544
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1999	5,878,231	251,019	6,129,250
	<u> </u>	<u> </u>	<u> </u>

The market value of listed investments at 31 December 2000 is £24,124,916 (1999: £22,502,480). The tax charge, should the investments be sold at this value, would be £4,338,000 (1999: £4,412,833).

The Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 January 2000 and at 31 December 2000	10	5000	5010
	<u> </u>	<u> </u>	<u> </u>

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 2000

7. Fixed assets investments (continued)

Holdings of more than 20%

The company holds more than 20% 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	
	2000	1999	2000	1999
	£	£	£	£
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	2,830,376	2,774,126
Other debtors	179,520	134,574	44,258	34,359
	<u>179,520</u>	<u>134,574</u>	<u>2,874,634</u>	<u>2,808,485</u>

At 31 December 1999, group other debtors included a loan of £33,250 to Fortnight Publications Limited which was secured on the company's premises in Belfast, and has been fully repaid during the current year. The loan was repayable over 15 years and interest was payable quarterly at 4/5ths of the bank base rate. The amount due after more than one year is £Nil (1999 : £21,250).

9. Creditors : amounts falling due within one year

	The Group		The Company	
	2000	1999	2000	1999
	£	£	£	£
Taxation and social security	437,395	437,665	11,923	12,210
Other creditors	172,482	27,459	23,038	10,143
	<u>609,877</u>	<u>465,124</u>	<u>34,961</u>	<u>22,353</u>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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. Revaluation reserve

	The Group		The Company	
	2000	1999	2000	1999
	£	£	£	£
At 1 January 2000	-	-	-	-
Revaluation during the year	3,707,651	-	475,123	-
At 31 December 2000	3,707,651	-	475,123	-

12. Statement of movement on profit and loss account

	The Group		The Company	
	2000	1999	2000	1999
	£	£	£	£
Profit and loss account				
At 1 January 2000	5,979,521	5,721,585	(1,674,896)	(854,139)
Retained profit/(loss) for the financial year	603,996	257,936	(63,543)	(820,757)
Balance at 31 December 2000	6,583,517	5,979,521	(1,738,439)	(1,674,896)

13. Related party transactions

During the year David T Shutt, a director of this company received a consultancy fee of £27,250 (1999: £25,125) in respect of management services to the subsidiary company, JRRT (Investments) Limited.

Archibald J Kirkwood, a director of this company, received a grant of £400 in respect of research assistance (1999: £1,290 in respect of expenses as Chair of the Social Security Select Committee and a grant of £8,268 in respect of research assistance).

Trevor A Smith, a director of this company, received a grant of £400 in respect of research assistance (1999: £8,269).

Pam Giddy, a director of this company, is a director of Make Votes Count, Operation Black Vote, and employee of Charter 88 who received grants during the current year of £100,000, £8,250 and £105,000 respectively.

The directors of The Joseph Rowntree Reform Trust Limited are also trustees of The JRSST Charitable Trust. During the previous year a number of investments, amounting to £437,525 were transferred at market value from JRRT (Investments) Limited to the JRSST Charitable Trust.