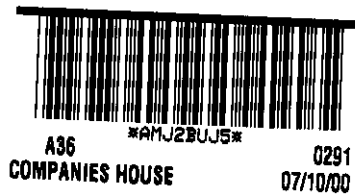


**The Joseph Rowntree Reform
Trust Limited (Company Limited by
Guarantee) & Subsidiary Companies**

**Directors' Report and
Consolidated Financial Statements
For The Year Ended 31 December 1999**



THE JOSEPH ROWNTREE REFORM TRUST LIMITED

COMPANY INFORMATION

Directors

Archibald J Kirkwood MP - Chairman
David T Shutt - 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

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

Midland Bank plc
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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Consolidated profit and loss account	5
Consolidated balance sheet	6
Company balance sheet	7
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THE JOSEPH ROWNTREE REFORM TRUST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and financial statements for the year ended 31 December 1999.

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 1999:

Archibald J Kirkwood MP - Chairman
David T Shutt - 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

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

The directors retiring by rotation are Trevor A Smith (Lord Smith of Clifton) and Archibald J Kirkwood MP 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 1999

Grants

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

	£
Bitton Liberal Democrats	100
Calderdale Liberal Democrat Group	500
Conservative Group for Europe	20,000
Conservative Mainstream	100,000
Ealing Southall Liberal Democrats	100
Elland Liberal Democrats	250
Kingswood Liberal Democrats	50
Labour Campaign for Electoral Reform	7,000
Lawrence Hill Liberal Democrats	100
Liberal Democrat Peers – Whips office	250
Liberal Democrats	800,000
Gary McMichael	15,000
Make Votes Count	108,680
Plaid Cymru	6,000
P.O.L.D. (98 Allocation)	250
P.U.P. Women's Commission	3,000
Roxburgh & Berwickshire Liberal Democrats	850
Somerton & Frome Liberal Democrats	400
Somerton Liberal Democrats	250
Paul Tyler MP	1,250
Ulster Unionist Party	2,935
	<hr/>
	1,066,965
	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Grants (continued)

For other purposes:	£
Association of Investigative Journalists	3,000
Campaign Against Arms Trade	3,000
Campaign for Yorkshire	37,500
Capital Transport Programme	2,650
Charter 88	77,500
Cornish Minorities Steering Group	2,950
Democratic Audit House of Lords Reform	2,800
Democratic Audit Task Force Report	5,400
Ealing Aircraft Noise Action Group	50
Electoral Research in Russia	3,000
EPF/ESRC Discussion Dinners	2,900
Fawcett Society	17,910
Peter Hunter - Job Share MPs	3,000
A J Kirkwood - Chair Social Security Committee	1,290
A J Kirkwood - research assistance	8,268
MSD Forum	500
Nancy Seear Trust (98 Allocation)	500
North East Constitutional Convention	18,000
Hugh Simpson	2,500
T A Smith (Lord Smith of Clifton) - research assistance	8,269
UK Women of Europe	12,000
	<hr/>
	212,987
Less income from sale of Directory of Pressure Groups (PMS)	(1,086)
	<hr/>
	211,901
	<hr/>

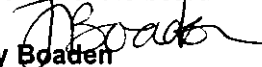
Grant and project expenditure are recognised in the profit and loss account when paid. The directors have authorised a further £721,065 (1998: £637,867) for payment, which is not reflected in the accounts, as no binding agreement has been entered into.

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 1999 (1998: £nil).

Auditors

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

By order of the board


Joy Boarden
Secretary
28 March 2000

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 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.

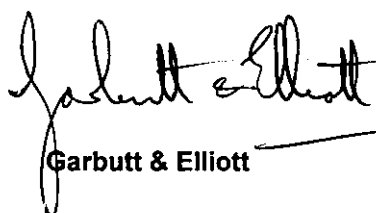
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 6 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 £3,703,821 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 1999 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

26 May 2000
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Monkgate House
44 Monkgate
York
YO31 7HF

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	1,051,593	937,802
Costs attributable to rental property		(41,128)	(79,091)
Gross profit		1,010,465	858,711
Administrative expenses		(310,541)	(199,408)
Operating profit	3	699,924	659,303
Grants paid		(1,278,866)	(947,746)
Interest payable and similar charges		(106)	-
Profit on sale of investments		1,327,299	55,874
Profit/(loss) on ordinary activities before taxation		748,251	(232,569)
Tax on profit on ordinary activities	5	(490,315)	(202,610)
Retained profit/(loss) for the year	11	257,936	(435,179)

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

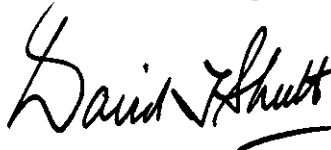
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	6		2,489,756		2,336,349
Investments	7		6,129,250		7,131,749
			<hr/>		<hr/>
			8,619,006		9,468,098
Current assets					
Debtors	8	134,574		76,290	
Cash at bank and in hand		2,297,825		887,641	
		<hr/>		<hr/>	
		2,432,399		963,931	
Creditors: amounts falling due within one year	9	(465,124)		(103,684)	
Net current assets		<hr/>	1,967,275	<hr/>	860,247
Total assets less current liabilities			<hr/>		<hr/>
			10,586,281		10,328,345
			<hr/>		<hr/>
Capital and reserves					
Trust capital account			4,606,760		4,606,760
Profit and loss account	11		5,979,521		5,721,585
			<hr/>		<hr/>
			10,586,281		10,328,345
			<hr/>		<hr/>

The financial statements were approved by the Board on 28 March 2000 and signed on its behalf by:



Trevor A Smith (Lord Smith of Clifton)
Director



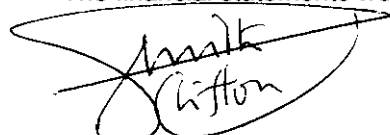
David T Shutt
Director

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

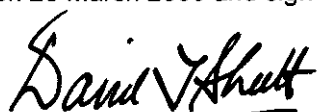
COMPANY BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	6		22,149		21,745
Investments	7		5,010		5,010
			<hr/>		<hr/>
			27,159		26,755
Current assets					
Debtors	8	2,808,485		3,740,461	
Cash at bank and in hand		118,573		6,033	
			<hr/>	<hr/>	
			2,927,058	3,746,494	
Creditors: amounts falling due within one year	9	(22,353)		(20,628)	
			<hr/>	<hr/>	
Net current assets			2,904,705		3,725,866
			<hr/>		<hr/>
Total assets less current liabilities			2,931,864		3,752,621
			<hr/>		<hr/>
Capital and reserves					
Trust capital account			4,606,760		4,606,760
Profit and loss account	11		(1,674,896)		(854,139)
			<hr/>		<hr/>
			2,931,864		3,752,621
			<hr/>		<hr/>

The financial statements were approved by the Board on 28 March 2000 and signed on its behalf by:



Trevor A Smith (Lord Smith of Clifton)
Director



David T Shutt
Director

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

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 1999

1. Accounting policies continued

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	1999 £	1998 £
Investment income	501,473	501,491
Income from property rental	502,682	381,200
Interest receivable	46,405	54,681
Other income	1,033	430
	<hr/>	<hr/>
	1,051,593	937,802
	<hr/>	<hr/>

3. Operating profit	1999 £	1998 £
---------------------	-----------	-----------

Operating profit is stated after charging:

Depreciation	59,603	50,936
Auditors remuneration	3,500	3,500
	<hr/>	<hr/>

4. Employees and directors

Employees	1999 £	1998 £
Staff costs (excluding directors) :		
Wages and salaries	51,086	46,260
Social security costs	5,181	4,758
Other pension costs	60,170	4,914
	<hr/>	<hr/>
	116,437	55,932
	<hr/>	<hr/>

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

	Number	Number
Directors	7	7
Administration	2	2
	<hr/>	<hr/>
	9	9
	<hr/>	<hr/>
Directors		
Directors' emoluments for the year	£750	£2,250
	<hr/>	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

5.	Taxation	1999 £	1998 £
	U.K. current year taxation		
	U.K. Corporation tax at 30% (1998 - 31%)	437,565	78,532
	Tax credits on franked investment income	67,814	100,751
		<hr/>	<hr/>
		505,379	179,283
	Prior years		
	U.K. Corporation tax	(15,064)	23,327
		<hr/>	<hr/>
		490,315	202,610
		<hr/>	<hr/>

6. Tangible fixed assets

The Group

	Investment properties Freehold land and buildings £	Leasehold land and buildings £	Plant and equipment etc £	Total £
Cost				
At 1 January 1999	1,505,244	1,151,294	45,170	2,701,708
Additions	191,485	-	28,630	220,115
Disposals	-	-	(11,843)	(11,843)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	1,696,729	1,151,294	61,957	2,909,980
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1999	176,964	157,865	30,530	365,359
Charge for year	33,935	12,925	12,743	59,603
On disposals	-	-	(4,738)	(4,738)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	210,899	170,790	38,535	420,224
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Values				
At 31 December 1999	1,485,830	980,504	23,422	2,489,756
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	1,328,280	993,429	14,640	2,336,349
	<hr/>	<hr/>	<hr/>	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

6. Tangible fixed assets (continued)

The Group (continued)

The investment property, 18/19 D'Arblay Street and 9 Poland Street, London, was valued by Kenneth Peters, in December 1999 at £2,525,000 on the basis of open market value.

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 Row, 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 directors are of the opinion that the open market value of these properties at 31 December 1999 is not materially different to those valuations.

The aggregate tax charge, should the properties be sold at the above market values, would be £596,000.

The directors are of the opinion that the open market value of the property purchased during the year, 35 Blue Boar Row, Salisbury would not be materially different to cost.

The Company

	Investment property Leasehold land and buildings £	Plant and equipment etc £	Total £
Cost			
At 1 January 1999	34,590	17,652	52,242
Additions	-	2,840	2,840
	<hr/>	<hr/>	<hr/>
At 31 December 1999	34,590	20,492	55,082
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1999	14,358	16,139	30,497
Charge for year	355	2,081	2,436
	<hr/>	<hr/>	<hr/>
At 31 December 1999	14,713	18,220	32,933
	<hr/>	<hr/>	<hr/>
Net Book Values			
At 31 December 1999	19,877	2,272	22,149
	<hr/>	<hr/>	<hr/>
At 31 December 1998	20,232	1,513	21,745
	<hr/>	<hr/>	<hr/>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

7. Fixed asset investments

The Group

	Listed investments £	Unlisted investments £	Total £
Cost			
At 1 January 1999	6,905,730	226,019	7,131,749
Additions	1,388,239	25,000	1,413,239
Disposals	(2,415,738)	-	(2,415,738)
At 31 December 1999	5,878,231	251,019	6,129,250
Net book value			
At 31 December 1999	5,878,231	251,019	6,129,250
At 31 December 1998	6,905,730	226,019	7,131,749

The market value of listed investments at 31 December 1999 is £22,502,480 (1998: £18,270,735). The tax charge, should the investments be sold at this value, would be £4,412,833.

The Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 January 1999 and at 31 December 1999	10	5000	5010

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 1999

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	
	1999 £	1998 £	1999 £	1998 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-	2,774,126	3,722,259
Other debtors	134,574	76,290	34,359	18,202
	<u>134,574</u>	<u>76,290</u>	<u>2,808,485</u>	<u>3,740,461</u>

Group other debtors includes a loan of £33,250 (1998:£33,250) 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 £21,250 (1998:£27,250).

9. Creditors : amounts falling due within one year

	The Group		The Company	
	1999 £	1998 £	1999 £	1998 £
Taxation	437,665	78,532	12,210	8,406
Other creditors	27,459	25,152	10,143	12,222
	<u>465,124</u>	<u>103,684</u>	<u>22,353</u>	<u>20,628</u>

THE JOSEPH ROWNTREE REFORM TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

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. Statement of movement on profit and loss account

	The Group		The Company	
	1999	1998	1999	1998
	£	£	£	£
Profit and loss account				
At 1 January 1999	5,721,585	6,156,764	(854,139)	(347,888)
Retained profit/(loss) for the financial year	257,936	(435,179)	(820,757)	(506,251)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1999	5,979,521	5,721,585	(1,674,896)	(854,139)
	<hr/>	<hr/>	<hr/>	<hr/>

12. Related party transactions

During the year David T Shutt, a director of this company received a consultancy fee of £25,125 (1998: £26,333) in respect of management services to the subsidiary company, JRRT (Investments) Limited.

Archibald J Kirkwood, a director of this company, received a grant of £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 (1998: £251 in respect of Chair of a Select Committee and £691 in respect of research assistance).

Trevor A Smith (Lord Smith of Clifton), a director of this company, received a grant of £8,269 in respect of research assistance (1998: £691).

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