London Jewish News Limited

Directors' report and financial statements

Registered number 3302610

31 December 2001

Contents

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2001.

Principal activities

The Company's principal activity has continued to be the publication of a free newspaper, London Jewish News.

Business review

Although revenue declined from the prior year, management anticipates, based on early indications for the year, that renewed growth will be achieved during 2002.

Results and dividends

The results for the year are set out on page 4.

No interim dividend has been paid and the directors do not recommend a final dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

Richard C Brenner	
Steven Burns	
Daniel M Levitt	
Andrew Margolis	
Gary Stern	(resigned 4 May 2001)
Daniel Assor	(appointed 5 March 2002)

No directors had any disclosable interests in the shares of the Company. All the directors other than Daniel Assor were also directors of Totally Plc, the Company's parent company, during the year. The interests of all directors in the shares of that company at 31 December 2001 are disclosed in its accounts.

Since 31 December 2001 and up to and including 25 April 2002 there have been no changes in the directors' interests in the share capital of the Company.

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG Audit plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Steven Burns
Director

25 April 2002

Unit 611
Highgate Studios
53-79 Highgate Road
Kentish Town
London
NW5 1TL

Statement of 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 of the profit or loss of the Company for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditor's report to the members of London Jewish News Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 transactions with the Company is not disclosed.

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.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the possible outcome of negotiations for additional equity finance to be made available to the Company's parent company, Totally Plc. This finance is required in order for the parent company to provide the Company with continuing financial support to maintain the Company as a going concern. In view of the significance of this matter, we consider that it should be brought to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2001 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 April 2002

Profit and loss account

for the year ended 31 December 2001

	Note	**2001 £000**	2000 £000
Turnover	*1*	**715**	893
Cost of sales		**(850)**	(1,051)
Gross loss		**(135)**	(158)
Administration expenses		**(216)**	(400)
Profit on disposal of fixed assets		**-**	1,297
Operating profit/(loss)		**(351)**	739
Interest payable and similar charges	*6*	**(8)**	(14)
Profit/(loss) on ordinary activities before taxation	*2*	**(359)**	725
Tax on profit on ordinary activities	*5*	**-**	-
Profit/(loss) on ordinary activities after taxation		**(359)**	725
Balance brought forward		**(169)**	(894)
Balance carried forward		**(528)**	(169)

There are no recognised gains or losses during the year other than those included in the profit and loss account.

There were no movements in shareholders' funds other than the movement in the profit and loss account as shown above.

The results for the year are attributable to continuing activities.

Balance sheet

at 31 December 2001

	Note	2001 £000	2001 £000	2000 £000	2000 £000
Fixed assets					
Tangible assets	7		**4**		42
Current assets					
Debtors	8	**127**		127	
Cash at bank and in hand		**3**		-	
		130		127	
Creditors: amounts falling due within one year	9	**(660)**		(330)	
Net current liabilities			**(526)**		(203)
Total assets less current liabilities			**(526)**		(161)
Creditors: amounts falling due after more than one year	10		**(2)**		(8)
Net liabilities			**(528)**		(169)
Capital and reserves					
Called up share capital	11		**-**		-
Profit and loss account			**(528)**		(169)
Shareholders' funds – equity interests			**(528)**		(169)

These financial statements were approved by the board of directors on 25 April 2002 and were signed on its behalf by:

Steven Burns
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Directors have prepared the financial statements on a going concern basis. This assumes the continued financial support of the parent company, Totally Plc, which in turn is dependent on the issue of additional shares in that company. Having reviewed future funding requirements for that company and all of its subsidiary operations, the Directors of Totally Plc propose a Placing to raise £275,000 as soon as practicable after the publication of these financial statements. They have already confirmed the support from major shareholders. In the event that the Placing does not proceed as planned, the Group would potentially be in breach of its borrowing facilities, and the Group and the Company would therefore be unable to take advantage of opportunities to expand and extend the business. While the Directors of the Company are at present uncertain as to the outcome of the proposed Placing, they believe that it is appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Cash flow statement

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company incorporated in the E.U. and a consolidated cash flow statement is prepared by the ultimate parent undertaking.

Tangible fixed assets and depreciation

The Company had previously depreciated its tangible fixed assets over a period of 5 years. Following the acquisition by Totally Plc most of the assets were written off. Other assets acquired by the Company since the acquisition are being written off over a period of 2 years.

Taxation

No provision has been made in the accounts for current corporation tax because the group is in a tax loss position in this period. No provision has been made in the accounts for deferred corporation tax because the directors have concluded, on the basis of reasonable assumptions, that no tax liability will crystallise.

Development expenditure

The Company does not capitalise development expenditure. All development expenditure is written off to the profit and loss account as it is incurred.

Notes *(continued)*

2 Profit/(loss) on ordinary activities before taxation

	2001 £000	2000 £000
Profit/(loss) on ordinary activities before and after taxation is stated after charging:		
Profit on disposal of fixed assets	-	1,297
Depreciation of tangible assets	39	25
Write-off of tangible fixed assets	-	41
Operating lease charges	5	13
Auditor's remuneration		
Audit	4	7
Other services	1	-

3 Remuneration of directors

	Year to 31 December 2001 £000	Year to 31 December 2000 £000
Salary		
Directors' emoluments	27	60

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees Year ending 31 December 2001	Year ending 31 December 2000
Management	3	2
Production	3	4
Editorial	5	6
Marketing	1	4
Sales	5	6
Administrative	1	1
	18	23

The aggregate payroll costs of these persons were as follows:

	Year ending 31 December 2001 £000	Year ending 31 December 2000 £000
Wages and salaries	346	467
Social security costs	28	52
	374	519

Notes *(continued)*

5 Taxation

	Year ending 31 December 2001 £000	Year ending 31 December 2000 £000
UK corporation tax	-	-

Tax losses of approximately £1,625,000 are available to relieve future profits of the Company.

6 Interest payable and similar charges

	Year ending 31 December 2001 £000	Year ending 31 December 2000 £000
On bank loans and overdrafts	**8**	14
	8	14

7 Tangible fixed assets

	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2001	57	12	69
Additions	1	-	1
Write-offs	(27)	(8)	(35)
At 31 December 2001	31	4	35
Depreciation			
At 1 January 2001	21	6	27
Write-offs	(27)	(8)	(35)
Charged in the year	34	5	39
At 31 December 2001	28	3	31
Net book value			
At 31 December 2001	**3**	**1**	**4**
At 31 December 2000	36	6	42

Notes *(continued)*

7 Tangible fixed assets *(continued)*

Included above are assets held under finance lease contracts. The net book value of these assets at 31 December 2001 is £7,000 (2000: £13,000) and the depreciation charged for the year was £6,000 (£4,000).

8 Debtors

	2001	2000
	£000	£000
Trade debtors	**123**	117
Amounts owed by group undertakings	**-**	9
Other debtors	**2**	-
Prepayments and accrued income	**2**	1
	127	127

All debtors are due within one year.

9 Creditors: amounts falling due within one year

	2001	2000
	£000	£000
Bank loan and overdrafts	**61**	80
Trade creditors	**126**	155
Net obligations under finance leases	**6**	6
Amounts owed to group undertakings and undertakings in which the company has a participating interest	**453**	58
Taxation and social security	**8**	11
Accruals and deferred income	**6**	20
	660	330

Notes *(continued)*

10 Creditors: amounts falling after more than one year

	2001 £000	2000 £000
Net obligations under finance leases	2	8
	2	8

The maturity of obligations under finance leases and hire purchase contracts is:

	2001 £000	2000 £000
Within one year	6	6
In the second to fifth years	2	8
Over five years	-	-
	8	14

11 Called up share capital

	2001 £	2000 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

12 Reconciliation of movements in equity shareholders' funds

	Share capital 2001 £000	Profit and loss account 2001 £000	Equity shareholders' funds 2001 £000
At beginning of year	-	(169)	(169)
Profit for the year	-	(359)	(359)
At end of year	-	(528)	(528)

Notes *(continued)*

13 Obligations under operating leases

At 31 December 2001 the Company had the following annual commitments under non-cancellable operating leases:

	2001	2000
	£000	£000
Commitments which expire:		
Between 1 and 2 years	5	5
	5	5

14 Related party transactions

As the company is a subsidiary undertaking within a group, it has taken advantage of the exemption permitted by FRS8, and has not disclosed details of transactions or balances with other entities within the group.
The directors confirm that there are no related party transactions to disclose in these financial statements.

The directors confirm that there are no other related party transactions to disclose in these financial statements.

15 Ultimate parent company

This Company is a direct 100% subsidiary of Totally Plc and is incorporated in the United Kingdom and registered in England and Wales.

Copies of the group financial statements of Totally Plc may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.