

Company registration number 03659214
Charity number: 1079796

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

KABBALAH CENTRE

(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees

Marcus Weston – resigned on 6th September 2021
Gladys Obadiah
Lady Homa Alliance
Rabbi Yarom Yardeni
Michael Berg
Yael Green

Company registered number

03659214

Charity registered number

1079796

Registered office

12 Stratford Place, London, W1C 1BB

Company secretary

Gladys Obadiah

Independent auditors

Sayer Vincent LLP, Invicta House, 108 – 114 Golden Lane, London, EC1Y 0TL

Fund Managers

1. Barclays Bank PLC, 1 Churchill Place, Canary Wharf, London, E15 5HP
2. Axentia Wealth Management Limited, 1 David Hameleh, Tel Aviv-Jaffa, Israel

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Trustees present their annual report, together with the audited financial statements of the Kabbalah Centre, for the year 1 January 2021 to 31 December 2021.

As the Charity qualifies as small under Section 383, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Objectives and Activities

POLICIES AND OBJECTIVES

The Charity's objective is to make the ancient spiritual wisdom of Kabbalah more readily available to people of all backgrounds, and in turn to build global consciousness around the primary Kabbalah principles of tolerance, sharing, proactive behaviour, and human dignity.

The Kabbalah Centre achieves the above by:

- Delivering a wide range of educational Kabbalah courses that are open to all regardless of religious, ethnic, or economic background. Educational resources include seminars, workshop experiences, online study material, virtual classrooms, and other special events. The ongoing development and delivery of the educational programmes are carried out by a dedicated and committed team of qualified Kabbalah teachers, who are also available to provide one on one support to students.
- Promoting and organising a series of spiritual events aligned to the Kabbalah calendar throughout the year. The events are open to all and provide an opportunity for ongoing spiritual development and learning whilst also assisting the Centre to raise funds to continue its charitable mission.
- Working with the wider community to deliver a range of charitable programmes. The Kabbalah Centre has created several community-focused programmes which provide direct physical support and assistance to those living in less fortunate circumstances and conditions.

STRATEGIES FOR ACHIEVING OBJECTIVES

The key overall strategy for the Kabbalah Centre is to continually expand its reach into communities across Europe and Africa.

The operational objective is to continually grow student registrations across the major cities in Europe and parts of Africa, through delivering high-quality spiritual education and instilling broader community practices that are relevant to the world in which we live today. The ultimate aim is to provide each Kabbalah student with both practical life skills and spiritual tools that will enable them to contribute to a better quality and standard of life for all humanity – the students, their families, and the wider community within which they live.

We continued to base the 2021 operational strategy around the virtual model successfully developed and implemented during the previous year due to (a) the ongoing uncertainty as a result of the COVID-19 pandemic; and (b) the lack of office and class facilities as a result of the planned development at 12 Stratford Place.

PRINCIPAL ACTIVITIES FOR ACHIEVING OBJECTIVES

The key activities aligned to the strategic objectives in this financial year were:

- The continued investment and focus on social media and digital marketing strategies to attract a worldwide audience. The Centre continued to invest in higher quality social media advertising and

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- marketing activities to identify and attract a larger cross-section of spiritually hungry students.
- The ongoing focus on enhancing the organisation's online material and range of languages to reach a global audience.
- Marketing the range of new membership programmes.
- Expanding the A4L (Action for London) volunteer programme to reach more communities in London.
- Moving ahead with the planned building project at 12 Stratford Place.

MAIN ACTIVITIES UNDERTAKEN TO FURTHER THE CHARITY'S PURPOSES FOR PUBLIC BENEFIT

The Trustees ensure that the activities of the Charity are consistent with its charitable objects and aims. In setting and agreeing the annual plans the Trustees take the public benefit aims into account, as set out in the Charity Commission's general guidance on public benefit. The Trustees continue to believe that there is a clear public benefit derived from the activities of the Kabbalah Centre.

The Charity continued to provide both in-person and online educational courses, one on one spiritual support, and mentorship by the trained and experienced teaching staff throughout 2021. The focus of the Kabbalah Centre's charitable purpose is to reach more students from all levels of society who have an interest or desire to learn about spirituality; and how to understand and apply the ancient wisdom of Kabbalah to their own lives.

The Kabbalah teaching staff has developed a range of spiritual courses for the public to access. The courses start from a foundation or beginner level (Kabbalah 1); and gradually move into the more spiritually advanced or deeper levels of spiritual understanding as the student progresses from Kabbalah 1 to Kabbalah 4. In addition to the courses outlined above the offer includes more advanced courses beyond Kabbalah 4. The classes, seminars, and events offered by the Kabbalah Centre are available throughout the year to existing community members and to the general public. The study programme is structured in a way that continuously strengthens the student's spiritual growth and consciousness. It provides them with the day-to-day tools and skills to assist in achieving their life goals and positively contribute to the wider society and community, including serving as a volunteer on specific community projects. We delivered a range (K1 – K3) of Kabbalah courses to 3,914 students across the UK and Europe in 2021 and a further 132 students attended the advanced courses.

The London Centre held 156 events throughout the year which were attended by 16,386 students.

The demand for scholarships and subsidised course fees increased in 2021 as more students struggled to pay the standard course fee due to the COVID-19 pandemic. The Centre granted 745 (valued at £55,890) full scholarships to students committed to long-term study during this financial year, funded by the Karen Berg Scholarship Fund. This fund was established to continue Karen Berg's vision of making the wisdom and tools of Kabbalah accessible to all students without financial barrier.

We continued to market and grow the Onehouse Community Membership globally during the year. The Onehouse membership scheme is a key programme for the Charity, as it provides students with the ability to instantly connect with Kabbalistic tools and wisdom from anywhere in the world at any time. The student support department actively seeks to promote the membership programme and support students to chart a personal plan of study tailored to their specific needs, interests, and schedule. Teachers can connect one on one with students from anywhere in the world to advise, listen to, and support them on their spiritual path.

The Centre distributed 9,600 Zohars across the UK, Europe, and Africa in 2021. The printing and distribution costs of the Zohars are funded by donations to the Zohar Project. The Zohar Project provides the foundation and serves as an integral component of the Centre's charitable activities. The Zohar is written in the ancient language of Aramaic and contains universal wisdom that predates religion, to inspire and unify millions of people of all nationalities, faiths, and backgrounds. Rav Berg's vision was of a Zohar in every home across the globe to bring the light and power of the Zohar to all. The Zohar promotes universal principles, emphasising the profound importance of human dignity and respect, thereby fostering peace and unity amongst all people.

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The Kabbalah Centre continued to support and work with Action4London in delivering its outreach and volunteer-driven community projects across London.

Plans for future periods

The Charity continues to review its operational plan on an ongoing basis to assess how it can grow and better utilise its assets and facilities across London and Europe, to achieve a more sustainable and impactful business model whilst delivering its mission and charitable objectives. The primary goal is to spread the wisdom of Kabbalah by increasing student enrolment numbers and expanding into more communities in a sensible, organised, and financially sustainable manner.

It is envisaged that the desired growth will be achieved by:

- The investment in a new global communications and marketing strategy – expanding the global team; investing in technology and software, and in more regionally focused marketing.
- Further investment in upgrading and developing IT systems, governance processes, and internal procedures.
- Ongoing training and development of the teaching staff, recruiting and training mentors from the pool of volunteers that work with the Centre
- Developing the vacant land (Bourne Mews) and upgrading the existing building at 12 Stratford Place.
- The commercialisation and effective internal use of the digital writings purchased in 2019.

Specific Plans for the Future

1. UK Building Extension And Property Refurbishment.

The project to develop the vacant land (an estimated investment of £8.1m) and refurbish 12 Stratford Place (estimated at £2m) continued to move ahead in 2021. The project was delayed as the building contractor was unable to start with the main building work due to party wall and other agreements with neighbours, all of which took longer than anticipated to be resolved. The cumulative expenditure on the project at year-end was £1.6m (2020: £759k).

The objective is to ensure that the project is managed effectively throughout the building work, that the key risks are identified and closely monitored, and that the building is ultimately completed on time, within budget, and to the expected standard.

2. Publishing Activities

The Centre invested in the purchase of sacred Kabbalistic writings by a renowned student of Kabbalah in 2019. The writings are considered to be the central textbooks for students of Kabbalah. We anticipate that these rare and historical writings will significantly enhance the Centre's unique content offering in future years. The writings are in digital format and comprise more than 10,000 pages previously unpublished.

The Centre will continue to move forward with the publishing and distribution of the special leather-bound books.

3. European and African Operations

In order to improve operational efficiency, create cost savings, and enhance internal controls across the organisation, the Trustees decided to reorganise the Charity's management structure at the start of 2020. This reorganisation included the transfer of teachers and other staff based in Israel from Kabbalah Learning Centre Publications (registered in Israel) to the UK Charity. The support departments and overall leadership were centralised and managed from the UK.

This reorganisation has delivered significant cost savings and increased revenue, as reflected in the current year's

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results. The objective is for the Centre to continue to invest and improve the systems and operating processes as we downscale operations in certain countries (such as Poland) and expand or start up in new countries that we believe have the potential to grow.

The Trustees approved the registration of a subsidiary Charity in Spain during the year.

4. Israel Property Acquisition and Development

The Trustees have approved the proposal to purchase vacant land in Caesarea, Israel for the purposes of building a bespoke international retreat Centre in this sacred location. The retreat Centre will be designed to accommodate a minimum of 20 guests at a time, with added space and amenities to host a range of spiritual events throughout the year.

The Trustees have set aside £6.1m from the existing reserves to fund the purchase of the property and building of the retreat Centre which is expected to be completed over the next two years.

Achievements and Performance

KEY FINANCIAL PERFORMANCE INDICATORS

The Centre ended the financial year with an operating profit of £3,413,339 (2020: £1,011,848 loss). The overall accumulated reserves increased by £3,429,520 (2020: £935,349 reduction) to £61m after adjusting for foreign exchange gains and losses.

Total income increased from £2.9m in 2020 to £5.4m this year. This increase is specifically due to the receipt of a large unrestricted donation of £2.2m and the associated Gift Aid on this donation. Unrestricted income increased by 83% from £2.8m in 2020 to £5.1m this year, and restricted income increased from £118k to £290k as a result of the new restricted projects set up during the year.

As the internal reorganisation has taken shape across the Charity's operations in Europe and Africa we are gradually starting to see more consistent levels of income each year - a significant improvement from the declining trend in unrestricted donations over the last five years. The Charity continues to focus on delivering against its annual operational targets in a more structured and controlled manner which is contributing to the positive turnaround in the financial results.

The current year's operational surplus will increase the level of reserves and provide the foundation for the Charity to continue to deliver its charitable activities and the specific projects outlined in the reserves policy without any immediate financial pressure.

Expenditure on charitable activities continued to decrease by 12% (2020:24%) in this financial year from £3,980,371 to £3,514,355 in 2021.

The following factors contributed to the significant decrease in charitable expenditure during 2021:

- The wide range of savings was achieved from the reorganisation of the KCE structure and management team.
- Limited travel of teachers across Europe and Africa and hire of venues for courses and events.
- The reduced level of operational expenditure at 12 Stratford Place as the building was vacant and not in use for the entire year.

Total expenditure (including fundraising expenses) for the year decreased from £4.3m last year to £3.8m.

The organisation's investments were valued at £26,539,298 (2020: £24,956,056) at the close of the financial year. £25m (2020: £23m) of the total investments are managed by Barclays UK and invested in listed and therefore

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liquid assets. The investment portfolio managed by Barclays delivered a return of 6.73% in (2020:12.03%) over the year.

The balance of the investments is now managed by Axentia only, the value of the portfolio did not change significantly during the year. The Investment Committee continues to monitor the investments held in this portfolio and obtain further independent professional advice.

REVIEW OF ACTIVITIES

We continue to measure the organisation's progress against the following key indicators:

- The net financial results for the year and contribution towards unrestricted funds.
- The percentage growth in student numbers in London and Europe compared to worldwide growth across all locations.
- The number of Kabbalah classes delivered during the year, attendance, and student participation in the wider activities offered at the Centre.
- The increase in the number of people attending the spiritual connections and other events held at the Centre.

2021 proved to be a challenging but positive year. It was a difficult period for the Kabbalah Centre as a result of the ongoing political and economic instability across Europe following the COVID-19 pandemic. The Centre focused on manifesting its vision through the global Zohar Project and scholarship fund, delivering whilst also implementing the revised marketing strategy and investing in new marketing channels in support of its growth strategy and ambition to reach a wider audience.

The importance of strengthening the governance processes was highlighted and recognised at the start of this year. The Trustees continued to focus on implementing the necessary improvements (such as setting up two specialist sub committees with the required expertise and experience to support the Trustees in their decision making process) to the governance processes and procedures across the organisation.

INVESTMENT POLICY AND PERFORMANCE

The Charity has adopted a total return policy for the investment portfolio. The Centre's investment funds are placed with and managed by two qualified Fund Managers, who are provided with the organisation's risk profile and investment policy for overall guidance. The Investment Committee meets every quarter to review the performance of the investment portfolio and to assess the risks as markets have changed.

The Investment Committee continued to meet with the Fund Managers quarterly to review performance and agree on strategy for the next quarter.

FACTORS RELEVANT TO ACHIEVING THE OBJECTIVES

Financial Review

A summary of the financial performance for 2021 is set out in the statement of financial activities and the balance sheet on pages 10 to 14.

The organisation's consolidated income for the year increased from £2.9m in 2020 to £5.4m in 2021.

The Centre generates its income from the following sources:

- Donations – 79% (2020: 47%). The current year's income from donations includes a one-off large donation of £2.2m and a further sum of £563k received in Gift Aid.
- Course fees – 11% (2020: 16%). The decline in course income reflects the fact that scholarships were used to

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fund the fees.

- Trading activities – 1% (2020: 2%). This is in line with previous years.
- Investments – 6% (2020: 13%). The level of income from investments did not change significantly in real terms.
- Other income – 3% (2020: 23%). Last year's income included £72k received from the UK Government job retention scheme and £315k received from TfL (Transport for London) as settlement of a building claim.

This year's results continue to highlight the unpredictability of, and over-reliance on, donor income. The Trustees continue to be aware of the historical performance and the need to diversify and generate more income from trading activities, the investment portfolio, and rental income from the investment properties.

Total expenditure decreased by 11% (2020: 31% decrease) in 2021, from £4.2m in 2020 to £3.8m in 2021. The Centre continued to achieve ongoing cost savings due to the restructuring and consolidation of the KCE operations and in other areas such as travel, events, catering, building maintenance, and utilities.

This year's expenditure also includes the reversal of a prior year bad debt provision of £383k.

97% (2020: 94%) of the total annual expenditure in the year was channelled towards the organisation's charitable activities and the balance was spent on fundraising and governance-related activities.

GOING CONCERN

The Trustees are confident that the Charity has adequate resources to continue its operational activities for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Total funds increased from £57.7million in 2020 to £61.1 million in 2021. The Trustees regularly reassess the operational strategy considering the constant changes taking place in the external environment and in particular the impact of these changes on the long-term viability of the planned building works. The Trustees will continue to consult and draw on specialist advice as necessary throughout the construction of the building.

The investment portfolio has continued to perform well throughout 2021 achieving a one-year return of 6.73% (2020: 11.97%) despite the market volatility over the last two years.

The Trustees review the level of resources annually and continue to believe that the Charity is in a sound financial position with the appropriate level of unrestricted funds necessary to achieve the Charity's growth objectives and plans for the future.

MATERIAL INVESTMENTS POLICY

The Trustees continue to consult widely with a range of investment specialists to assess and understand the changing investment landscape. The investment policy is reviewed and updated as is considered necessary for the Charity given the prevailing circumstances at the time.

The Centre's investment portfolio is managed by a team of reputable and professional investment managers who report directly to the Investment Committee on a quarterly basis.

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Structure, Governance, and Management

GOVERNING DOCUMENT

Kabbalah Centre (the Charity) is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 29 October 1998. It is also registered as a Charity (Charity number: 1079796) with the Charity Commission of England and Wales.

The principal object of the Charity is to advance the understanding of the ancient spiritual wisdom of the Kabbalah, to make the Kabbalah teachings more readily available to people of all backgrounds, and in turn to build global consciousness around the primary Kabbalah principles of tolerance, sharing, proactive behaviour, and human dignity.

ORGANISATIONAL STRUCTURE

The Kabbalah Centre was founded by Rav Yehuda Ashlag in 1992 and now has locations in more than 40 cities across the globe.

Kabbalah Centre International (KCI) serves as the global Head Office or reporting Centre for Europe and South America. KCI provides ongoing strategic support to the UK Charity, the UK Charity in turn has created two operating divisions (KCL & KCE) to implement and manage the activities across the United Kingdom and other countries in Europe and Africa. The divisional operations are consolidated for accounting and reporting purposes, reporting to the UK Board. The UK Board of Trustees consists of five members, two of which also serve on the KCI Board.

KCL (the division) focuses solely on the charitable activities within the United Kingdom, whereas KCE (the division) has oversight over the operations across Europe and Africa. KCE provides the necessary operational support and guidance to the registered entities and study groups in Poland, France, Italy, Spain, Portugal, South Africa and Republic of Côte d'Ivoire.

In order to meet local governance requirements, we have registered independent legal entities in Poland, France, Italy, South Africa, and the Republic of Côte d'Ivoire, each of the mentioned countries has a Board and a local management team who report to the Trustees via the UK based management team.

The Trustees continue to recognise the potential conflict of interest issues that may arise as a result of the organisational structure outlined above. The Charity has implemented further measures to strengthen the governance procedures to meet the required standard.

METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The Charity appoints new Trustees by first assessing the functional skills and expertise required for the development and governance of the Kabbalah Centre and thereafter selects Trustees on that basis. The nominated new Trustee is presented to the full Board for approval and acceptance before any appointment is made.

The appointment of Trustees is governed by the Memorandum and Articles of Association. Trustee nominations are solicited internally from other current and past Trustees within the Charity and its supporters. The new Trustee is proposed, seconded, and voted in at a Board meeting.

Each new Trustee is taken through an induction programme. The programme includes briefings on their legal and ethical responsibilities as Trustees, the ethos and values of Kabbalah, and a historical overview of the organisation. The Trustees also receive the Charity Commission guidance documents and are required to read and sign the conflicts of interest and code of ethics documents.

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ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Board of Trustees, which must have at least three members, provides the governance, oversight, and strategic leadership of the Charity. The Board meets every three months.

REMUNERATION POLICY

The Centre aims to set remuneration levels for each position within the scale set by comparable charities, whilst being mindful of the specific range of business skills, spiritual knowledge, and commitment required to run an organisation of this nature.

RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity is exposed, in particular those related to the operations and finances of the Charity and are satisfied that adequate systems and procedures are in place to mitigate any exposure to the major risks identified. The Trustees and management assess the level of risk on an ongoing basis by looking at both the local UK Charity sector and global trends, the charities financial performance, how global markets are responding to changing events, and other indicators within Kabbalah Centres across the globe.

The Trustees have identified two key risks which are (1) IT security; and (2) Investment Returns. Management is tasked with ensuring that the necessary measures are in place to ensure that all IT systems are protected and regular monitoring of the investments is carried out by the Investment Committee to ensure that long-term investment returns are achieved and sustained. The investment strategy is reviewed annually to ensure that it is realistic, relevant, and appropriate to achieve the required returns. Key organisational policies and procedures are reviewed annually to ensure that we reassess and continue to strengthen and enhance internal controls, reporting, and governance standards.

Reserves and reserves policy

The Charity's reserves policy is to maintain unrestricted reserves to cover twelve month's operating expenditure, plus the additional capital projects, as listed below.

- £5.1m in unrestricted reserves to cover twelve months' operating costs.
- £8.7m from the current reserves to cover the cost of building the rear extension at 12 Stratford Place.
- £1.8m to cover the cost of refurbishing 12 Stratford Place.
- £2.8m to fund the purchase of land in Caesarea, Israel.
- £3.3m to fund the building of an international retreat Centre on the land in Israel.
- £1.1m as grant funding to support the start-up and expansion of Kabbalah operations in selected countries in Europe and Africa.

The Centre held unrestricted reserves of £57.4m (2020: £52.5) at the close of the financial year. The unrestricted reserves include land and buildings valued at £30.8m (2020: £30.4m), the remaining cash or liquid reserves of £26.6m (2020: £22.1m) are available to cover the targeted level of reserves, and funding of £22.5m for the activities and capital projects listed above.

The targeted level of unrestricted reserves as of 31 December 2021 is £22.5m. The excess reserves are being held to cover any unforeseen (inflation, project delays etc.) capital expenditure related to the listed projects.

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TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Kabbalah Centre for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company; and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time this report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all appropriate steps as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees and signed on their behalf by:

Gladys Obadiah
Trustee

Date 21 September 2022

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

KABBALAH CENTRE

Opinion

We have audited the financial statements of Kabbalah Centre (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Kabbalah Centre's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

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Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

KABBALAH CENTRE

(A company limited by guarantee)

- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Orchard (Senior statutory auditor)
27 September 2022
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations and legacies	3	3,992,413	290,280	4,282,693	1,304,892	117,507	1,422,399
Charitable activities – Kabbalistic Education		582,581	–	582,581	456,769	–	456,769
Other trading activities		78,676	–	78,676	57,065	–	57,065
Investments	3	308,015	–	308,015	369,954	–	369,954
Other		172,441	–	172,441	615,106	–	615,106
Total income		5,134,125	290,280	5,424,405	2,803,786	117,507	2,921,293
Expenditure on:							
Raising funds	4a	127,768	–	127,768	239,400	–	239,400
Charitable activities		3,514,355	111,820	3,626,175	3,980,371	–	3,980,371
Total expenditure		3,642,123	111,820	3,753,943	4,219,770	–	4,219,770
Net income / (expenditure) before net gains on investments		1,492,002	178,460	1,670,462	(1,415,984)	117,507	(1,298,477)
Net gains on investments		1,742,877	–	1,742,877	286,629	–	286,629
Net income / (expenditure) for the year	9	3,234,879	178,460	3,413,339	(1,129,355)	117,507	(1,011,848)
Transfers between funds		1,643,327	(1,643,327)	–	–	–	–
Net income / (expenditure) before other recognised gains and losses		4,878,206	(1,464,867)	3,413,339	(1,129,355)	117,507	(1,011,848)
Losses on foreign exchange translation		(83,947)	–	(83,947)	(5,182)	–	(5,182)
Gains / (losses) on revaluation of fixed assets		–	–	–	(770,000)	–	(770,000)
Gains / (losses) due to change in accounting estimate for fixed assets		–	–	–	637,369	–	637,369
Other gains / (losses)		100,128	–	100,128	214,312	–	214,312
Net movement in funds		4,894,387	(1,464,867)	3,429,520	(1,052,856)	117,507	(935,349)
Reconciliation of funds:							
Total funds brought forward		52,549,958	5,171,862	57,721,820	53,602,814	5,054,355	58,657,169
Total funds carried forward		57,444,345	3,706,995	61,151,340	52,549,958	5,171,862	57,721,820

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20a to the financial statements.

Balance sheet

Company no. 03659214

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets:			
Tangible assets	10a	23,812,424	23,439,253
Intangible assets	10b	1,843,241	2,144,507
Investment properties	11	7,064,010	7,046,202
Investments	12	26,539,298	24,956,056
		59,258,973	57,586,018
Current assets:			
Stock	13	48,063	89,409
Debtors	14	1,057,806	320,258
Cash at bank and in hand		2,918,510	1,281,791
		4,024,378	1,691,457
Liabilities:			
Creditors: amounts falling due within one year	15	(697,036)	(548,279)
Net current assets		3,327,342	1,143,178
Total assets less current liabilities		62,586,315	58,729,195
Creditors: amounts falling due after one year	16	(1,434,976)	(1,007,377)
Total net assets		61,151,340	57,721,819
Funds:	19a		
Restricted funds		3,706,995	5,171,862
Unrestricted income funds:			
Unrestricted funds		44,534,863	39,640,475
Revaluation reserve		12,909,482	12,909,482
Total unrestricted funds		57,444,345	52,549,957
Total funds		61,151,340	57,721,819

Approved by the trustees on 21 September 2022 and signed on their behalf by

Gladys Obadiah
Trustee

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		3,413,339		(1,011,848)	
Depreciation and amortisation charges		619,163		679,636	
Bad debt expense		–		21,108	
(Gains)/losses on investments		(1,789,978)		(1,263,925)	
Interest charge		11,446		8,928	
Tax paid		–		–	
Dividends, interest and rent from investments		(308,015)		(369,954)	
(Gains) / losses on foreign exchange		(16,181)		5,182	
(Increase)/decrease in stocks		41,346		(28,904)	
(Increase)/decrease in debtors		(737,548)		(121,861)	
Increase/(decrease) in creditors		148,757		(396,069)	
Net cash used in operating activities		1,382,329		(2,477,707)	
Cash flows from investing activities:					
Dividends, interest and rents from investments		308,015		369,954	
Purchase of fixed and intangible assets		(743,625)		(763,878)	
Proceeds from sale of investments		–		6,747	
Purchase of investments		–		(5,000,000)	
Increase in cash held by investment manager		–		–	
Net cash (used in) / provided by investing activities		(435,610)		(5,387,177)	
Cash flows from financing activities:					
Repayments of borrowing		(60,000)		(54,320)	
Loan borrowings		750,000		–	
Net cash used in financing activities		690,000		(54,320)	
Change in cash and cash equivalents in the year		1,636,720		(7,919,204)	
Cash and cash equivalents at the beginning of the year		1,281,790		9,200,994	
Cash and cash equivalents at the end of the year	a	2,918,510		1,281,790	

Analysis of cash and cash equivalents and of net debt

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	1,281,790	1,636,721		2,918,511
a Total cash and cash equivalents	1,281,790	1,636,721		2,918,511
Loans falling due within one year	–	–	–	–
Loans falling due after more than one year	733,530	701,446	–	1,434,976
Finance lease obligations	–	–	–	–
Total	733,530	701,446	–	1,434,976

1 Accounting policies

a) Statutory information

Kabbalah Centre is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 12 Stratford Place, London, W1C 1BB.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. Key judgements that the charity has made during this financial year which have a significant effect on the accounts include the revaluation of the two investment properties owned by the charity.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank or fund manager.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. The existing restricted funds are specifically for (a) the Bourne Mews building project and (b) the free distribution of Zohar's across Europe and Africa. Expenditure which meets this criteria is charged to the relevant fund when the activity is completed.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred on the charity's operations.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

All support costs have been allocated to charitable activities. Governance costs are re-allocated to each of the activities on the basis of direct expenditure as follows:

● Raising voluntary income	16%
● Charitable activities	84%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold property	2% straight line
● Motor vehicles	33%straight line
● Fixtures and fittings	33%straight line
● Other fixed assets	33%straight line
● Sefer Torah	0%

The charity has adopted the revaluation model to revalue items of property, plant and equipment whose fair value can be measured reliably. The revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and machinery is usually their market value determined by appraisal.

Revaluation gains and losses are recognised in the revaluation reserve.

1 Accounting policies (continued)

k) Intangible assets

Intangible assets are capitalised where the purchase price exceeds £500. These costs are amortised over the estimated useful life of 10 years.

l) Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the net incoming resources for the year.

m) Investment properties

Investment properties are measured initially at cost and subsequently included in the balance sheet at fair value. Investment properties are not depreciated. Any change in fair value is recognised in the statement of financial activities. The valuation method used to determine fair value will be stated in the notes to the accounts.

n) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

o) Investments in subsidiaries

Investments in subsidiaries are at cost.

p) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market. The charity retains a small amount of inventory of books (Zohars) some of which are distributed for free as part of the Zohar project.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

r) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

s) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1 Accounting policies (continued)

t) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade

u) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method

v) Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

w) Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Donations	3,992,413	290,280	4,282,693	1,235,691	117,507	1,353,198
	<u>3,992,413</u>	<u>290,280</u>	<u>4,282,693</u>	<u>1,235,691</u>	<u>117,507</u>	<u>1,353,198</u>

3 Income from investments

	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Bank and other interest receivable	139,000	–	139,000	112,351	–	112,351
Dividends received – listed investments	95,565	–	95,565	145,776	–	145,776
	<u>234,565</u>	<u>–</u>	<u>234,565</u>	<u>258,127</u>	<u>–</u>	<u>258,127</u>

4a Analysis of expenditure (current year)

	Cost of raising funds £	Charitable activities £	Governance costs £	2021 Total £	2020 Total £
Staff costs (Note 6)	–	1,747,654	–	1,747,654	1,685,640
Depreciation and amortisation	–	619,163	–	619,163	616,893
Other direct costs	–	1,133,964	–	1,133,964	1,623,918
Investment manager fees	127,172	–	–	127,172	173,680
Fundraising trading	–	106,127	–	106,127	62,278
Audit costs	–	–	19,863	19,863	57,361
	127,172	3,606,908	19,863	3,753,943	4,219,770
Support costs	–	–	–	–	–
Governance costs	596	19,267	–	19,863	–
Total expenditure 2021	127,768	3,626,175	19,863	3,773,806	
Total expenditure 2020	239,400	39,800,371	–		4,219,770

4b Analysis of expenditure (prior year)

	Cost of raising funds £	Charitable activities £	Governance costs £	2020 Total £	2019 Total £
Staff costs (Note 6)	–	1,685,640	–	1,685,640	1,171,418
Depreciation and amortisation	–	616,893	–	616,893	541,563
Other direct costs	–	1,623,918	–	1,623,918	3,692,315
Investment manager fees	173,680	–	–	173,680	200,007
Fundraising trading	62,278	–	–	62,278	468,429
Audit costs	–	–	57,361	57,361	65,920
	235,958	3,926,452	57,361	4,219,770	6,139,652
Support costs	–	–	–	–	–
Governance costs	3,442	53,919	(57,361)	–	–
Total expenditure 2020	239,400	3,980,371	()	4,219,770	
Total expenditure 2019	980,770	5,158,882	–		6,139,652

Notes to the financial statements

For the year ended 31 December 2021

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation and amortisation	619,163	616,893
Loss or profit on disposal of fixed assets	-	(3,423)
Interest payable	11,446	8,928
Operating lease rentals payable:		
Property	193,084	162,587
Operating lease rentals receivable:		
Property	(73,450)	(111,827)
Auditor's remuneration (excluding VAT):		
Audit	15,750	22,000
Under-accrual for audit in prior year	766	22,751
Other services	3,347	12,608
Foreign exchange gains or losses	83,947	5,182

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	1,377,884	1,458,746
Social security costs	99,205	32,640
Employer's contribution to defined contribution pension schemes	28,534	19,228
Housing and other benefits	242,031	175,026
	1,747,654	1,685,640

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No.	2020 No.
£60,000 – £69,999	-	3
£70,000 – £79,999	3	4
£80,000 – £89,999	3	1
£90,000 – £99,999	-	-
£100,000 – £110,000	-	1
£110,000 – £120,000	-	-
£120,000 – £130,000	-	-
£130,000 – £140,000	-	-
£140,000 – £150,000	-	1
£150,000 – £160,000	1	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel during the year were £384,960 (2020: £362,502). We have identified the following employees as key management : Chana Grinfeld, David Grinfeld ,Avraham Nahmias & Marcus Weston due to the nature of their respective roles, decision making responsibility and seniority within the organisation as a whole. The teaching staff dedicate many years of study and spiritual practice to Kabbalah which generally extends to their entire family structure (wife & children), it is therefore common practice that a whole family unit may be involved and / or employed by the charity in some capacity from time to time.

Ruth Nahmias is related to Avraham Nahmias and she received remuneration of £30,207 (2020:£30,292) during the year. Nicole Weston is related to Marcus Weston and she also received remuneration of £15,219 (2020: Nil) during the year.

The charity trustees were neither paid nor received any other benefits from employment with the charity during the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil). We note that Marcus Weston resigned as a Trustee on the 6th September 2021 following on his relocation from the Kabbalah Centre in New York to London and was engaged as an employee of the UK charity with effect from 1 October 2021. The decision making process and appointment was communicated to the charity commission in advance as recommended in their guidelines.

Trustee expenses represent the payment or reimbursement of travel and subsistence expenses incurred by the three overseas based Trustees totalling £7,942 (2020: £9,137 for 2 Trustees). The overseas travel is necessary to provide ongoing high level operational and spiritual support to the London and European centres. The visits allow for face to face meetings with the Kabbalah community and key donors across Europe.

Notes to the financial statements

For the year ended 31 December 2021

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 34 (2020: 33).

8 Related party transactions

The charity owed Kabbalah Centre International (KCI) a sum of £268,005 (2020: £300,354) at the close of the financial year. The loan is USD denominated and adjusted for any currency fluctuation at the close of the financial year. The loan was paid back to KCI in full in February 2022. KCI is deemed to be a related party by virtue of the two entities having common Trustees in the form of Michael Berg and Eliyahu Yardeni.

The charity granted an interest free loan to Lifestream Technology for the Soul GmbH (a Company registered in Germany when the Kabbalah Centre was set up in Berlin a few years ago) to support the establishment of a separate and independent charity in Germany. At the close of the financial year the loan balance due from Lifestream for Technology amounted to £189,237 (2020: £390,662). The loan provision raised in 2019 was reversed in this financial year given the Berlin Centre's ability to repay the loan as demonstrated by the receipt of the first tranche during the year.

Kabbalah Centre International (KCI) manages the printing and publication of all Kabbalah books that are distributed globally. The charity purchased books from KCI for resale to the value of £24,328 (2020: £24,316) during the year.

Kabbalah Centre International (KCI) manages certain software licenses on behalf of the group. The charity paid KCI the sum of £19,098 (2020: £27,156) in respect of license fees during the year.

The Kabbalah Centre launched a global membership scheme and package in 2019, community members that sign up and join the scheme have access to the services and facilities provided by the Centre across all the countries where there is a physical presence. The membership scheme is managed by Kabbalah Centre International (KCI) who in turn provide grant funding to the UK charity to cover the cost of providing the service to the members. The charity received a grant of £164,691 (2020: £57,877) during the year.

The charities primary purpose is to spread the wisdom and teachings of Kabbalah across the globe. The UK Centre works and collaborates with other established Centres and study groups to deliver this goal. In support of this work the charity issued a grant of £193,333 to the Kabbalah Centre, Germany and a further £44,036 to the Institute for Kabbalah Research registered in Israel in the current financial year.

We have identified the following as related parties by virtue of the charity having common Trustees with Kabbalah Centre International, a US registered non profit: Michael Berg, Elihayu Yardeni & Marcus Weston. The mentioned Trustees claimed travel expenses of £7,942 (2020: £9,137) during the year, all of which is business related travel. The breakdown of the expenses by Trustee is: Michael Berg £2,668 (2020: £8,120), Elihayu Yardeni £2,362 (2020: £1,017) and Marcus Weston £2,911 (2020: Nil).

The related party disclosure extends to the spouses and family members of the Trustees mentioned above. This includes Monica Berg & Yael Yardeni who provide Teaching and other specialist services (astrology reading, publishing books etc) related to the Kabbalistic spiritual philosophy and practices in conjunction with their partners from time to time. The above incurred travel related expenses of £1,765 (2020: £nil) during the year. The full amount disclosed was incurred by Monica Berg only.

The Charity provides ongoing Teaching and marketing support to the independently registered entities across Europe & Africa, who may have common Trustees. The cost of the services provided are recovered as an administration fee, during 2021 the charity received administration fees of £144,387 (2020: £225,202). The fees were received from the following Kabbalah Centres, France £11,590 (2020: £6,089), South Africa £5,745 (2020: £7,873), Ivory Coast £52,407 (2020: £26,096) Poland £44,418 (2020: £95,498) and Italy £30,226 (2020: Nil).

The Trustees also have family members who are part of the Kabbalah community and participate in various activities on the same terms and basis as the general public. The aggregated voluntary donations and purchase of event tickets from the Trustees and family members during the year was £15,185 (2020: £29,073). A further one off unrestricted donation of £2.2m was received from a family member of a Trustee.

The rental agreement that was in place with the Weston family was terminated during the current financial year.

Action for London (A4L) is a registered charity that provides volunteer outreach activities to less fortunate communities across London. It is a related party by virtue of trustees in common. The charity received donations amounting to £2,810 on behalf of A4L and used these funds to pay expenses of £3,488 during the year.

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary Kabbalah Limited distributes any available profits to the parent charity. Its charge to corporation tax in the year was:

	2021	2020
	£	£
UK corporation tax at 19%	-	-

Notes to the financial statements

For the year ended 31 December 2021

10a Tangible fixed assets

Cost or valuation	Freehold property £	Other fixed assets £	Total £
At the start of the year	24,859,128	1,223,435	26,082,562
Additions in year	734,604	9,020	743,625
Disposals in year	–	–	–
At the end of the year	25,593,732	1,232,455	26,826,187
Depreciation			
At the start of the year	2,172,000	471,310	2,643,310
Charge for the year	362,000	8,454	370,454
At the end of the year	2,534,000	479,764	3,013,764
Net book value			
At the end of the year	23,059,732	752,691	23,812,424
At the start of the year	22,687,128	752,125	23,439,253

Land with a value of £6,000,000 (2020: £6,000,000) and cumulative building work in progress expenditure of £1,493,732 is included within freehold property and not depreciated.

Any properties held at valuation were last valued in 2015. The properties are currently undergoing significant structural changes which will ultimately impact on the valuation. The Trustees have taken the decision to hold back on any further valuation until the construction work is completed. The additions to freehold property reflect the expenditure incurred on the construction work during the year.

All of the above assets are used solely for charitable purposes at this point however this may change on completion of the building work.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2021 £	2020 £
Cost	9,824,198	9,824,198
Accumulated depreciation	–	–
Net book value	9,824,198	9,824,198

10b Intangible assets

	2021 £	2020 £
Digital Kabbalistic writings by scholar Rav Ashlag		
Cost	2,474,834	2,474,834
Amortisation	(581,223)	(330,327)
Opening balance adjustment – revaluation	(50,370)	
	1,843,241	2,144,507

Notes to the financial statements

For the year ended 31 December 2021

11 Investment properties

	2021 £	2020 £
Fair value at the start of the year	7,046,202	7,700,000
Additions –building work in progress	17,808	116,202
Revaluation during the year	–	(770,000)
Fair value at the end of the year	<u>7,064,010</u>	<u>7,046,202</u>

The properties mentioned above are the Harley House and Conway Street properties. The properties were last valued on 25 March 2020 and 7 April 2020 respectively by an independent professional valuer. The Trustees have once again reviewed the property market in Central London post COVID and have decided to retain the prior year valuations given the current market volatility and the planned building work at 29 Conway Street.

12 Listed investments

	2021 £	2020 £
Fair value at the start of the year	24,956,056	18,692,131
Additions at cost	–	5,000,000
Interest & Dividends earned	232,497	176,319
Management fees paid	(79,586)	(71,716)
Funds withdrawn	–	(429,359)
Net gain / (loss) on change in fair value of private equity investments	(265,644)	1,302,052
Net gain / (loss) on change in fair value	1,695,975	286,629
Fair value at the end of the year	<u>26,539,298</u>	<u>24,956,056</u>

Investments comprise:

	2021 £	2020 £
Listed on various Stock Exchanges	24,854,919	23,055,242
Unlisted shares and loan notes	1,684,379	1,900,813
	<u>26,539,298</u>	<u>24,956,056</u>

13 Stock

	2021 £	2020 £
Finished goods	48,063	89,409
	<u>48,063</u>	<u>89,409</u>

14 Debtors

	2021 £	2020 £
Trade debtors	79,476	17,375
Other debtors	78,364	78,088
Amounts due from group undertakings	(405)	(291)
Prepayments and accrued income	711,133	225,086
Loan – Lifestream for Technology	189,237	–
	<u>1,057,806</u>	<u>320,258</u>

Notes to the financial statements

For the year ended 31 December 2021

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Other loan – KCI	268,005	26,508
Trade creditors	77,968	235,602
Taxation and social security	266,816	156,488
Other creditors	30,677	39,264
Amounts due to associated undertakings	–	1,128
Accruals and deferred income	53,571	89,290
	697,036	548,279

16 Creditors: amounts falling due after one year

	2021 £	2020 £
Barclays Bank loan – security backed lending facility	1,434,976	733,530
Other long term loan – KCI	–	273,847
	1,434,976	1,007,377

The security backed lending facility (which provides a rolling loan facility to the charity of a maximum of 50% of the value of the investment portfolio) is secured by the value of the investment portfolio under the direct management of Barclays Bank. The value of the portfolio at year end was £24,854,919 (2020:£23,055,242).

17 Pension scheme

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from that of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund, these are allocated against unrestricted funds. At the year end the contributions amounted to £28,534 (2020: £19,228).

18a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	23,812,424	–	23,812,424
Investment properties	7,064,010	–	7,064,010
Investments	26,539,298	–	26,539,298
Intangible fixed assets	1,843,241	–	1,843,241
Net current assets	(379,653)	3,706,995	3,327,342
Long term liabilities	(1,434,976)	–	(1,434,976)
Net assets at 31 December 2021	57,444,345	3,706,995	61,151,340

18b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	23,439,253	–	23,439,253
Investment properties	7,046,202	–	7,046,202
Investments	24,956,056	–	24,956,056
Intangible fixed assets	2,144,507	–	2,144,507
Net current assets	(4,028,684)	5,171,862	1,143,178
Long term liabilities	(1,007,377)	–	(1,007,377)
Net assets at 31 December 2020	52,549,957	5,171,862	57,721,819

19a Movements in funds (current year)

	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2021 £
Restricted funds:					
Rav Berg Zohar project	171,862	97,856	(34,366)	–	235,352
12 Stratford Place Building Extension	5,000,000	–	–	(1,643,327)	3,356,673
The Karen Berg Scholarship Fund	–	170,860	(55,890)	–	114,970
Shabbat Fund	–	21,564	(21,564)	–	–
Total restricted funds	5,171,862	290,280	(111,820)	(1,643,327)	3,706,995
Unrestricted funds:					
Revaluation reserve	12,909,482	–	–	–	12,909,482
General funds	39,640,476	6,977,131	(3,726,070)	1,643,327	44,534,863
Total unrestricted funds	52,549,958	6,977,131	(3,726,070)	1,643,327	57,444,345
Total funds	57,721,820	7,267,411	(3,837,890)	–	61,151,340

The narrative to explain the purpose of each fund is given at the foot of the note below.

19b Movements in funds (prior year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Gains / (losses) £	At 31 December 2020 £
Restricted funds:					
Zohar project funds	54,355	117,507	–	–	171,862
12 Stratford Place Building Extension	5,000,000	–	–	–	5,000,000
Total restricted funds	5,054,355	117,507	–	–	5,171,862
Unrestricted funds:					
Fair value reserve	–	–	–	–	–
Revaluation reserve	12,827,802	–	–	81,680	12,909,482
General funds	40,775,012	2,803,786	(3,938,323)	–	39,640,475
Total unrestricted funds	53,602,814	2,803,786	(3,938,323)	81,680	52,549,957
Total funds	58,657,169	2,921,293	(3,938,323)	81,680	57,721,819

Purposes of restricted funds

12 Stratford Place Building

The purpose of the restricted building fund is to primarily develop the vacant land (known as Bourne Mews) situated alongside 12 Stratford Place. The vacant land was purchased by the charity in 2011 and the Trustees have retained a long standing desire to develop the land and refurbish the existing property.

The Karen Berg Scholarship Fund

The Karen Berg scholarship fund continues the work of making the wisdom and tools of Kabbalah accessible without financial barriers, so that all have the opportunity to improve their lives by making scholarships available to qualifying students.

Rav Berg Zohar Project

The Zohar project continues the work of manifesting the Rav Bergs vision of a Zohar in every home across the globe, bringing the light and the power of the Zohar to every single person in the world. It is with this vision in mind that the Centre has committed to offering thousands of Zohars free of charge throughout the year.

Shabbat Fund

The Shabbat Fund was created to essentially fund the costs associated with offering shabbat spiritual connections to the community each week.

20 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2021 £	2020 £	Equipment 2021 £	2020 £
Less than one year	225,550	101,400	–	7,919
One to five years	138,233	94,683	–	16,645
Over five years	–	–	–	–
	363,783	196,083	–	24,564

21 Operating lease commitments receivable as a lessor

Amounts receivable by the charity under non-cancellable operating leases are as follows for each of the following periods

	Property 2021 £	2020 £
Less than one year	80,808	–
One to five years	242,424	–
Over five years	–	–
	323,232	–

22 Capital commitments

At the balance sheet date, the charity had committed to spend £8,120,000 (2020: £8,100,000) towards the construction of the rear extension at 12 Stratford Place (Bourne Mews development) and a further £1,865,000 for the complete refurbishment of the existing premises used by the charity. The charity has incurred project expenditure of £734,604 (2020: £769,127) on the Bourne Mews / Stratford Place project during this year and a further £17,808 (2020: £116,202) on the Conway Street development, the purpose of which is to change the use of the property to an HMO. The project will be funded from existing restricted reserves and unrestricted reserves currently held in the investment portfolio.

23 Post Balance Sheet Events

The Trustees approved the purchase of a vacant lot of land in Caesarea Israel for €3.4m on the 28th October. The objective is to build an international retreat centre on the property. The transaction was finally concluded in May 2022 and the purchase price settled from the charities unrestricted reserves. The building works are likely to start in 2023.

24 Legal status of the charity

The charity is a company limited by guarantee and has no share capital.