

Company registration number 03659214
Charity number: 1079796

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

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 2022

Trustees

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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The Trustees present their annual report, together with the audited financial statements of the Kabbalah Centre, for the year 1 January 2022 to 31 December 2022.

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 key 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 reverted to the tried and tested pre-COVID operational strategy of hosting more in-person events and facilitating one on one engagement with the Kabbalah community during 2022. The Centre leased an office in Central London to provide class and event facilities in support of creating wider engagement with the community once again.

PRINCIPAL ACTIVITIES FOR ACHIEVING OBJECTIVES

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

- Getting back to basics (the traditional operational model) following the operational adjustments brought about during the COVID pandemic. This included galvanising and energising the Kabbalah community by hosting larger spiritual events in London, Paris, and South Africa.
- The delivery of enhanced opportunities and services for students and the Kabbalah community members across Europe & Africa to meet in person with their Teachers and to participate in a wide range of outreach activities.
- The ongoing work and investment in translating the Zohar into French.

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- Pushing forward with the building work at 12 Stratford Place and 29 Conway Street.
- The purchase of land in Israel to build an international retreat Centre.
- Reviving the dormant KCP charity in Israel to continue the Spirituality for Kids program which was established to develop spiritual education programs for children primarily in the Middle East. The programs will continue to be adapted to also cater to children in other parts of the world.
- The official registration of the charity in Spain.
- The ongoing research and preparation to publish a range of exclusive books from the Rav Ashlag digital writings.
- The Zohar project activities in Poland and Ukraine in response to the invasion of Ukraine, involving twenty-one volunteers from Poland, Spain, Netherlands, Romania, the UK & Portugal

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 a team of trained and experienced teaching staff throughout 2022. The focus of the Kabbalah Centre's charitable purpose is to reach more students from all backgrounds who have an interest or desire to learn more about spirituality; and how to understand and apply the ancient wisdom and Kabbalah practices and principles 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 systematically 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 the general public without any restriction. 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.

The Centre held two major events in London and one in Paris led by Michael and Monica Berg (attended by 670 students) in addition to the regular spiritual and fundraising events held in London, Italy, and South Africa.

The demand for scholarships and subsidised course fees increased once again in 2022. The Centre granted 1,251 full scholarships and 1,003 part scholarships during the year (valued at £55,890), 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 any financial barrier.

We continued to market and grow the Onehouse Community Membership across Europe and South Africa 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 a range of 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 personal schedule. The Teachers are available for one on one sessions with their students and able to connect with them from anywhere in the world to advise, listen to, and support them on their spiritual path.

The Centre distributed 17,808 (2021: 9,600) Zohars across the UK, Europe, and Africa in 2022. A team of 22 volunteers (from Spain, Netherlands, Romania, and Poland) and three Teachers spent a week in Poland distributing Zohars along the Ukraine border and areas within Poland that were receiving and supporting people leaving Ukraine.

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The printing and distribution cost of the Zohar is funded by donations to the Zohar Project, this is an ongoing and continuous Kabbalah 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.

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 annual basis, this entails a review of past performance across the entire organisation and reassessing 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 across Europe and Africa in a sensible, organised, and financially sustainable manner.

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

- The ongoing review of the global communications and marketing strategy – assessing and testing different social media and marketing channels in different regions, expanding the marketing team in the UK and Europe including the ongoing investment in new technology and software and more regionally focused marketing.
- Expanding the distribution channels for the range of Kabbalah publications and merchandise across Europe and Africa.
- Ongoing review and investment in developing the internal IT systems and internal procedures.
- Ongoing training and development of the teaching staff, recruitment of marketing staff, 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.
- The translation of the Zohar into French and the ongoing fundraising and delivery of the Zohar project activities.
- Reviving the Spirituality for Kids program in conjunction with Kids Creating Peace (KCP) a charity registered in Israel.

Specific Plans for the Future

1. UK Building Extension And Property Refurbishment.

The project to develop the vacant land and refurbish 12 Stratford Place picked up pace this year as all the outstanding permissions, approvals, and agreements were eventually finalised. The charity spent £1,056,551 (2021:£734,604) on the project during 2022.

The cumulative expenditure on the project at year-end was £2.6m (2021: £1.5m).

The goal for 2023 and beyond is to ensure that the project is managed effectively throughout the building work, that we continue to identify and closely monitor the key risks, and that the building is ultimately completed on time, within budget, and to the expected standard.

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2. Publishing Activities

The Kabbalah Centre invested in the purchase of the 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 anticipated that these rare and historical writings would significantly enhance the Centre's unique content offering in future years. The writings are in digital format and comprise more than 10,000 pages of unpublished material.

The Publishing team has completed the first edition (Shir Hashirim) which is now available for sale. The second edition (Alef-Bet Dictionary) is expected to be completed and launched in July 2023 and work on the third edition (Pei Hacham) has started and will be published in December 2023.

The Publishing team is dedicated to ensuring that each edition is thoroughly researched and carefully crafted to provide the highest quality content that will generate an ongoing source of income for the charity.

3. European and African Operations

The reorganisation of the European & African operations under KCE has delivered significant cost savings over the last few years, however, the key goal in the year ahead is to continue to increase income and control costs for all the entities in Europe and Africa to break even in 2024.

The objective is also for the Centre to continue to invest and improve the internal systems and operating processes across each of its operating Centres and to invest in the areas and countries that we believe have the potential to grow.

The registration of the charity in Spain is now complete and the focus for the next year is to set up the internal systems and governance processes in line with local requirements and to implement the charitable activities identified in the business plan.

4. Development of Israel Property

The Trustees approved the proposal to purchase vacant land in Caesarea, Israel in 2021. The purchase agreements for the properties were concluded in this financial year. The Centre will now embark on the design and development of the international retreat Centre, we will focus on the design work, planning permissions, and fundraising for this project over the next year.

We have a broad timeline of two to three years to complete the project at an estimated cost of £6.1m.

5. Zohar Project Activities

The Zohar Project provides the foundation and serves as an integral component of the Centre's charitable activities. The charity will continue to focus on the Zohar Project in the year ahead with particular focus on (a) the printing and distribution of 100,000 Pinchas Zohar's in Ukraine and Poland (b) completing the translation of the Zohar into French and (c) streamlining the printing, storage, and distribution of the Zohars in Europe.

6. Spirituality for Kids (KCP) Program

The charity started the process of reviving the "Kids Creating Peace" program in Israel during this financial year, using the existing KCE teaching staff and external specialised support services. The program aims to promote peace, tolerance, and understanding among children mainly in the Middle East. The program will also be adapted to an international market in the year ahead. The objective of the program is to foster empathy, cooperation, and dialogue, in children at an early age so that they may grow to empower themselves and their communities to become ambassadors of peace and work toward creating a more harmonious, compassionate, and tolerant world.

Achievements and Performance

KEY FINANCIAL PERFORMANCE INDICATORS

The Centre ended the financial year with an operating loss of £3,770,142 (2021: £3,413,339 profit). The overall accumulated reserves decreased by £4,045,272 (2021: £3,429,520 increase) to £57.1m after adjusting for foreign

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exchange gains and losses. The main reason for the operating loss is that income from donations decreased by £2.5m and expenditure on charitable activities increased by £780k during this financial year.

Total income decreased from £5.4m in 2021 to £3.1m this year. We received a one-off large unrestricted donation of £2.2m in 2021 which also qualified for Gift Aid. The total income received in this financial year was back in line with previous years and not the result of any fundamental change in the operating model whereas the income in 2021 was a one-off spike due to the large unrestricted donation mentioned above

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 – which is a significant improvement from the declining trend in unrestricted donations over the last six years. The Charity continues to focus on delivering against its annual operational targets in a more structured and controlled manner.

Expenditure on charitable activities increased by 22% (2021:12% decrease) in this financial year from £3,626,175 to £4,406,325. 2021, 2021 proved to be an abnormal year due to COVID restrictions that limited the ability to travel and hold in-person events which resulted in lower operational costs.

The following factors contributed to the significant increase in charitable expenditure during the year:

- Increased office rent – the charity entered into a one-year lease for office space in Central London to start up the post-COVID activities as we could no longer use 12 Stratford Place due to the ongoing building work.
- Increased expenditure on travel - the Teachers started to travel across Europe and Africa once again to attend spiritual events, hold classes and meet students in person
- Increased expenditure on events – we held several large fundraising events in London, Paris, and South Africa during the year.
- Increased salary costs – we employed more Teachers and marketing staff in 2022.

Total expenditure (including fundraising expenses) for the year increased to £4.5m from £3.8m the previous year.

The organisation's listed investments were valued at £17,892,712 (2021: £26,539,298) at the close of the financial year. £6.2m was withdrawn from the investment portfolio during the year to fund the purchase of two properties in Caesarea, Israel, and the 12 Stratford Place building work. The charity purchased the properties in Israel with the intention of building an international retreat Centre to be used to advance the charity's spiritual mission and charitable activities.

In addition to the above the value of the listed investments declined by £2.4m. The unrealised loss of £2.4m was driven by post-COVID volatility in global markets; the investment committee continues to work with the fund managers to review the short to medium-term investment strategy.

£16.3m (2021: £25m) of the total investments of £17.9m are managed by Barclays UK and invested in listed/ liquid assets. The investment portfolio managed by Barclays delivered a loss of 9.75% in (2021:6.73%) over the year.

The balance of the investment portfolio is managed by Axentia, the value of the portfolio has not changed during the year and we have continued to impair the value of the private equity investments within the portfolio. The Investment Committee continues to monitor the investments held in this portfolio and seek 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 the net contribution towards unrestricted funds.
- Managing the capital expenditure projects within the approved budget and adhering to the building programme.
- The percentage growth in student numbers in London and Europe compared to worldwide growth across all locations.

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- The number of Kabbalah classes delivered during the year, attendance, and student participation in the wider activities offered by the charity.
- The increase in the number of people attending the spiritual connections and other events held at the Centre.
- Ensuring that we have adequate short-term and liquid reserves to fund the major capital expenditure projects.
- The number of volunteers working with the charity across Europe & Africa.
- The number of Zohar's distributed and scholarships issued each year.

2022 was a year of getting back to basics and reaching out to the Kabbalah community once again following the COVID-19 pandemic and the changes in the operating model that were necessary to work around this unprecedented global event.

The Centre focused on manifesting its spiritual vision in environments experiencing human conflict and suffering through the Zohar Project. We distributed Zohar's in hospitals, and churches in Ukraine and Poland including government offices and embassies across Europe. We continued to grow the scholarship fund providing 1,251 full scholarships and 1,003 part scholarships.

We reverted to hosting events once again and continued to drive the implementation of the updated marketing strategy and to invest in new staff and the appropriate marketing channels in support of the Charity's ambition to reach a wider global audience.

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 experienced and qualified Fund Managers in Barclays Wealth Management and Axentia. The Investment Committee determines the organisation's risk profile and the high-level investment strategy to provide overall guidance to the appointed Fund Managers. The Investment Committee meets every quarter to review the performance of the investment portfolio and to reassess the risks as more economic data becomes available and global markets respond.

FACTORS RELEVANT TO ACHIEVING THE OBJECTIVES

Financial Review

A summary of the financial performance for 2022 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 decreased from £5.4m in 2021 to £3.1m in 2022.

The Centre generates its income from the following sources:

- Donations – 58% (2021: 79%). Last year's income from donations included a one-off unrestricted donation of £2.2m and a further sum of £563k in gift aid. The current year's level of 58% is back in line with previous years.
- Class, consultation fees, and fundraising events – 27% (2021: 11%). 2021 was a low base due to the impact of COVID-19. We were able to hold more classes, chart readings, and in-person events and consultations with the community in 2022.
- Trading activities – 3% (2021: 1%). Sales of the Zohar increased in 2022 as new students registered for the classes.
- Investments – 12% (2021: 6%). Rental income increased by £76k in 2022 as we managed to secure a long-term tenant at Harley House and Conway Street following a period in 2021 when the properties were unoccupied.

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. The current financial projections reflect that the ongoing development of 12 Stratford Place and the retreat Centre in Israel will make a

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significant and consistent contribution to the charity's income in future years upon completion of the projects.

Total expenditure increased by 20% (2021: 11% decrease) in 2022, from £3.8m in 2021 to £4.5m in 2022.

The Centre incurred a range of additional operating expenses in this financial year as the post-COVID world opened up and reverted to its tried and tested operational model of direct engagement with the Kabbalah community. This resulted in increased costs of travel, venue hire, office space, and catering.

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 decreased from £ 61.1m in 2021 to £57.1m in 2022 due to the operating loss and unrealised loss on the charity's investments. The Trustees regularly reassess the operational strategy and seek options to diversify the source of income; 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 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.

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, Israel and other countries in Europe and Africa. The divisional operations are consolidated for accounting and reporting

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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, Israel, South Africa, and the Republic of Côte d'Ivoire.

In order to meet local governance requirements, we have registered independent legal entities in Poland, France, Italy, Spain, 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 UK charity also revived Kids Creating Peace (KCP) which is a charity registered in Israel which was previously dormant, KCP is a wholly owned subsidiary of the UK charity.

The Trustees continue to recognise and monitor the potential conflict of interest issues that may arise as a result of the organisational structure outlined above. The Charity continues to reassess the situation and implement 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 and the Kabbalah community. 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.

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 charity's financial performance, how global markets are responding to changing events, and other indicators within Kabbalah Centres across the globe.

The Trustees have identified the key risks which are (1) Cyber security (2) management of the investment portfolio, the related returns/losses in the current economic climate and (3) Managing the building projects within budget and the agreed building program.

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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.

The professional project team appointed by the Trustees to manage the building projects continues to monitor and track progress closely with regular project meetings and site visits.

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.

- £4.4m in unrestricted reserves to cover twelve months' operating costs.
- £8.0m 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.
- £3.0m to fund the building of an international retreat Centre on the land in Israel.

The Centre held unrestricted reserves of £54.1m (2021: £57.40) at the close of the financial year. The unrestricted reserves include land and buildings valued at £36.6m (2021: £30.8m), the remaining cash or liquid reserves of £17.5m (2021: £26.6m) is available to cover the targeted level of reserves, and funding of £17.2m for the activities and capital projects listed above.

The targeted level of unrestricted reserves as of 31 December 2022 is £17.20m. The small excess reserves are being held to cover any unforeseen (inflation, project delays, etc.) capital expenditure related to the listed projects.

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 judgments 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.

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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 on 25 September 2023 and signed on their behalf by:

Gladys Obadiah
Trustee

Date: 25 September 2023

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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 2022 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 2022 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.

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

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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.

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

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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.
- 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.

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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 2023
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

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

For the year ended 31 December 2022

	Note	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from:							
Donations and legacies	3	1,167,337	630,233	1,797,570	3,992,413	290,280	4,282,693
Charitable activities – Kabbalistic Education		575,316	–	575,316	465,484	–	465,484
Fundraising income		209,294	–	209,294	117,097	–	117,097
Other trading activities		140,999	–	140,999	78,676	–	78,676
Investments	3	378,763	–	378,763	308,015	–	308,015
Other		–	–	–	172,441	–	172,441
Total income		2,471,708	630,233	3,101,941	5,134,125	290,280	5,424,405
Expenditure on:							
Raising funds	4b	362,867	–	362,867	224,196	–	224,196
Charitable activities		3,825,962	310,056	4,136,018	3,417,927	111,820	3,529,747
Total expenditure		4,188,829	310,056	4,498,885	3,642,123	111,820	3,753,943
Net income / (expenditure) before net gains on investments		(1,717,121)	320,177	(1,396,944)	1,492,002	178,460	1,670,462
Net gains /(losses) on investments		(2,373,198)	–	(2,373,198)	1,742,877	–	1,742,877
Net income / (expenditure) for the year	9	(4,090,319)	320,177	(3,770,142)	3,234,879	178,460	3,413,339
Transfers between funds		1,072,689	(1,072,689)	–	1,643,327	(1,643,327)	–
Net income / (expenditure) before other recognised gains and losses		(3,017,630)	(752,512)	(3,770,142)	4,878,206	(1,464,867)	3,413,339
Losses on foreign exchange translation		(40,614)	–	(40,614)	(83,947)	–	(83,947)
Gains / (losses) on revaluation of fixed assets		(300,000)	–	(300,000)	–	–	–
Other gains / (losses)		65,484	–	65,484	100,128	–	100,128
Net movement in funds		(3,292,760)	(752,512)	(4,045,272)	4,894,387	(1,464,867)	3,429,520
Reconciliation of funds:							
Total funds brought forward		57,444,345	3,706,995	61,151,340	52,549,958	5,171,862	57,721,820
Total funds carried forward		54,151,585	2,954,483	57,106,068	57,444,345	3,706,995	61,151,340

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 19a to the financial statements.

As at 31 December 2022

	Note	The group 2022	2021	The charity 2022 £	2021 £
Fixed assets:					
Tangible assets	10a	27,740,853	23,812,424	24,517,943	23,812,424
Intangible assets	10b	1,600,794	1,843,241	1,600,794	1,843,241
Investment properties	11	9,624,333	7,064,010	6,773,288	7,064,010
Investments	12	17,892,712	26,539,298	17,892,712	26,539,298
		56,858,692	59,258,973	50,784,736	59,258,973
Current assets:					
Stock	13	62,195	48,063	62,195	48,063
Debtors	14	464,582	1,057,806	6,538,537	1,057,806
Cash at bank and in hand		3,990,741	2,918,510	3,990,741	2,918,510
		4,517,517	4,024,378	10,591,472	4,024,378
Liabilities:					
Credit	15	(841,045)	(697,036)	(841,045)	(697,036)
Net current assets		3,676,472	3,327,342	9,750,427	3,327,342
Total assets less current liabilities		60,535,164	62,586,315	60,535,164	62,586,315
Creditors: amounts falling due after one year	16	(3,429,095)	(1,434,976)	(3,429,095)	(1,434,976)
Total net assets		57,106,068	61,151,340	57,106,068	61,151,340
Funds:	19a				
Restricted funds		2,954,483	3,706,995	2,954,483	3,706,995
Unrestricted income funds:					
Unrestricted funds		41,542,103	44,534,863	41,542,103	44,534,863
Revaluation reserve		12,609,482	12,909,482	12,609,482	12,909,482
Total unrestricted funds		54,151,585	57,444,345	54,151,585	57,444,345
Total funds		57,106,068	61,151,340	57,106,068	61,151,340

Approved by the trustees on 25 September 2023 and signed on their behalf by

Gladys Obadiah
Trustee

Consolidated Statement of cash flows

For the year ended 31 December 2022

	Note	2022 £	£	2021 £	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(3,770,142)		3,413,339	
Depreciation and amortisation charges		614,709		619,163	
Bad debt expense		–		–	
(Gains)/losses on investments		2,471,488		(1,789,978)	
Interest charge		39,237		11,446	
Tax paid		–		–	
Dividends, interest and rent from investments		(378,763)		(308,015)	
(Gains) / losses on foreign exchange		–		(16,181)	
(Increase)/decrease in stocks		(14,132)		41,346	
(Increase)/decrease in debtors		593,224		(737,548)	
Increase/(decrease) in creditors		144,009		148,757	
Net cash used in operating activities		(300,370)		1,382,329	
Cash flows from investing activities:					
Dividends, interest and rents from investments		378,733		308,015	
Purchase of fixed and intangible assets		(4,300,691)		(743,625)	
Proceeds from sale of investments		6,200,000		–	
Purchase of investments		(2,860,323)		–	
Increase in cash held by investment manager		–		–	
Net cash (used in) / provided by investing activities		(582,281)		(435,610)	
Cash flows from financing activities:					
Repayments of borrowing		(1,945,118)		(60,000)	
Loan borrowings		3,900,000		750,000	
Net cash used in financing activities		1,954,882		690,000	
Change in cash and cash equivalents in the year		1,072,231		1,636,720	
Cash and cash equivalents at the beginning of the year		2,918,510		1,281,790	
Cash and cash equivalents at the end of the year	a	3,990,741		2,918,510	

Analysis of cash and cash equivalents and of net debt

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	2,918,511	1,072,231		3,990,742
a Total cash and cash equivalents	2,918,511	1,072,231		3,990,742
Loans falling due after more than one year	1,434,976	1,994,119	–	3,429,095
Total	1,434,976	1,994,119	–	3,429,095

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.

These financial statements consolidate the results of the charity and material transactions within its subsidiary Kids Creating Peace. Transactions and balances between the charity and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes of the charity's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006. A summary of the result for the year is disclosed in the notes to the accounts.

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.

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 discounts due.

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.

1 Accounting policies (continued)**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 £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Donations	1,167,337	630,233	1,797,570	3,992,413	290,280	4,282,693
	<u>1,167,337</u>	<u>630,233</u>	<u>1,797,570</u>	<u>3,992,413</u>	<u>290,280</u>	<u>4,282,693</u>

3 Income from investments

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Bank and other interest receivable	165,426	–	165,426	139,000	–	139,000
Dividends received – listed investments	63,957	–	63,957	95,565	–	95,565
Rental income from investment	149,380	–	149,380	73,450	–	73,450
	<u>378,763</u>	<u>–</u>	<u>378,763</u>	<u>308,015</u>	<u>–</u>	<u>308,015</u>

Notes to the financial statements

For the year ended 31 December 2022

4a Analysis of expenditure (current year)

	Cost of raising funds £	Charitable activities £	Governance costs £	2022 Total £	2021 Total £
Staff costs (Note 6)	–	2,066,353	–	2,066,353	1,747,654
Depreciation and amortisation	–	614,709	–	614,709	619,163
Other direct costs	–	1,129,921.42	–	1,129,921	940,631
Investment manager fees	91,922	–	–	91,922	127,172
Investment property costs	42,483	–	–	42,483	–
Fundraising trading	227,823	59,020	–	286,844	106,127
Audit costs	–	–	21,250	21,250	19,863
Grants paid	–	245,403	–	245,403	193,333
	362,229	4,115,406	21,250	4,498,885	3,753,943
Support costs	–	–	–	–	–
Governance costs	638	20,612	(21,250)	–	–
Total expenditure 2022	362,867	4,136,018	–	4,498,885	
Total expenditure 2021	127,768	3,626,175			3,753,943

4b Analysis of expenditure (prior year)

	Cost of raising funds £	Charitable activities £	Governance costs £	2021 Total £
Staff costs (Note 6)	–	1,747,654	–	1,747,654
Depreciation and amortisation	–	619,163	–	619,163
Other direct costs	–	1,133,964	–	1,133,964
Investment manager fees	127,172	–	–	127,172
Fundraising trading	–	106,127	–	106,127
Audit costs	–	–	19,863	19,863
	<u>127,172</u>	<u>3,606,908</u>	<u>19,863</u>	<u>3,753,943</u>
Support costs	–	–	–	–
Governance costs	596	19,267	(19,863)	–
	<u>596</u>	<u>19,267</u>	<u>(19,863)</u>	<u>–</u>
Total expenditure 2021	<u>127,768</u>	<u>3,626,175</u>	<u>–</u>	<u>3,753,943</u>

Notes to the financial statements

For the year ended 31 December 2022

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2022 £	2021 £
Depreciation and amortisation	614,709	619,163
Loss or profit on disposal of fixed assets	-	-
Interest payable	39,237	11,446
Operating lease rentals payable:		
Property	290,605	193,084
Operating lease rentals receivable:		
Property	(149,380)	(73,450)
Auditor's remuneration (excluding VAT):		
Audit	21,250	15,750
Under-accrual for audit in prior year	-	766
Other services	4,959	3,347
Foreign exchange gains or losses	149,500	83,947

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

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	1,550,644	1,377,884
Social security costs	145,687	99,205
Employer's contribution to defined contribution pension schemes	49,146	28,534
Housing and other benefits	320,876	242,031
	2,066,353	1,747,654

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

	2022 No.	2021 No.
£60,000 – £70,000	2	-
£70,001 – £80,000	2	3
£80,001 – £90,000	-	3
£90,001 – £100,000	2	-
£100,001 – £110,000	2	-
£110,001 – £120,000	-	-
£120,001 – £130,000	-	-
£130,001 – £140,000	1	-
£140,001 – £150,000	-	1
£150,001 – £160,000	-	-
£160,001 – £170,000	-	-
£170,001 – £180,000	-	-
£180,001 – £190,000	1	-

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel during the year were £460,078 (2021: £384,960). 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 £36,864 (2021:£30,207) during the year. Nicole Weston is related to Marcus Weston and she also received remuneration of £53,408 (2021: £15,219) during the year.

The charity trustees were neither paid nor received any other benefits from employment with the charity during the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustee expenses represent the payment or reimbursement of travel and subsistence expenses incurred by the two overseas based Trustees totalling £26,761 (2021: £7,942 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.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 38 (2021: 34).

8 Related party transactions

The amount owed by the charity to Kabbalah Centre International (KCI) was paid in full during the year, the balance at the close of the financial year was £Nil (2021: £268,005). 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. The loan due from Lifestream for Technology was paid in full during the year, the balance at the close of the financial year was £Nil (2021: £189,237).

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 £41,061 (2021: £24,328) during the year. The charity also purchased branded merchandise and products totalling £24,811 during the year.

Kabbalah Centre International (KCI) manages certain software licenses on behalf of the group. The charity paid KCI the sum of £24,013 (2021: £19,098) in respect of software and other 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 £172,693 (2021: £164,691) 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 Centre's and study groups to deliver this goal. In support of this work the charity issued a grant of £197,919 (2021: £193,333) to the Kabbalah Centre, Germany and a further £47,335 (2021: £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. The mentioned Trustees claimed travel expenses of £26,826 (2021: £7,942) during the year, all of which is business related travel. The breakdown of the expenses by Trustee is: Michael Berg £13,030 (2021: £2,668), Eliyahu Yardeni £13,796 (2021: £2,362). The increased level of business travel for the Trustees was driven by the post COVID demand expressed by the Kabbalah community across the UK and Europe.

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 £3,164 (2021: £1,765) 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 2022 the charity received administration fees of £137,446 (2021: £144,387). The fees were received from the following Kabbalah Centres, France £20,991 (2021: £11,590), South Africa £17,460 (2021: £5,745), Ivory Coast £42,632 (2021: £52,407) Poland £Nil (2021: £44,418), Italy £45,807 (2021: £30,226) and Germany £29,826 (2021: £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 £38,399 (2021: £15,185).

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 £3,800 (2021: £2,810) on behalf of A4L and used these funds to pay expenses of £1,442 (2021: £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:

	2022 £	2021 £
UK corporation tax at 19%	-	-

Notes to the financial statements

For the year ended 31 December 2022

10a Tangible fixed assets

For the charity and the group	Group Freehold property £	Group Other fixed assets £	Group Total £	Charity Freehold property £	Charity Other fixed assets £	Charity Total £
Cost or valuation						
At the start of the year	25,593,732	1,232,455	26,826,188	25,593,732	1,232,455	26,826,188
Additions in year	4,295,591	5,100	4,300,691	1,072,681	5,100	1,077,781
Disposals in year				–	–	–
At the end of the year	29,889,323	1,237,555	31,126,878	26,666,413	1,237,555	27,903,969
Depreciation						
At the start of the year	2,534,000	479,764	3,013,764	2,534,000	479,764	3,013,764
Charge for the year	362,000	10,262	372,262	362,000	10,262	372,262
At the end of the year	2,896,000	490,026	3,386,026	2,896,000	490,026	3,386,026
Net book value						
At the end of the year	26,993,323	747,529	27,740,853	23,770,413	747,529	24,517,943
At the start of the year	23,059,732	752,691	23,812,424	23,059,732	752,691	23,812,424

Land with a value of £6,000,000 (2021: £6,000,000) and cumulative building work in progress expenditure of £2,566,413 (2021: £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 the valuation on completion of the works in 2024. The Trustees have taken the decision to hold back on any further valuation until the construction work is completed. The additions to freehold property in the charity reflect the expenditure incurred on the construction work from the start of the project.

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:

	2022 £	2021 £
Cost	9,824,198	9,824,198
Accumulated depreciation	–	–
Net book value	9,824,198	9,824,198

10b Intangible assets

	The group 2022 £	2021 £	The charity 2022 £	2021 £
Digital Kabbalistic writings by scholar Rav Ashlag				
Cost	2,424,463	2,474,834	2,424,463	2,474,834
Amortisation	(823,669)	(581,223)	(823,669)	(581,223)
Opening balance adjustment – revaluation	–	(50,370)	–	(50,370)
	1,600,794	1,843,241	1,600,794	1,843,241

11 Investment properties

	The group 2022 £	2021 £	The charity 2022 £	2021 £
Fair value at the start of the year	7,064,010	7,046,202	7,064,010	7,046,202
Additions –building work in progress	2,860,323	17,808	9,278	17,808
Revaluation during the year	(300,000)	–	(300,000)	–
Fair value at the end of the year	9,624,333	7,064,010	6,773,288	7,064,010

The properties mentioned above are Flat 46 Harley House and 29 Conway Street. The Harley House property was revalued on the 11th January 2023 by an independent professional valuer. 29 Conway Street was last independently valued on the 7th April 2020, the property was not revalued this year as the Trustees have embarked on a project to convert the property into three apartments, pending Camden Councils approval. The Trustees have once again reviewed the property market in Central London and have decided to retain the prior year valuation given the planned building work at 29 Conway Street. The additions in 2022 represent the value of investment properties purchased overseas.

Notes to the financial statements

For the year ended 31 December 2022

12 Listed investments

	The group 2022 £	2021 £	The charity 2022 £	2021 £
Fair value at the start of the year	26,539,298	24,956,056	26,539,298	24,956,056
Additions at cost	–	–	–	–
Interest & Dividends earned	193,672	232,497	193,672	232,497
Management fees paid	(91,922)	(79,586)	(91,922)	(79,586)
Funds withdrawn	(6,200,000)	–	(6,200,000)	–
Net gain / (loss) on change in fair value of private equity investments	(175,138)	(265,644)	(175,138)	(265,644)
Net gain / (loss) on change in fair value	(2,373,198)	1,695,975	(2,373,198)	1,695,975
	17,892,712	26,539,298	17,892,712	26,539,298
Fair value at the end of the year	17,892,712	26,539,298	17,892,712	26,539,298
Investments comprise:				
	The group 2022 £	2021 £	The charity 2022 £	2021 £
Listed on various Stock Exchanges	16,297,245	24,854,919	16,297,245	24,854,919
Unlisted shares and loan notes	1,595,467	1,684,379	1,595,467	1,684,379
	17,892,712	26,539,298	17,892,712	26,539,298

13 Stock

For the charity and the group

	2022 £	2021 £
Finished goods	62,195	48,063
	62,195	48,063

14 Debtors

	The group 2022 £	2021 £	The charity 2022 £	2021 £
Trade debtors	117,668	79,476	117,668	79,476
Other debtors	66,494	78,364	66,494	78,364
Amounts due from group undertakings	–	(405)	–	(405)
Prepayments and accrued income	280,420	711,133	280,420	711,133
Loan – Lifestream for Technology	–	189,237	–	189,237
Loan – Kids Creating Peace	–	–	6,073,955	–
	464,582	1,057,806	6,538,537	1,057,806

The charity has made a concessionary loan to its subsidiary, Kids Creating Peace, to allow the subsidiary to purchase two properties overseas. One property is shown within group fixed assets and will be used for the charity's charitable purposes. The other property is included within group investment assets. The concessionary loan to Kids Creating Peace carries a nil interest rate, there is no fixed repayment term, and no security has been provided.

15 Creditors: amounts falling due within one year

For the charity and the group

	2022 £	2021 £
Other loan – KCI	–	268,005
Trade creditors	83,315	77,968
Taxation and social security	279,266	266,816
Other creditors	1,420	30,677
Amounts due to associated undertakings	5,592	–
Accruals and deferred income	471,451	53,571
	841,045	697,036

Notes to the financial statements

For the year ended 31 December 2022

16 Creditors: amounts falling due after one year

For the charity and the group

	2022 £	2021 £
Barclays Bank loan – security backed lending facility	3,429,095	1,434,976
Other long term loan – KCI	–	–
	3,429,095	1,434,976

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 £16,566,221 (2021: £24,854,919).

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 £49,515 (2021: £28,534).

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

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	24,517,943	–	24,517,943
Investment properties	6,773,288	–	6,773,288
Investments	17,892,712	–	17,892,712
Intangible fixed assets	1,600,794	–	1,600,794
Net current assets	6,795,944	2,954,483	9,750,427
Long term liabilities	(3,429,095)	–	(3,429,095)
Net assets at 31 December 2022	54,151,585	2,954,483	57,106,068

18b Analysis of net assets between funds (prior 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	57,444,344	3,706,995	61,151,340

19a Movements in funds (current year)

	At 1 January 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2022 £
Restricted funds:					
Rav Berg Zohar project	235,352	444,367	(175,685)	–	504,034
12 Stratford Place Building Extension	3,356,673	18,000	–	(1,072,689)	2,301,984
The Karen Berg Scholarship Fund	114,970	90,846	(96,635)	–	109,181
Shabbat Fund	–	26,120	(26,120)	–	–
Tree of Life	–	14,287	(1,599)	–	12,688
Kabbalah Youth Program	–	21,285	–	–	21,285
General Publishing	–	5,311	–	–	5,311
Sukkot	–	10,017	(10,017)	–	–
Total restricted funds	3,706,995	630,233	(310,056)	(1,072,689)	2,954,483
Unrestricted funds:					
Revaluation reserve	12,909,482	–	(300,000)	–	12,609,482
General funds	44,534,863	2,537,192	(6,602,641)	1,072,689	41,542,103
Total unrestricted funds	57,444,345	2,537,192	(6,902,641)	1,072,689	54,151,585
Total funds	61,151,340	3,167,425	(7,212,697)	–	57,106,068

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 2021 £	Income & gains £	Expenditure & losses £	Gains / (losses) £	At 31 December 2021 £
Restricted funds:					
Zohar project funds	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	52,548,958	6,977,131	(3,276,070)	1,643,327	57,444,345
Total funds	57,720,820	7,267,411	(3,387,890)	–	61,151,340

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 project is managed by a sub committee appointed by the Trustees and is currently on track for completion in 2024. The transfer in funds in 2022 reflects the use of funds on the building project in the year.

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 everyone is provided with the opportunity to improve their lives. The scholarship fund makes 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 Zohar's free of charge throughout the year. The major part of the current project is centred on the translation of the Zohar into French.

Shabbat Fund

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

Tree of Life Fund

The Tree of Life Fund is a global project administered by Kabbalah Centre, Mexico with the purpose of building a vessel to honour the founders of the Kabbalah Centre at the burial site of the Rav and Karen Berg.

Kabbalah Youth Program

The Kabbalah Centre has developed a range of spiritual programs directed at the youth. The programs are designed to teach the youth about the basic Kabbalah concepts and how these can be applied to create a better future and world. The fund is to be used for the roll out of the program in Europe.

General Publishing

The Kabbalah Centre publishes a wide range of spiritual books. The publishing fund is restricted to the translation of certain titles to Italian.

Sukkot

Sukkot is one of the three major festivals in Judaism, and is both an agricultural festival of thanksgiving and a commemoration of the forty-year period during which the children of Israel wandered in the desert after leaving slavery in Egypt, living in temporary shelters as they travelled. The restricted funding is used to build a temporary shelter (Sukka) that is used for the festival.

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 2022 £	2021 £	Equipment 2022 £	2021 £
Less than one year	331,674	225,550	–	–
One to five years	20,022	138,233	–	–
Over five years	–	–	–	–
	351,696	363,783	–	–

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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 2022 £	2021 £
Less than one year	107,744	80,808
One to five years	118,518	242,424
Over five years	–	–
	226,262	323,232

22 Capital commitments

At the balance sheet date, the charity had committed to spend £8,120,000 (2021: £8,120,000) 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 £1,072,681 (2021: £734,604) on the Bourne Mews / Stratford Place project during this year and a further £9,278 (2021: £17,808) on the Conway Street development, the purpose of which is to convert the property into three apartments. The project will be funded from existing restricted reserves and unrestricted reserves currently held in the investment portfolio.

23 Legal status of the charity

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

24 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2022 £	2021 £
Gross income	3,101,941	5,424,405
Result for the year	(4,045,272)	3,429,520

25 Subsidiary undertaking

The charity controls Kids Creating Peace, a charity registered in Israel, due to having majority control of the board of Kids Creating Peace. Majority control was attained in 2022, before which Kids Creating Peace was not considered a subsidiary of the Kabbalah Centre. The registration number of Kids Creating Peace is 580458990. The registered office address is 14 Ben Ami Street, Tel Aviv – Yafo, 6111102.

The subsidiary is used for primary purpose charitable activities. Activities have not been consolidated on a line by line basis in the statement of financial activities as the activities of the subsidiary were immaterial to the group accounts. The only material transactions relate to the receipt of a loan from Kabbalah Centre and purchase of properties; these transactions are consolidated into the group accounts.

Lady Homa Alliance a trustee together with the Centre Manager and three Spiritual Teachers employed by the Kabbalah Centre, are also directors of the subsidiary.

Amounts owed to/from the parent undertaking are shown in note 14.