

THE KNIGHTLAND FOUNDATION
(A company limited by guarantee)

Trustees' report and financial statements

For the Year Ended 31 January 2021

THE KNIGHTLAND FOUNDATION
(A company limited by guarantee)

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Reference and administrative details of the Company, its Trustees and advisers
For the Year Ended 31 January 2021

Trustees	J Friedman U S Kaplan S Lew B S Ehrenfeld (appointed 30 December 2020)
Company registered number	07535303
Charity registered number	1143110
Registered office	5 North End Row London NW11 7RJ
Principal operating office	16 Urban Hive London E5 9BQ
Independent auditors	Moore Kingston Smith Chartered Accountants Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	Barclays Bank PLC Leicester LE87 2BB Lloyds bank PLC PO Box 10000 BX1 1LT
Interim Managers	Joseph Colley and John Dickinson Carter Backer Winter LLP 66 Prescott Street London E1 8NN

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Trustees' report
For the Year Ended 31 January 2021

The Charity Commission ("the Commission") has engaged with the Knightland Foundation since 2016, when its proactive review of the charity's accounts revealed a number of concerns, including around insufficiently documented loan agreements and transactions to connected companies. In March 2017, the Commission issued the charity's trustees with an action plan to address these matters.

The Commission continued to monitor the charity and due to unresolved concerns, it escalated its engagement to a statutory inquiry on 24 February 2021. An inquiry gives the regulator access to the full range of its legal and enforcement powers. The inquiry will examine whether potential conflicts of interest and connected party transactions have been properly managed and whether there has been any unauthorised trustee benefit. It will also look at wider concerns around the charity's financial and resource management and the trustees' compliance with their legal obligations.

The Commission has also exercised its powers under the Charities Act 2011 to appoint joint interim managers, John Dickinson and Joseph Colley, of Carter Backer Winter LLP, on 7 April 2021 to help address the concerns at the charity. By virtue of their appointment, the interim manager are required to take over the management, administration and operation of the charity and its property and to discharge the functions of the trustees to the exclusion of the current trustees.

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 February 2020 to 31 January 2021. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

*** Policies and objectives**

The objectives of the charity are to support the activities of religious Jewish organisations both in the UK and abroad, especially those that promote Orthodox Jewish religion, education, relief of poverty and other welfare activities.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

*** Grant-making policies**

In making grants and donations, the Trustees use their personal knowledge of the institution, its representatives, operational efficiency and reputation. The Trustees monitor the application of the grants and donations by meeting with representatives of the institutions and obtain information as to the utilisation of funds.

Achievements and performance

*** Main achievements of the Charity**

During the year, the charity distributed grants of £704,581 (2020: £181,566).

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Trustees' report (continued)
For the Year Ended 31 January 2021

*** Investment policy and performance**

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit.

The trustees continue to assess the charity's investment portfolio and seek new investment opportunities to ensure that the charity's asset base is maintained and suitable profits are generated.

The trustees are satisfied with the return on investments achieved during the year and are confident that the charity has adequate reserves to fulfil its charitable obligations.

Financial review

*** Going concern**

The Trustees recognise the economic and trading uncertainties resulting from the evolving coronavirus pandemic, in particular the potential impact on rental collection and property values. The Trustees have therefore prepared revised cash flow forecasts and stress tests taking these factors into account. These forecasts show that the charity will be able to continue to meet its obligations as they fall due without breaching covenants associated with existing bank loans.

After making appropriate enquiries, the Trustees therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence 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.

*** Reserves policy**

The Charity is required to maintain reserves in order to ensure that it is in a position to continue its grant making activities. Consequently, the Trustees consider it appropriate to maintain unrestricted funds at a level which will not impinge on its ability to support charitable institutions.

At the year end, the Charity had total reserves of £5,692,038 (2020 - £3,811,566), most of which represents funds invested in property, less secured borrowings.

The Charity meets its key objectives of grant giving through the income generated in the year. The aim is to distribute funds as and when they are available.

*** Financial review**

During the year the charity received donations of £1,064,500, which includes £792,500 from its subsidiaries, of which £778,500 related to profits generated by the sale of investment property in Bellview Land Ltd.

The trustees are pleased that they were able to collect 90% of contracted rents despite the economic disruptions caused by Covid-19. The trustees have recognised rental income of £661,430, which includes bad debts of £37,934, and covid concessions of £33,125. The trustees wish to acknowledge the public interest benefit arising from rent concessions, which have assisted tenants in the travel and tourist industries who were badly impacted by Covid.

The trustees were able to use incoming funds to achieve a substantial increase in the level of grant-making at £704,581 (2020: £181,566), which enabled them to provide extra financial assistance and support to families and communities affected by Covid.

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Trustees' report (continued)
For the Year Ended 31 January 2021

Structure, governance and management

*** Constitution**

The Knightland Foundation is registered as a charitable company limited by guarantee and was set up by a Memorandum and Articles of Association on 18 February 2011. Pursuant to the duties as set out in the Interim Manager's appointment Order, they are to review the future governance of the charity; determine whether the charity has a viable future and either undertake the restructure of the charity (including appointment of independent trustees) or undertake the winding up of the charity in accordance with its Governing Documents and apply the remaining funds to a charity with the same or similar charitable objects. The constitution of the charity remains under review.

*** Methods of appointment or election of Trustees**

On 7 April 2021 the Charity Commission appointed John Dickinson and Joseph Colley of Carter Backer Winter LLP as interim managers of the charity. The methods of appointment or election of Trustees is being reviewed by the interim managers.

*** Future developments**

The trustees will continue to manage the charity's investments in order to generate profits that will enable the trustees to respond to the charity beneficiaries' evolving needs.

Following the year end, the charity expects to receive proceeds of at least £1.2m from its subsidiary Rowe Lane Estates Ltd which the trustees will consider for the following purposes:

1. To achieve its charitable objectives
2. To reduce the borrowing secured against its investment assets

*** Risk management**

The Trustees have assessed the major risks to which the Company is exposed, in particular those related to the operations and finances of the Company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

The trustees have considered the risks associated with the values and returns generated by its investment property, as economic uncertainties continue. They are confident that investment values and returns will continue at the levels stated in the accounts.

The trustees are continuing to work in association with their professional advisors to strengthen the skills, performance and effectiveness of the trustee board.

Statement of Trustees' responsibilities

Subject to the above paragraphs within this report, the Trustees (who are also the directors of the Company 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 Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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Trustees' report (continued)
For the Year Ended 31 January 2021

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 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 when this Trustees' report is approved has confirmed that:

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

Auditors

The auditors, Moore Kingston Smith, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:

Joseph Colley
Interim Manager

Date: 28/11/22

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Independent auditors' report to the of The Knightland Foundation

Opinion

We have audited the financial statements of The Knightland Foundation ('the company') for the year ended 31 January 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2021 and of its 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 financial statements section of our report. We are independent of the 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 the charitable company'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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material

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Independent auditors' report to the of The Knightland Foundation

misstatement in the financial statements or a material misstatement of the other information. 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; and
- 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 company and its 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the 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 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 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

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 aggregate, they could reasonably be

Independent auditors' report to the of The Knightland Foundation

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 is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are [the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council]
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

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- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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. Our audit work has been undertaken so that we might state to the 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Date: 28/01/2022

Shivani Kothari (Senior statutory auditor)

for and on behalf of

Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

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Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 January 2021

	Note	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:				
Donations and legacies	4	1,127,331	1,127,331	283,882
Investments	5	664,143	664,143	455,832
Total income		1,791,474	1,791,474	739,714
Expenditure on:				
Investment management costs	6	253,551	253,551	481,850
Charitable activities	8	804,291	804,291	254,329
Total expenditure		1,057,842	1,057,842	736,179
Net gains on investments	12	1,104,107	1,104,107	530,000
Net movement in funds		1,837,739	1,837,739	533,535
Reconciliation of funds:				
Total funds brought forward		3,811,566	3,811,566	3,278,031
Net movement in funds		1,837,739	1,837,739	533,535
Total funds carried forward		5,649,305	5,649,305	3,811,566

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 13 to 24 form part of these financial statements.

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Registered number: 07535303

Balance sheet
As at 31 January 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	13	201	201
Investment property	12	9,060,000	7,955,893
		<u>9,060,201</u>	<u>7,956,094</u>
Current assets			
Debtors	14	1,709,519	1,832,203
Cash at bank and in hand		3,432	2,673
		<u>1,712,951</u>	<u>1,834,876</u>
Creditors: amounts falling due within one year	15	(355,786)	(1,132,000)
Net current assets		<u>1,357,165</u>	<u>702,876</u>
Total assets less current liabilities		<u>10,417,366</u>	<u>8,658,970</u>
Creditors: amounts falling due after more than one year	16	(4,768,061)	(4,847,404)
Total net assets		<u>5,649,305</u>	<u>3,811,566</u>
Charity funds			
Unrestricted funds	17	5,649,305	3,811,566
Total funds		<u>5,649,305</u>	<u>3,811,566</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

Joseph Colley
Interim manager
Date: 28/01/2022

The notes on pages 13 to 24 form part of these financial statements.

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Statement of cash flows
For the Year Ended 31 January 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	18	258,760	1,433,989
Cash flows from investing activities			
Purchase of investment property		-	(2,509,072)
Net cash provided by/(used in) investing activities		-	(2,509,072)
Cash flows from financing activities			
Cash inflows from new borrowing		-	5,972,731
Repayments of borrowing		(70,880)	(4,529,809)
Interest payable		(187,121)	(385,701)
Net cash (used in)/provided by financing activities		(258,001)	1,057,221
Change in cash and cash equivalents in the year		759	(17,862)
Cash and cash equivalents at the beginning of the year		2,673	20,535
Cash and cash equivalents at the end of the year	19	3,432	2,673

The notes on pages 13 to 24 form part of these financial statements

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Notes to the financial statements
For the Year Ended 31 January 2021

1. General information

The Knightland Foundation is a charitable company registered in England and Wales under the Charities Act. The address of the registered office is given on the Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Knightland Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value. Investment property is carried at fair value as stated in the relevant accounting policy.

2.2 Going concern

The Trustees recognise the economic and trading uncertainties resulting from the evolving coronavirus pandemic, in particular the potential impact on rental collection and property values. The Trustees have therefore prepared revised cash flow forecasts and stress tests taking these factors into account. These forecasts show that the charity will be able to continue to meet its obligations as they fall due without breaching covenants associated with existing bank loans.

After making appropriate enquiries, the Trustees therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Trustees are therefore confident of being able to trade for a period of at least 12 months from the approval of the financial statements and the Trustees have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis. These financial statements do not include any adjustments should the going concern basis preparation be inappropriate.

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Dontions in kind received as property management services, are included at valuation and recognised as income when they are received.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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Notes to the financial statements
For the Year Ended 31 January 2021

2. Accounting policies (continued)

2.4 Expenditure

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.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

2.5 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.6 Investment Property

Investment property is carried at fair value determined annually by the directors, with the use of external valuations, the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the SOFA.

2.7 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

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Notes to the financial statements
For the Year Ended 31 January 2021

2. Accounting policies (continued)

2.8 Taxation

The charity is exempt from corporation tax on its charitable activities.

2.9 Financial instruments

The Company 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.

2.10 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgment

Estimates and judgments 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.

Critical accounting estimates and assumptions:

In preparing these financial statements the trustees have made judgements to determine the fair value of the company's investment property. Factors taken into consideration include the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset, and taking into account the impact of COVID-19.

4. Income from donations and legacies

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Donations	1,064,500	1,064,500	283,882
Donations in kind	62,831	62,831	-
Total 2021	<u>1,127,331</u>	<u>1,127,331</u>	<u>283,882</u>

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Notes to the financial statements
For the Year Ended 31 January 2021

4. Income from donations and legacies (continued)

Donations include £1,064,500 (2020 - £283,882) from related corporate entities. See related party transactions note for more details.

Donations in kind comprise property management services received. Similar service were received last year, but these were not quantified in the accounts. The trustees have decided to recognise the value of these services this year. See related party transactions note for more details.

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment income - rental income	661,430	661,430	455,830
Investment income - rent concessions	(33,125)	(33,125)	-
Investment income - interest	35,838	35,838	2
	<u>664,143</u>	<u>664,143</u>	<u>455,832</u>

6. Investment management costs

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Property expenses	12,677	12,677	68,829
Insurance recharges	(50,890)	(50,890)	(49,547)
Repairs and maintenance	5,975	5,975	60,827
Interest payable and similar charges	222,958	222,958	385,701
Property management - donation in kind	62,831	62,831	-
Agents fees	-	-	24,000
Legal and professional fees	-	-	(7,960)
	<u>253,551</u>	<u>253,551</u>	<u>481,850</u>

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7. Analysis of grants

	Grants to Institutions 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Grant Payable	704,581	704,581	181,566

The Company has made the following material grants to institutions during the year:

	2021 £
Name of institution	
United Talmudical Associates Ltd	225,000
Chasdei Aharon	43,500
Chevrass Maoz Ladol	38,000
	306,500
Other grants to institutions	398,081
	704,581

8. Analysis of expenditure by activities

	Grant funding of activities 2021 £	Support costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Grants payable	704,581	99,710	804,291	254,329

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Bad debt	37,934	37,934	-
Bank charges	195	195	147
Accountancy fees	-	-	300
Legal and professional fees	17,757	17,757	70,316
Governance costs	43,824	43,824	2,000
	<u>99,710</u>	<u>99,710</u>	<u>72,763</u>

Included within governance costs are auditors remuneration and legal and professional fees. "

9. Auditors' remuneration

	2021 £	<i>2020 £</i>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15,000	2,000
Fees payable to the Company's auditor in respect of: All non-audit services not included above	<u>-</u>	<u>300</u>

10. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 January 2021, no Trustee expenses have been incurred (2020 - £NIL).

11. Employees

The average monthly number of employees was NIL (2020 - NIL).

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For the Year Ended 31 January 2021

12. Investment property

	Freehold investment property £
Valuation	
At 1 February 2020	7,955,893
Surplus on revaluation	1,104,107
	<hr/>
At 31 January 2021	9,060,000
	<hr/>

The 2021 valuations were made by the trustees, based where applicable on discussions with valuation professionals and on valuation reports on certain of the group's properties prepared for lending purposes, on an open market value for existing use basis.

The Trustees commissioned an indicative valuation of the charity's commercial property portfolio as at 2 July 2021 from Lambeth Smith Hampton. The purpose of that valuation was to inform the Trustees of the existing value within the estate. The Trustees accept that there is no evidence to support a material difference between a valuation at 31 January 2021 and the one conducted on 2nd July 2021, and have adopted the valuation in full this year. In the previous year the Trustees adopted a more cautious approach due to the uncertainty of the impact of Covid 19.

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2020	201
	<hr/>
At 31 January 2021	201
	<hr/>
Net book value	
At 31 January 2021	201
	<hr/>
At 31 January 2020	201
	<hr/>

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Notes to the financial statements
For the Year Ended 31 January 2021

Principal subsidiaries

The following were subsidiary undertakings of the Company:

13. Fixed asset investments (continued)

Names	Principal activity	Class of shares	Holding
Bellview Management Ltd	Property investment	Ordinary	100%
Bellview Land Ltd	Property investment	Ordinary	50%
Canvey Housing Ltd	Property investment	Ordinary	100%
Rowe Lane Estates Ltd	Property investment	Ordinary	50%

The financial results of the subsidiaries for the year were:

Names	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets/ (liabilities) £
Bellview Management Ltd	202,048	229,721
Bellview Land Ltd	(2,045,360)	20,834
Canvey Housing Ltd	2,527	(8,045)
Rowe Lane Estates Ltd	962,303	185,163

14. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	23,615	10,795
Amounts owed by group undertakings	1,685,904	1,821,408
	<u>1,709,519</u>	<u>1,832,203</u>

Amounts owed by group undertakings are repayable on demand.

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For the Year Ended 31 January 2021

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	138,563	130,100
Trade creditors	23,675	64,544
Loans from UK charities	-	415,000
Other taxation and social security	39,505	11,252
Other creditors	52,789	417,961
Accruals and deferred income	101,254	93,143
	<u>355,786</u>	<u>1,132,000</u>

Other creditors include £3,220 (2020 - £359,732) that was owed to related parties.

	2021 £	2020 £
Deferred income		
Balance brought forward	90,143	-
Amounts released during the period	(90,143)	-
Amounts deferred during the period	89,456	90,143
	<u>89,456</u>	<u>90,143</u>
Balance carried forward	<u>89,456</u>	<u>90,143</u>

16. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans	<u>4,768,061</u>	<u>4,847,404</u>

The bank loans are secured by fixed charges over the investment properties. The rates payable on the loans are fixed partly at 3.94% until expiry in May 2025 and partly at 3.1% until expiry in November 2024.

Loan amortisation of £150,000 per annum is due until expiry.

Included within the above are amounts falling due as follows:

	2021 £	2020 £
Between one and two years		
Bank loans	<u>147,495</u>	<u>130,100</u>

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16. Creditors: Amounts falling due after more than one year (continued)

	2021 £	2020 £
Between two and five years		
Bank loans	<u>4,620,566</u>	<u>4,032,313</u>
Over five years		
Bank loans	<u>-</u>	<u>684,991</u>

17. Statement of funds

Statement of funds - current year

	Balance at 1 February 2020 £	£	Income Expenditure £	Gains/ (Losses) £	Balance at 31 January 2021 £
Unrestricted funds					
General Funds - all funds	<u>3,811,566</u>	<u>1,824,599</u>	<u>(1,090,967)</u>	<u>1,104,107</u>	<u>5,649,305</u>

Statement of funds - prior year

	Balance at 1 February 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 January 2020 £
Unrestricted funds					
General Funds	<u>3,278,031</u>	<u>739,714</u>	<u>(736,179)</u>	<u>530,000</u>	<u>3,811,566</u>

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For the Year Ended 31 January 2021

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income for the period (as per Statement of Financial Activities)	1,837,739	533,535
Adjustments for:		
Revaluation of property	(1,104,107)	(530,000)
Interest paid	187,121	385,701
Decrease in debtors	122,684	527,881
Increase/(decrease) in creditors	(784,677)	516,872
Net cash provided by operating activities	258,760	1,433,989

19. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	3,432	2,673
Total cash and cash equivalents	3,432	2,673

20. Analysis of changes in net debt

	At 1 February 2020 £	Cash flows £	At 31 January 2021 £
Cash at bank and in hand	2,673	759	3,432
Debt due within 1 year	(130,100)	(8,463)	(138,563)
Debt due after 1 year	(4,847,404)	79,343	(4,768,061)
	(4,974,831)	71,639	(4,903,192)

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21. Related party transactions

The following amounts were owed (to)/ from related parties, in which the trustees have a controlling interest. All changes in the balances relate to cashflows in the year.

	2021	2020
Bellview Management Limited (subsidiary)	341,808	335,808
Bellview Land Limited (subsidiary)	-	201,503
Canvey Housing Limited (subsidiary)	132,045	132,045
Rowe Lane Estates Ltd (subsidiary)	1,212,051	1,152,051
Bellview Estates Ltd (common control)	(3,220)	(359,732)
Bellview Management (UK) Limited (common control)	4,702	-
	<u>1,687,386</u>	<u>1,461,675</u>

A trustee, J Friedman, also has a 50% share in a subsidiary of the charity Rowe Lane Estates Ltd.

During the year the charity received donations of £1,064,500 (2020 - £283,882) from companies under the control of J Friedman.

During the year Bellview Housing Limited, one of the charity subsidiaries, loaned the charity £37,500 which was repaid by the year end.

Amounts owed (to)/from companies under common control are interest free and repayable on demand.

Property management services for the value of £62,831 were provided by Bellview Management (UK) Limited, a company under the control of one of the trustees. These services were provided at no charge, and have been shown in the accounts as a donation-in-kind.

22. Post balance sheet events

Following the year end, the charity expects to receive proceeds of at least £1.2m from its subsidiary Rowe Lane Estates Ltd which the trustees will consider for the following purposes:

1. To achieve its charitable objectives
2. To reduce the borrowing secured against its investment assets

On 7 April 2021, the Charity Commission exercised its powers under the Charities Act 2011 to appoint joint interim managers, John Dickinson and Joseph Colley, of Carter Backer Winter LLP, on 7 April 2021 to help address the concerns at the charity.