

THE KNIGHTLAND FOUNDATION
(A company limited by guarantee)

Interim Managers' report and financial statements

For the Year Ended 31 January 2022

THE KNIGHTLAND FOUNDATION
(A company limited by guarantee)

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Reference and administrative details of the Company, its Trustees/ Interim Managers and advisers
For the Year Ended 31 January 2022

Trustees	J Friedman U S Kaplan S Lew B S Ehrenfeld
Company registered number	07535303
Charity registered number	1143110
Registered office	66 Prescott Street London E1 8NN
Principal operating office	16 Urban Hive London E5 9BQ
Independent auditors	Moore Kingston Smith LLP Chartered Accountants 6th floor 9 Appold Street London EC2A 2AD
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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Interim Managers' report
For the Year Ended 31 January 2022

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 managers 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 Interim Managers present their annual report together with the audited financial statements of the Company for the year 1 February 2021 to 31 January 2022. The Annual report serves the purposes of both a Interim Managers' report and a directors' report under company law. The Interim Managers 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/ Interim Managers 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. Since their appointment, the interim managers have been monitoring grant applications and are responsible until such time that their appointment ceases.

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Interim Managers' report (continued)
For the Year Ended 31 January 2022

Achievements and performance

*** Main achievements of the Charity**

During the year, the charity distributed grants of £127,800 (2021: 704,581) in accordance with its charitable objectives.

*** Investment policy and performance**

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

The Interim Managers 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 surpluses are generated.

The Interim Managers 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 Interim Managers recognise the economic and trading uncertainties resulting from the coronavirus pandemic, and more recently the cost of living crisis and potential recession, in particular the potential impact on rental collection and property values. The Interim Managers 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 Interim Managers 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 its unrestricted funds that have not yet been committed or designated for any particular purpose. This is to ensure that the Charity is in a position to continue to meet its commitments and its grant making activities, and to protect the future operations of the Charity from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. Consequently, the Interim Managers 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 free available reserves of £1,552,248 (2021 - £1,495,728).

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Interim Managers' report (continued)
For the Year Ended 31 January 2022

✳ **Financial review**

During the year the charity received donations of £NIL (2021 - £1,064,500), excluding donations in kind.

The Interim Managers are pleased that they were able to collect 96% of contracted rents despite the economic disruptions caused by Covid-19. The Interim Managers have recognised rental income of £662,606, which includes bad debts of £22,453, and covid concessions of £3,333. The Interim Managers 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 fund grant-making of £127,800.

They have also increased cash reserves to £148,641.

Structure, governance and management

✳ **Constitution**

The Knightland Foundation is registered as a charitable company limited by guarantees 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 Managers' 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 Document 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/ Interim Managers**

The management of the Company is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

The key management personnel are the trustees. The charity also receives support from third parties, none of whom have management duties.

Where needed, the board will seek to appoint new trustees. New trustees are selected based on the suitability of their skills, knowledge and experience to the operations of the charity. They are appointed in accordance with the articles and association. The charity has a welcome pack for the induction of new trustees, and further training is provided where appropriate..

On 7 April 2021 the Charity Commission appointed John Dickinson and Joseph Colley of Carter Backer Winter LLP as Interim Managers of the charity, to the exclusion of the current trustees, as mentioned in page 2. The Charity's future board composition is currently under review.

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Interim Managers' report (continued)
For the Year Ended 31 January 2022

Structure, governance and management (continued)

*** Future developments**

Following the year end, the charity's subsidiary Rowe Lane Estates Ltd repaid £800,000 of the loan balance due to the charity.

The charity expects to receive further proceeds of at least £400,000 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 Interim Managers 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 Interim Managers 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 Interim Managers are continuing to work in association with their professional advisors to strengthen the skills, performance and effectiveness of the trustee board.

Statement of Interim Managers' responsibilities

The Interim Managers are responsible for preparing the Interim Managers' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Since their appointment, the interim managers are responsible for the Trustees'/Interim Managers' report.

Company law requires the Trustees/ Interim Managers to prepare financial statements for each financial year. Under company law, the Trustees/ Interim Managers 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/ Interim Managers are required to:

- 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/ Interim Managers 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.

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Interim Managers' report (continued)
For the Year Ended 31 January 2022

Disclosure of information to auditors

Each of the persons who are Interim Managers at the time when this Interim Managers' report is approved has confirmed that:

- so far as that Interim Manager is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Interim Manager has taken all the steps that ought to have been taken as a Trustee/ Interim Manager 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 LLP, have indicated their willingness to continue in office. The designated Trustees/ Interim Managers will propose a motion reappointing the auditors at a meeting of the Trustees/ Interim Managers.

Approved by order of the Interim Managers and signed on their behalf by:



Joseph Colley

Interim Manager

Date: 2 November 2022

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Independent auditors' report to the members of The Knightland Foundation

Opinion

We have audited the financial statements of The Knightland Foundation ('the company') for the year ended 31 January 2022 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 2022 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 Interim Managers' 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/Interim Managers 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 Interim Managers 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 members 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 Interim Managers' 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 Interim Managers' 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' / Interim Managers' 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 Interim Managers' Annual Report and from preparing a Strategic Report.

Responsibilities of Trustees and Interim Managers

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law or interim managers, where appointed) 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 Interim Managers 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 Interim Managers 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

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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 Interim Managers' 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: 3 November 2022

Shivani Kothari (Senior statutory auditor)

Moore Kingston Smith LLP

for and on behalf of

Moore Kingston Smith LLP, Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

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Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 January 2022

	Note	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Donations and legacies	4	66,260	66,260	1,127,331
Investments	5	662,606	662,606	664,143
Total income		728,866	728,866	1,791,474
Expenditure on:				
Investment management costs	6	230,428	230,428	253,551
Charitable activities		303,338	303,338	804,291
Total expenditure		533,766	533,766	1,057,842
Net (losses)/gains on investments		(560,000)	(560,000)	1,104,107
Net movement in funds		(364,900)	(364,900)	1,837,739
Reconciliation of funds:				
Total funds brought forward		5,649,305	5,649,305	3,811,566
Net movement in funds		(364,900)	(364,900)	1,837,739
Total funds carried forward		5,284,405	5,284,405	5,649,305

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

The notes on pages 14 to 25 form part of these financial statements.

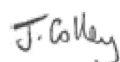
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Balance sheet
For the Year Ended 31 January 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	13	201	201
Investment property	12	8,500,000	9,060,000
		<u>8,500,201</u>	<u>9,060,201</u>
Current assets			
Debtors	14	1,740,630	1,709,519
Cash at bank and in hand		148,641	3,432
		<u>1,889,271</u>	<u>1,712,951</u>
Creditors: amounts falling due within one year	15	(484,600)	(355,786)
Net current assets		<u>1,404,671</u>	<u>1,357,165</u>
Total assets less current liabilities		<u>9,904,872</u>	<u>10,417,366</u>
Creditors: amounts falling due after more than one year	16	(4,620,467)	(4,768,061)
Total net assets		<u><u>5,284,405</u></u>	<u><u>5,649,305</u></u>
Charity funds			
Unrestricted funds	17	5,284,405	5,649,305
Total funds		<u><u>5,284,405</u></u>	<u><u>5,649,305</u></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 Interim Managers and signed on their behalf by:



Joseph Colley

Interim manager

Date: 2 November 2022

The notes on pages 14 to 25 form part of these financial statements.

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Statement of cash flows
For the Year Ended 31 January 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	18	464,955	258,760
Cash flows from financing activities			
Repayments of borrowing		(138,580)	(70,880)
Interest payable		(181,166)	(187,121)
Net cash used in financing activities		(319,746)	(258,001)
Change in cash and cash equivalents in the year		145,209	759
Cash and cash equivalents at the beginning of the year		3,432	2,673
Cash and cash equivalents at the end of the year	19	148,641	3,432

The notes on pages 14 to 25 form part of these financial statements

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Notes to the financial statements
For the Year Ended 31 January 2022

1. General information

The Knightland Foundation is a charitable trust 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 Interim Managers recognise the economic and trading uncertainties resulting from the coronavirus pandemic, and more recently the cost of living crisis and potential recession, in particular the potential impact on rental collection and property values. The Interim Managers 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 Interim Managers therefore have a reasonable expectation that the Charity 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 Interim Managers 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 Interim Managers 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.

Donations 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 2022

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 2022

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/ Interim Managers 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 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Donations	-	-	1,064,500
Donations in kind	66,260	66,260	62,831
Total 2022	<u>66,260</u>	<u>66,260</u>	<u>1,127,331</u>

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4. Income from donations and legacies (continued)

Donations include £NIL (2021 £1,064,500) from related corporate entities. See related party transactions note for more details.

Donations in kind comprise property management services received at no cost. See related party transactions note for more details.

5. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Investment income - rental income	665,939	665,939	661,430
Investment income - rent concessions	(3,333)	(3,333)	(33,125)
Investment income - interest	-	-	35,838
	<u>662,606</u>	<u>662,606</u>	<u>664,143</u>

6. Investment management costs

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Property expenses	16,662	16,662	12,677
Insurance recharges	(51,765)	(51,765)	(50,890)
Repairs and maintenance	16,906	16,906	5,975
Interest payable and similar charges	182,365	182,365	222,958
Property management - donation in kind	66,260	66,260	62,831
	<u>230,428</u>	<u>230,428</u>	<u>253,551</u>

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7. Analysis of grants

	Grants to Institutions 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Grant Payable	127,800	127,800	704,581

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

	2022 £
Name of institution	
United Talmudical Associates Ltd	40,000
M.E.B	25,000
Beis Aharon Trust	15,000
	<hr/> 80,000
Other grants to institutions	47,800
	<hr/> 127,800 <hr/>

8. Analysis of expenditure by activities

	Grant funding of activities 2022 £	Support costs 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Grants payable	127,800	175,538	303,338	804,291

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Bad debt	22,453	22,453	37,934
Bank charges	281	281	195
Legal and professional fees	15,805	15,805	17,757
Governance costs	136,999	136,999	43,824
	<u>175,538</u>	<u>175,538</u>	<u>99,710</u>

9. Auditors' remuneration

	2022 £	<i>2021 £</i>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>16,755</u>	<u>15,000</u>

10. Interim Managers' remuneration and expenses

During the year ended 31 January 2022 the Interim Manager's remuneration was £106,698.

No Trustees received any remuneration or other benefits (2021 - £NIL).

During the year ended 31 January 2022, no Interim Manager expenses have been incurred (2021 - £NIL).

11. Employees

The average monthly number of employees was NIL (2021 - NIL).

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Notes to the financial statements
For the Year Ended 31 January 2022

12. Investment property

	Freehold investment property £
Valuation	
At 1 February 2021	9,060,000
Deficit on revaluation	(560,000)
	<hr/>
At 31 January 2022	8,500,000
	<hr/> <hr/>

The 2022 valuations were instructed by the Interim Managers, 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 Interim Managers 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 Interim Managers of the existing value within the estate. The Interim Managers accept that there is no evidence to support a material difference between a valuation at 31 January 2022 and the one conducted on 2nd July 2021, and have continued to adopt the valuation in full this year.

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2021	201
	<hr/>
At 31 January 2022	201
	<hr/> <hr/>
Net book value	
At 31 January 2022	201
	<hr/>
At 31 January 2021	201
	<hr/> <hr/>

Principal subsidiaries

The following were subsidiary undertakings of the Company:

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Notes to the financial statements
For the Year Ended 31 January 2022

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	1,817	231,538
Bellview Land Ltd	(834)	20,000
Canvey Housing Ltd	32,308	24,263
Rowe Lane Estates Ltd	(124,489)	60,674

14. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	82,726	23,615
Amounts owed by group undertakings	1,657,904	1,685,904
	1,740,630	1,709,519

Amounts owed by group undertakings are repayable on demand.

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Notes to the financial statements
For the Year Ended 31 January 2022

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	147,577	138,563
Trade creditors	21,252	23,675
Other taxation and social security	19,089	39,505
Other creditors	112,561	52,789
Accruals and deferred income	184,121	101,254
	<u>484,600</u>	<u>355,786</u>

Other creditors include £82,500 (2021 - £3,220) that was owed to related parties.

	2022 £	2021 £
Deferred income		
Balance brought forward	89,456	90,143
Amounts released during the period	(89,456)	(90,143)
Amounts deferred during the period	89,456	89,456
	-	-
Balance carried forward	<u>89,456</u>	<u>89,456</u>

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

	2022 £	2021 £
Bank loans	<u>4,620,467</u>	<u>4,768,061</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:

	2022 £	2021 £
Between one and two years		
Bank loans	<u>153,411</u>	<u>147,495</u>
Between two and five years		

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

	2022 £	<i>2021</i> £
Bank loans	4,467,056	4,620,566

17. Statement of funds

Statement of funds - current year

	Balance at 1 February 2021 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 January 2022 £
Unrestricted funds					
General Funds - all funds	5,649,305	728,866	(533,766)	(560,000)	5,284,405

Statement of funds - prior year

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

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

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(364,900)	1,837,739
Adjustments for:		
Deficit/(surplus) on revaluation of property	560,000	(1,104,107)
Interest paid	181,166	187,121
Decrease/(increase) in debtors	(31,111)	122,684
Increase/(decrease) in creditors	119,800	(784,677)
Net cash provided by operating activities	464,955	258,760

19. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	148,641	3,432
Total cash and cash equivalents	148,641	3,432

20. Analysis of changes in net debt

	At 1 February 2021 £	Cash flows £	At 31 January 2022 £
Cash at bank and in hand	3,432	145,209	148,641
Debt due within 1 year	(138,563)	(9,014)	(147,577)
Debt due after 1 year	(4,768,061)	147,594	(4,620,467)
	(4,903,192)	283,789	(4,619,403)

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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.

	2022	2021
Bellview Managment Limited (subsidiary)	341,808	341,808
Bellview Management (UK) Limited (common control)	-	4,702
Canvey Housing Limited (subsidiary)	132,045	132,045
Rowe Lane Esates Ltd (subsidiary)	1,184,051	1,212,051
Bellview Estates Ltd (common control)	(82,500)	(3,220)
	<u>1,575,404</u>	<u>1,687,386</u>

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

See Post balance sheet events for further information regarding Rowe Lane Estates Ltd.

During the year the charity received donations of £NIL (2021 - £1,064,500) from companies under the control of J Friedman.

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

Property management services for the value of £66,260 (2021 - £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's subsidiary Rowe Lane Estates Ltd repaid £800,000 of the loan balance due to the charity.

The charity expects to receive further proceeds of at least £400,000 from 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

