

CHABAD LUBAVITCH UK
CHARITY REGISTRATION NUMBER 227638

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021



LEGAL AND ADMINISTRATIVE INFORMATION

Address: Lubavitch Foundation
107-115 Stamford Hill
London N16 5RP

Corporate Trustee: Lubavitch (UK) Limited

Central Administration: Rabbi Isaac Hirsh Sufrin - Trustee
Elizabeth Heycock – Finance Director
Jon Benjamin – Chief Operating officer

Independent Auditors: Goldwins
75 Maygrove Road
West Hampstead
London NW6 2EG

Principal Bankers: Barclays plc
Level 12
1 Churchill Place
London E14 5PH

Report of the Trustee for the Year Ending 31 December 2021

Objectives and Activities

Chabad Lubavitch UK's charitable objects are the advancement and promotion of the Orthodox Jewish religion by providing facilities for the study of and instruction in Jewish religious literature; by the advancement of public education including education in the Orthodox Jewish faith and the provision of ancillary recreational facilities; by the provision of school rooms, meeting rooms and ancillary facilities for persons of the Jewish faith; and by the provision of financial assistance to persons of the Jewish faith who are in need to enable them to observe and perform the rites and practices of the Jewish religion.

We keep the ethos of the Lubavitch movement at the core of our activities when delivering these objectives by unconditionally providing a welcoming open door to Jewish people from all walks of life, by making Judaism accessible and relevant by empowering individuals to develop, associate, identify and participate, by caring for and supporting the welfare of Jewish people and communities with devotion and affection no matter the time, place or need and by educating a generation of dedicated and skilled community leaders who live by the words, "Love your fellow as yourself".

Whether through Chabad Houses, activities on university campuses, events throughout the year across the country, educational programmes or through our network of schools, the charity engages with thousands of beneficiaries of all ages and backgrounds. And in times of personal crisis, our Shluchim (local emissaries) are on hand to support those suffering loss, bereavement or other challenges.

Public Benefit

The Trustee and its officers have regard to Section 17 of the Charities Act 2011 and the Charity Commission's guidance on public benefit in delivering the charity's various activities and consider that the 'open door' approach when reaching out to beneficiaries across the community reflects and fulfils the charity's legal obligation to ensure that there is a public benefit in everything that the charity strives to do.

Safeguarding

The charity takes the safeguarding of young people and other vulnerable persons extremely seriously and has, since 2015, worked closely with the NSPCC to develop and implement a comprehensive safeguarding policy and ensure that all relevant persons receive frequent periodic training appropriate to their roles. The policy is kept under constant review, in consultation with the NSPCC, and procedures have been established to ensure that all are fully aware of and implement the policy and understand their responsibilities. New employees are fully vetted and DBS checked and periodic update check then take place subsequently.

Our thanks

We would like to thank all of our partners, supporters and friends for their continuing encouragement and assistance. We are grateful to all those who have given so much time and commitment to the advancement of the charity and its objectives.

We would also like to thank the professional team and the many members of our community who, due to the outgoing nature of our philosophy, so generously volunteer their time, and we would like to extend our heartfelt appreciation for their loyalty and ongoing support for the charity. As team members, they have often put aside personal needs and worked together to realise some of the charity's key aspirations

and targets. Without the personal efforts that all on the team have made, none of our many achievements would have been possible.

Achievements and performance: Summary of some of our key activities in 2021

Chabad Houses, present and future

Our network of Chabad houses in towns and cities across the country, serve communities and university campuses and play a vital role in bringing Jewish knowledge and practice to thousands of beneficiaries every year through a range of innovative programmes and activities. With the effects of the Covid pandemic still evident in 2021, many of these activities continued online, often reaching even greater numbers of participants as a result, and our Shluchim and volunteers also rallied to the needs of communities and individuals isolated and apart from family and friends, particularly during the Festivals. Pesach, Rosh Hashanah and Chanukah 'in a Box' saw thousands of festive food, educational and spiritual items distributed across the country so that no one needed to miss out on observing and celebrating these important spiritual events.

We continued to seek and implement advice about safe Covid practices to protect those engaging in our activities and to educate and explain about the pandemic and the vaccine response, using Rabbinic and Medical Experts.

As well as those that are formally part of the Chabad Lubavitch UK, we work closely with independent Chabad Centres under the umbrella of the international Chabad Lubavitch movement, providing professional and other support and guidance, and coordinating activities with our colleagues. We are indebted to all of our Shluchim and their families for their selfless commitment to the needs of those they serve, on Jewish festivals, Shabbatot and throughout the year.



LECTURES AT THE OXFORD UNIVERSITY CHABAD SOCIETY
2021-2

Some of the speakers at Oxford Chabad
in the last year.



Holiday Camps

As lockdown restrictions eased over the summer, children and adults were eager to welcome the return of our always popular school holiday camps. Huge efforts were made to ensure the Covid safety of our activities and bubbles took on a new meaning for the children!

Over 1,900 Children attended camps with Chabad's Camp Gan Israel Network around the UK. Many of the places were heavily subsidised, enabling children to enjoy a meaningful summer experience regardless of their parents' ability to pay and irrespective of their family's level of religious observance.

This included many children normally eligible for free school meals during term time, meaning that they received a meal that they might not otherwise have received at home during the holidays.

Lubavitch Children's Centre

The Centre is a purpose built, state of the art facility in Stamford Hill, London, providing culturally sensitive child and adult services in a comfortable, welcoming and multi-lingual environment. The Centre offers a one-stop shop of services for children from infancy, and their parents and carers with a range of programmes to promote the physical and emotional wellbeing of families, support for new parents and practical activities and courses such as first aid, health advice, household budgeting, healthy eating and exercise classes. The Centre ensures to support the community with all its immediate needs, including physical (such as immunisations during the measles outbreak) and spiritual (Festival/Holiday Programmes).



The nursery provides high quality day-care in a warm and nurturing environment for ages 0 - 4 years old, and care for children with additional needs when necessary. As well as feeding children's minds, the Centre feeds their bodies with Kosher, hot, balanced three-course meals packed with fruit and vegetables.

Some 100 children and family members make use of the Centre on an average weekday. Annually we support over 3,000 families. We are supported in our efforts by Hackney Education and we have strong partnerships with Local Authorities in our area, with the Homerton and Whittington hospitals and with health trusts, the GP confederation, Hackney Ark and local voluntary family support organisations.

Restarted services are now almost back to our pre-Covid schedule. We have been able to continue providing 60 families every week with vouchers for fruit and vegetables and have managed to obtain grants to support 80 families with vouchers to purchase food for the Jewish holidays.

We have also been able to support many families to obtain financial support to cover energy bills as well as a council tax reduction.



Most recently we have started supporting a few refugees from the Ukraine.

Another project we are heavily involved with is our immunisation clinic that is currently very busy due to the current polio scare.

As times move on, we continue to do our best to support the community through whatever struggles they are facing.

CTeen Chabad Teen Network



CTeen aims to provide a nurturing environment where teens can learn about themselves through giving to others, identify with individuals who share the same faith, and be part of a group that focuses on building core values and stresses positive character development. CTeen delivers a comprehensive curriculum based on a three-part framework; Educational, Humanitarian and Social.

Educational

CTeen places education at the forefront, ensuring every programme is designed to enhance the development of important life skills.

Humanitarian

CTeen helps teens build compassion toward others by giving back to the community through various humanitarian projects, helping those in need in wider society. Local events include volunteering with other charities such as soup kitchens for those in need and charities helping children suffering from a variety of illnesses. Many participants have helped distributing festive foods and other items to help the vulnerable and isolated celebrate Festivals during the pandemic.



Leeds CTeens packing festival gift boxes.

Social

CTeen builds social skills through positive affiliations, ensuring personal growth in a society where working together is the key to advancement.

CTeen College-Prep

CTeen also offers a wonderful preparation and transition from secondary school to further education. CTeen members are guaranteed to find a 'home-away-from-home' when they enrol in a university featuring **Chabad on Campus**, which has student centres at 14 institutions across the country.

Jewish Learning Institute (JLI)

JLI is the adult education arm of Chabad Lubavitch. Its mission is to make Jewish learning accessible and personally meaningful to every Jew, regardless of background or affiliation. JLI's insightful curricula utilise cutting-edge pedagogic techniques, embracing the 'multiple intelligence' model and utilising multimedia and an array of approaches to engage, educate, and inspire all kinds of minds in a dynamic Jewish learning experience.

Financial Review

Income and Expenditure

Income in 2021 increased to £6,017,466 from £5,331,903 in 2020. During 2021 overall costs increased to £5,549,709 from £5,409,139 in 2020. This resulted in a net surplus for the year of £467,757 compared to a deficit the year before of £77,236. Included in the accounts is depreciation of £403,668 (2020 £479,807).

Principal risks

The directors of the corporate Trustee, working with the Council of Management, have identified the major risks to which the charity may be exposed and have taken the necessary steps to monitor and control these to mitigate any impact they may have on the charity in the future. This includes continuing to keep under review and to update where necessary all of the charity's governing and policy documents and financial systems.

The Council of Management receives reports from the Chabad Houses, branch locations and other operational areas regarding the services provided and adapts the supply of services responsively to changes in demand.

The charity is reliant on the continued philanthropic support of donors who gift approximately 55% of current income.

The Council of Management also reviews the performance of the charity's property portfolio. The properties are included in the balance sheet at their estimated market value. There is always a risk that property values might go down. To mitigate such risk, properties are formally valued approximately every five years by professional surveyors and are reviewed annually to ensure that the most recent formal valuation is still reasonable.

Governance

As stated above, the directors of the corporate Trustee, together with the Council of Management, have undertaken a thorough and extensive review of the charity's policies and processes and its satellite branches on matters of internal financial policy, control and risk. Care is taken to ensure that published financial statements comply with statute and accounting standards and the Charities SORP.

The Council oversees the relationship with the external auditor including approval of the audit plan and scope of the audit, an annual assessment of the auditor's independence and review of the level of fees payable for non-audit services.

Reserves policy

Reserves are needed to bridge any funding gaps between commitments to educational and outreach activities and receiving resources through voluntary donations and grants. The Trustee has established a target level of reserves to protect the organisation and its charitable programmes by providing time to adjust to changing financial circumstances. It is considered that the minimum level of reserves as at 31 December 2021 would be £750,000 based on a sense of the likely impact on programmes that might be caused by a decline in income or an inability to reduce expenditure in the immediate short term. The unrestricted reserve has passed this value, and the trustees will monitor cash resources to consider investment in an income producing endowment to reduce long term dependence on donations and grants.

Looking to the future

The Board of Directors and Council of Management are constantly looking at ways to develop and enhance the charity's operations and the support it provides to Chabad branches and activities across the country. This includes identifying areas that are currently underserved with a view to opening branches in those locations, whilst also exploring ways to increase the sharing of resources and expertise among branches and affiliated organisations. This will help control overheads whilst providing more practical support to branches and avoiding areas of overlap.

Legal and administrative details

The charity's financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statement below, and comply with applicable laws and the Charities SORP (FRS 102).

This trustees' report has been prepared in accordance with Part 8 of the Charities Act 2011.

Structure, governance and Management Statement of Trustees' responsibilities

Chabad Lubavitch UK is governed by a Declaration of Trust dated 17th October 2018, which superseded a Declaration of Trust dated 21st January 1959 (as amended).

Trustee: The charity is governed by the Board of Directors of the corporate trustee Lubavitch (UK) Limited (Company No. 02932344), which is responsible for setting the charity's strategy, for ensuring good governance and that it fulfils its objectives of delivering public benefit.

The directors of the corporate trustee are:

- Rabbi Y Angyalfi
- Rabbi P Efune
- Rabbi I H Sufrin
- Mr Michael Rabin
- Mr Stephen Chevern

Organisation: The Board of Directors of the Trustee convene periodically, but a minimum of four times per year.

The Board of Directors is assisted by a Council of Management, which meets approximately every three weeks. Three new members joined the Council of Management during the year, signalling its ongoing commitment to enhance further its members' knowledge and experience and to strengthen its connections to Chabad activities around the country. Members during the year were:

- Rabbi Y Angyalfi
- Rabbi S Arkush
- Rabbi N Dubov
- Rabbi P Efune
- Rabbi M Junik
- Rabbi D Katz
- Rabbi M Korner

- Rabbi S Lew
- Rabbi Y Pink
- Rabbi L Sudak
- Rabbi B Sudak
- Rabbi A M Sufrin
- Rabbi I H Sufrin

The Charities Act 2011 requires the trustees to prepare accounts for each financial year which give a true and fair view of its financial activities during the year and of its financial position at the end of the year. In preparing these accounts, the trustees should follow best practices and;

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

Remuneration of trustees and senior management: The corporate trustee and its directors are not remunerated for their services as trustees of the charity. Where directors of the corporate trustee or members of their families carry out other roles in their capacities as rabbis/teachers (all of which roles existed before they became directors), they are remunerated at appropriate market rates but decisions about remuneration are only made after each has recused himself from the decision-making process, which is undertaken by the Council of Management. This arrangement has been endorsed by way of a Scheme approved by the Charity Commission. Transactions with related parties are disclosed in the notes to the financial statements. Remuneration of other senior personnel is similarly determined by reference to market rates and by the directors of the corporate trustee in conjunction with the Council of Management, subject to taking all necessary steps to avoid any actual or perceived conflicts of interest.

By order and on behalf of the Corporate Trustee, Lubavitch (UK) Limited

Signed:

Rabbi I H Sufrin (Director)

24 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF CHABAD LUBAVITCH UK

Opinion

We have audited the financial statements of Chabad Lubavitch UK (the 'Charity') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, statement of cash flows 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 Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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 charity'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustee is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF CHABAD LUBAVITCH UK

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 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Annual Report.

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

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement in the trustee's report, the trustee is 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 it determines 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 trustee is responsible for assessing the Charity'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 trustee either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF CHABAD LUBAVITCH UK

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

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

This report is made solely to the Charity's trustee, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

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Goldwins Limited
Statutory Auditor
Chartered Accountants
75 Maygrove Road
West Hampstead
London NW6 2EG

24 October 2022

Goldwins Limited is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

CHABAD LUBAVITCH UK
Statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 December 2021

		Endowment funds	Unrestricted funds	Restricted funds	2021 Total funds	2020 Total funds
	Note	£	£	£	£	£
Income from:						
Donations and legacies	3	-	3,301,493	30,049	3,331,542	2,827,755
Grants	3	-	226,797	999,753	1,226,550	1,201,331
Charitable activities:	4					
Outreach and Education		-	1,000,761	125,088	1,125,849	935,883
Other trading activities:						
Functions and events	5	-	39,011	-	39,011	58,886
Investment activities	6	-	43,069	-	43,069	10,005
Other income	7	-	251,445	-	251,445	298,043
Total income		<u>-</u>	<u>4,862,576</u>	<u>1,154,890</u>	<u>6,017,466</u>	<u>5,331,903</u>
Expenditure on:						
Raising funds		-	52,499	-	52,499	102,944
Charitable activities:						
Outreach and Education		-	4,356,514	1,140,696	5,497,210	5,306,195
Total expenditure	8	<u>-</u>	<u>4,409,013</u>	<u>1,140,696</u>	<u>5,549,709</u>	<u>5,409,139</u>
Net income / (expenditure) for the year		-	453,563	14,194	467,757	(77,236)
Transfers between funds		-	-	-	-	-
Net income / (expenditure) before other recognised gains and losses		-	453,563	14,194	467,757	(77,236)
Gains on revaluation of fixed assets	12	-	3,705,804	-	3,705,804	175,434
Net movement in funds		<u>-</u>	<u>4,159,367</u>	<u>14,194</u>	<u>4,173,561</u>	<u>98,198</u>
Reconciliation of funds:	17					
Total funds brought forward		70,000	15,084,528	-	15,154,528	15,056,330
Total funds carried forward		<u>70,000</u>	<u>19,243,895</u>	<u>14,194</u>	<u>19,328,089</u>	<u>15,154,528</u>

All of the above results are derived from continuing activities.

There were no other recognised gains or losses other than those stated above.

The attached notes form part of these financial statements.

CHABAD LUBAVITCH UK
Balance sheet
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets:					
Tangible assets	12		19,966,568		16,753,417
Current assets:					
Debtors	13	388,563		355,627	
Cash at bank and in hand		<u>1,628,266</u>		<u>955,090</u>	
		2,016,829		1,310,717	
Liabilities:					
Creditors: amounts falling due within one year	14	<u>(1,673,831)</u>		<u>(1,874,085)</u>	
Net current assets / (liabilities)			<u>342,998</u>		<u>(563,368)</u>
Total assets less current liabilities			20,309,566		16,190,049
Creditors: amounts falling due after one year	15		<u>(981,477)</u>		<u>(1,035,521)</u>
Total net assets			<u><u>19,328,089</u></u>		<u><u>15,154,528</u></u>
Funds:					
Permanent endowment funds			70,000		70,000
Restricted funds		<u>14,194</u>		<u>-</u>	
Total Restricted funds			14,194		-
Unrestricted funds:					
Revaluation funds		13,500,712		10,026,850	
General funds		<u>5,743,183</u>		<u>5,057,678</u>	
Total Unrestricted funds			<u>19,243,895</u>		<u>15,084,528</u>
Total funds	17		<u><u>19,328,089</u></u>		<u><u>15,154,528</u></u>

Approved by the corporate trustee and signed on its behalf by:

Rabbi P Efuné
On behalf of Lubavitch (UK) Limited

Rabbi I H Sufrin
On behalf of Lubavitch (UK) Limited

24 October 2022

The attached notes form part of the financial statements.

CHABAD LUBAVITCH UK
Statement of cash flows
For the year ended 31 December 2021

	Note	2021 £	2021	2020	2020 £
Cash flows from operating activities:					
Net cash provided by / (used in) operating activities	18		622,027		747,947
Cash flows from investing activities:					
Interest/ rent/ dividends from investments					
Sale/ (purchase) of fixed assets		88,985		(398,048)	
		<hr/>		<hr/>	
Cash provided by / (used in) investing activities			88,985		(398,048)
Cash flows from financing activities:					
Repayments of borrowing		25,709		34,485	
		<hr/>		<hr/>	
Cash provided by / (used in) financing activities			25,709		34,485
			<hr/>		<hr/>
Change in cash and cash equivalents in the year			736,721		384,384
Cash and cash equivalents at the beginning of the year			811,613		427,229
			<hr/>		<hr/>
Cash and cash equivalents at the end of the year	19		1,548,334		811,613
			<hr/> <hr/>		<hr/> <hr/>

1 Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 - effective 1 January 2015) - (Charities SORP FRS 102) and the Charities Act 2011.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

c) Income recognition

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

Income from grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for the provision of specified service is deferred until the criteria for income recognition are met.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

d) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)**e) Interest receivable**

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

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

g) Expenditure and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accrual basis and includes attributable VAT where it cannot be recovered.

h) Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity and its activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 8.

i) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

j) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Freehold property and improvements	2% straight line
Fixtures and fittings	20% reducing balance
Computer equipment	20% reducing balance
Motor vehicles	25% on reducing balance

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from revaluation reserve to the general reserve.

k) Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

1 Accounting policies (continued)

l) Debtors

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

m) Cash at bank and in hand

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

n) Creditors and provisions

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

o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

p) Pensions

The Charity finished operating its defined contribution scheme during 2015 on the retirement by the final member and the change in legislation to "Opt-in". The assets of the scheme are held separately from those of the Charity being invested with an insurance company. Any contributions payable for the year are charged in the statement of financial activities.

2 Detailed comparatives for the statement of financial activities

	2020 Endowment £	2020 Unrestricted £	2020 Restricted £	2020 Total £
Income from:				
Donations and legacies	-	2,827,755	-	2,827,755
Grants	-	365,545	835,786	1,201,331
Charitable activities:				
Outreach and Education	-	807,298	128,585	935,883
Other trading activities				
Functions and events	-	58,886	-	58,886
Investment activities	-	10,005	-	10,005
Other income		298,043		298,043
Total income	-	4,367,532	964,371	5,331,903
Expenditure on:				
Raising funds	-	102,944	-	102,944
Charitable activities:	-	4,341,824	964,371	5,306,195
Total expenditure	-	4,444,768	964,371	5,409,139
Net income / expenditure	-	(77,236)	-	(77,236)
Transfers between funds	-	1,455,896	(1,455,896)	-
Net income / (expenditure) before other recognised gains and losses	-	1,378,660	(1,455,896)	(77,236)
Gains / (losses) on revaluation of fixed assets	-	175,434	-	175,434
Net movement in funds	-	1,554,094	(1,455,896)	98,198
Reconciliation of funds:				
Total funds brought forward	70,000	13,530,434	1,455,896	15,056,330
Total funds carried forward	70,000	15,084,528	0	15,154,528

CHABAD LUBAVITCH UK

Notes to the financial statements

For the year ended 31 December 2021

3 Income from donations and legacies

			2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Donations and legacies	3,301,493	30,049	3,331,542	2,827,755
Grants	226,797	999,753	1,226,550	1,201,331
Total income	3,528,290	1,029,802	4,558,092	4,029,086

Included in the grants are £703,080 received from Hackney Learning Trust (2020: £ 657,611).

4 Income from charitable activities

			2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Outreach and Education	1,000,761	125,088	1,125,849	935,883
Total income from charitable activities	1,000,761	125,088	1,125,849	935,883

5 Income from other trading activities

			2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Functions and events	39,011	-	39,011	58,886
Total income from other trading activities	39,011	-	39,011	58,886

6 Income from investments

			2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Rental income received	43,069	-	43,069	10,005
Total income from investments	43,069	-	43,069	10,005

7 Other income

			2021	2020
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Coronavirus job retention scheme	251,445	-	251,445	298,043
Total income from other income	251,445	-	251,445	298,043

CHABAD LUBAVITCH UK
Notes to the financial statements
For the year ended 31 December 2021

8 Analysis of expenditure

	Basis of allocation	Support cost	Governance costs	Raising Funds	Charitable activities	2021 Total	2020 Total
		£	£	£	£	£	£
Outreach and education	Direct	-	-	10,976	1,369,056	1,380,032	1,061,824
Legal & Professional	Direct	-	3,158	-	67,951	71,109	108,235
Accountancy fees	Direct	4,820	-	-	-	4,820	15,706
Auditor's remuneration	Direct	-	24,000	-	-	24,000	25,000
Wages	Staff time	86,486	-	35,795	2,012,944	2,135,225	2,245,088
Other staff costs	Direct	-	-	-	73,084	73,084	85,783
Donations paid	Direct	-	-	-	230,564	230,564	239,510
Book & shop supplies	Direct	-	-	-	26,571	26,571	22,064
Telephone	Staff time	34,011	-	-	-	34,011	35,956
Printing, postage & stationery	Staff time	62,377	-	-	-	62,377	62,814
Advertising	Staff time	-	-	5,728	-	5,728	12,282
Travel and Motor expenses	Staff time	-	-	-	120,920	120,920	75,026
Premises costs	Staff time	-	-	-	851,043	851,043	743,210
Computer maintenance	Staff time	57,476	-	-	-	57,476	39,736
Miscellaneous	Staff time	-	-	-	2,701	2,701	71,643
Bank charges	Staff time	23,049	-	-	-	23,049	24,598
Bank interest	Staff time	43,331	-	-	-	43,331	60,857
Depreciation	Staff time	-	-	-	403,668	403,668	479,807
		311,550	27,158	52,499	5,158,502	5,549,709	5,409,139
Support costs		(311,550)	-	-	311,550	-	-
Governance costs		-	(27,158)	-	27,158	-	-
Total expenditure 2021		-	-	52,499	5,497,210	5,549,709	
Total expenditure 2020		-	-	102,944	5,306,195		5,409,139

Donations were paid to individuals and other organisations during the year to support education and other charitable activities.

Of the total expenditure, £4,409,013 was unrestricted (2020: £4,444,768) and £1,140,696 was restricted (2020: £964,371).

Support and governance costs are allocated based on projected time spent by employees.

9 Net income / (expenditure) for the year

This is stated after charging / (crediting):	2021	2020
	£	£
Depreciation	403,668	479,807
Auditor's remuneration		
Audit (net)	20,000	21,000

10 Analysis of staff costs, trustee remuneration and expenses, and key management personnel costs

Staff costs were as follows:	2021	2020
	£	£
Salaries and wages	2,014,106	2,102,065
Social security costs	69,147	65,383
Pension contributions	51,972	77,640
	2,135,225	2,245,088

The following number of employees received employee benefits (excluding employer pension) during the year between:

	2021	2020
	No.	No.
£60,000 - £69,999	1	1
£70,000 - £79,999	1	-

The total employee benefits including pension contributions of the key management personnel were £122,281 (2020: £74,685).

Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2021	2020
	No.	No.
Raising funds	2	3
Charitable activities	136	145
Support	8	10
Governance	3	3
	149	161

The charity also acknowledges the support of the volunteers who were used in day to day charitable activities and who helped the charity to achieve its charitable objectives.

11 Taxation

The charity is exempt from tax as all its income is charitable and is applied for charitable purposes.

12 Tangible fixed assets

	Freehold property £	Leasehold property £	Improvement to premises £	Fixtures, fittings & Equipment £	Motor vehicles £	Total £
Cost						
At the start of the year	18,926,617	775,000	2,469,517	1,114,855	183,757	23,469,746
Additions in year	-	-	118,588	6,927	5,500	131,015
Disposals in year	-	(275,000)	-	-	-	(275,000)
Revaluation	3,705,804	-	-	-	-	3,705,804
At the end of the year	22,632,421	500,000	2,588,105	1,121,782	189,257	27,031,565
Depreciation						
At the start of the year	4,718,012	380,520	422,699	1,079,750	115,348	6,716,329
Charge for the year	295,993	23,809	49,361	16,028	18,477	403,668
Eliminated on disposal	-	(55,000)	-	-	-	(55,000)
At the end of the year	5,014,005	349,329	472,060	1,095,778	133,825	7,064,997
Net book value						
At the end of the year	17,618,416	150,671	2,116,045	26,004	55,432	19,966,568
At the start of the year	14,208,605	394,480	2,046,818	35,105	68,409	16,753,417

Land with a value of £ 4,770,899 (2020: £4,770,899) is included within freehold property and is not depreciated.

Professional and other trustee valuations were carried out so that freehold property is stated at fair value at the year end.

All of the above assets are used for charitable purposes.

13 Debtors

	2021 £	2020 £
Trade debtors	178,862	266,080
Other debtors	209,701	89,547
	<u>388,563</u>	<u>355,627</u>

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	79,932	143,477
Bank loans	90,242	74,034
Trade creditors	142,088	172,014
Taxation and social security	215,100	170,749
Other creditors	1,049,494	1,207,878
Accruals	96,975	105,933
	<u>1,673,831</u>	<u>1,874,085</u>

15 Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loans	981,477	1,035,521
	<u>981,477</u>	<u>1,035,521</u>

Total bank loans of £1,071,719 (2020: £1,109,555) are secured against the following properties:

135 Clapton Common, London E5 9AE

42 St George Road, London SW19 4ED

228 Hale Lane, Edgware HA8 9QF

75a Cowley Rd, Oxford OX4 1HR

168 Shadwell Lane Leeds LS17 8AD

16 Analysis of net assets between funds 2021

	Revaluation fund	Endowment fund	Unrestricted funds	Restricted funds	2021 Total funds
			£	£	£
Tangible fixed assets	13,500,712	-	6,451,662	14,194	19,966,568
Net current assets / (liabilities)	-	70,000	272,998	-	342,998
Long term liabilities	-	-	(981,477)	-	(981,477)
Net assets at the end of the year	13,500,712	70,000	5,743,183	14,194	19,328,089

Analysis of net assets between funds 2020

	Revaluation fund	Endowment fund	Unrestricted funds	Restricted funds	2020 Total funds
			£	£	£
Tangible fixed assets	10,026,850	-	6,726,567	-	16,753,417
Net current assets	-	70,000	(633,368)	-	(563,368)
Long term liabilities	-	-	(1,035,521)	-	(1,035,521)
Net assets at the end of the year	10,026,850	70,000	5,057,678	-	15,154,528

17 Movements in funds 2021

	Funds at the start of the year	Income	Expenditure	Transfers	Revaluation	Funds at the end of the year
	£	£	£	£	£	£
Unrestricted funds:						
Revaluation fund	10,026,850	-	-	(231,942)	3,705,804	13,500,712
General funds	5,057,678	4,862,576	(4,409,013)	231,942	-	5,743,183
Total unrestricted funds	15,084,528	4,862,576	(4,409,013)	-	3,705,804	19,243,895
Restricted funds:						
Foundation	-	30,049	(15,855)	-	-	14,194
Security grants fund	-	296,673	(296,673)	-	-	-
Children Centre	-	571,140	(571,140)	-	-	-
Nursery	-	131,940	(131,940)	-	-	-
Edgware	-	125,088	(125,088)	-	-	-
Total restricted funds	-	1,154,890	(1,140,696)	-	-	14,194
Permanent endowment funds	70,000	-	-	-	-	70,000
Total funds	15,154,528	6,017,466	(5,549,709)	-	3,705,804	19,328,089

Movements in funds 2020

	Funds at the start of the year £	Income £	Expenditure £	Transfers £	Revaluation £	Funds at the end of the year £
Unrestricted funds:						
Unrestricted revaluation reserve	10,171,361	-	-	(319,945)	175,434	10,026,850
General funds	3,359,073	4,367,532	(4,444,768)	1,775,841	-	5,057,678
Total unrestricted funds	13,530,434	4,367,532	(4,444,768)	1,455,896	175,434	15,084,528
Restricted funds:						
Restricted revaluation reserve	9,211,711	-	-	(9,211,711)	-	-
Children Centre	1,455,896	619,338	(619,338)	(1,455,896)	-	-
Nursery	-	216,448	(216,448)	-	-	-
Edgware	-	128,585	(128,585)	-	-	-
Total restricted funds	1,455,896	964,371	(964,371)	(1,455,896)	-	-
Permanent endowment funds	70,000	-	-	-	-	70,000
Total funds	15,056,330	5,331,903	(5,409,139)	-	175,434	15,154,528

Restricted Funds:

The charity's restricted funds during the year were made up as follows:

Children's Centre - this fund was established to receive donations for the building of the new Children's Centre.

Permanent endowment funds:

L Steinberg endowment- The gift was made to the charity on condition that it is held as a permanent endowment, the income from which is freely available to fund the activities of the charity.

18 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	467,757	(77,236)
Depreciation	403,668	479,807
(Increase)/ decrease in debtors	(32,936)	249,944
Increase/ (decrease) in creditors	(216,462)	95,432
Net cash provided by / (used in) operating activities	622,027	747,947

19 Analysis of cash and cash equivalents

	At 1 January 2021 £	Cash flows £	Other changes £	At 31 December 2021 £
Cash at bank and in hand	955,090	673,176	-	1,628,266
Overdraft facility (repayable on demand)	(143,477)	63,545	-	(79,932)
Total cash and cash equivalents	811,613	736,721	-	1,548,334

Analysis of cash and cash equivalents 2020

	At 1 January 2020 £	Cash flows £	Other changes £	At 31 December 2020 £
Cash at bank and in hand	644,627	310,463	-	955,090
Overdraft facility (repayable on demand)	(217,398)	73,921	-	(143,477)
Total cash and cash equivalents	427,229	384,384	-	811,613

20 Related party transactions

As well as employing the directors of the corporate trustee, the charity also employed several individuals who were related to the directors of the corporate trustee. Salaries paid to these individuals were as follows:

Name	Job role	Relationship	Annual teaching salary £	Loan to Charity £
Family of Rabbi I H Sufrin Rabbi I H Sufrin	Rabbi		4,800	107,000
Family of Rabbi Y Angyalfi Rabbi Y Angyalfi Mrs S Angyalfi	Rabbi	Wife	20,437 20,437	
Family of Rabbi P Efune Rabbi P Efune	Rabbi		-	27,500

21 Corporate Trustee

The charity is governed by the board of directors of the corporate trustee Lubavitch (UK) Limited (a company limited by guarantee incorporated in England and Wales under company number 02932344), which is responsible for setting the charity's strategy, for ensuring good governance and that it fulfils its objectives of delivering public benefit. The directors of the corporate trustee during the reporting period were:

- Rabbi Y Angyalfi
- Rabbi P Efune
- Rabbi I H Sufrin
- Mr S Chevern
- Mr M Rabin