

CHARITY REGISTRATION NUMBER: 275454

The Melow Charitable Trust
Financial Statements
31 December 2020

COHEN ARNOLD
Chartered accountants & statutory auditor
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

The Melow Charitable Trust
Financial Statements
Year ended 31 December 2020

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The Melow Charitable Trust
Trustees' Annual Report *(continued)*
Year ended 31 December 2020

The trustees present their report and the financial statements of the charity for the year ended 31 December 2020.

Reference and administrative details

Registered charity name	The Melow Charitable Trust
Charity registration number	275454
Principal office	21 Warwick Grove London E5 9HX
The trustees	Mrs E Weiser Mrs M Spitz
Auditor	Cohen Arnold Chartered accountants & statutory auditor New Burlington House 1075 Finchley Road LONDON NW11 0PU
Bankers	Barclays Bank Plc Leicester LE87 2BB
Solicitors	Carpenter Rose 26 The Broadway London NW7 3NL

Structure, governance and management

The trust was set up by way of a Deed of Trust on 9 February 1978.

Appointment, Training and Recruitment of Trustees

The trustees are long serving and are familiar with the running of the charity.

The statutory power of appointing new trustees or a new trustee shall be exercisable by the trustees during their joint lives and thereafter by the survivor of them.

It is not currently the intention of the trustees of the charity to appoint new trustees. Should the situation change in the future, the trustees will apply suitable recruitment and training procedures.

Risk Management

The trustees have identified and reviewed the major risks to which the charity is exposed, in particular those related to the operations and finance of the charity and its subsidiary and are satisfied that systems are in place to mitigate those risks.

The Melow Charitable Trust
Trustees' Annual Report *(continued)*
Year ended 31 December 2020

The principal risks to which the company is exposed are:

- Liabilities arising from property investment activity
- Tenant defaults
- Damage to the property from flood, fire or terrorist action
- The availability of liquid funds to make grants and donations
- The general economic cycle

The trustees seek to manage or mitigate such risks wherever possible through such measures as insurance, tenant screening and monitoring, rigorous reviews of acquisition and investment opportunities, external expert advice, monitoring cash and regular monitoring of the economic outlook. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Grant making policy

Grants are made to charitable institutions and organisations which conform to the objects of the charity after the trustees have satisfied themselves as to the bona fides of the recipients.

Applications for grants are made in writing to the charity or in person to the Trustees by voluntary and community organisations. All donations above £3,000 require approval of all the Trustees and after making the necessary checks, proportional to the level of funding involved, donations are provided through bank transfer.

Objectives and activities

The objects of the trust are for general charitable purposes and in particular for the relief of poverty and the advancement of religion and religious education.

Aims, objectives and activities for public benefit

The trustees confirm that they have referred to the guidelines contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objects and in planning future activities and setting the grant making policies for the year.

This charity was established for general charitable purposes and in particular for the relief of poverty and the advancement of the Jewish religion, especially in the field of education. Donations are made to organisations providing a sound religious education in accordance with the doctrines and principles of traditional Judaism and to institutions set up to provide aid to the Jewish needy, with a view to achieving the objects of the charity and in doing so the charity has complied with its duty to act for the public benefit in accordance with Section 4 of the Charities Act 2011.

Investment powers and policy

Under the Trust Deed, the charity has the power to make any investment which the trustees see fit provided that funds so utilised are not immediately required for use in connection with any of its objects. The trustees regularly review the charity's position and needs in respect of the investment policy.

Achievements and performance

During the period under review £919,155 (2019: £1,714,065) was distributed in furtherance of the charity's objectives. The analysis of grants can be found in note 10 to the financial statements.

The Melow Charitable Trust
Trustees' Annual Report *(continued)*
Year ended 31 December 2020

Group Structure and Relationships

The Trustees of the charity hold on trust for the charity, the share capital of the subsidiary undertaking, Lota Estates Limited.

The company, registered in England, is engaged in property investment and its results are incorporated in the consolidated financial statements.

Details of the subsidiary undertaking may be found in the note 18 to the financial statements.

Financial review

The charity is dependent for its income on the commercial activities of its subsidiary and voluntary donations from companies connected with the trustees. The parent charity also receives a small amount of rental income from its sole investment property. The subsidiary undertaking, Lota Estates Limited, has a portfolio of investment properties and the group's performance can be seen in the financial statements set out below.

The parent charity's investment property brought in income of £57,672, with the subsidiary having £1,067,873 of rental income. The charity also received donation income amounting to £35,000 with a further £5,000 of donated services. The charity has an interest chargeable loan due from a related company. The interest is charged at 7% and the interest receivable in the year totalled £44,138.

Reserves policy

It is the policy of the charity to maintain unrestricted funds, which are the free reserves of the charity, at a level which the trustees think appropriate after considering the future commitments of the charity and the likely administrative costs of the charity for the next year.

At the year end, £12,288,157 (2019: £12,171,897) was held as unrestricted funds, of which £2,760,483 (2019: £2,630,696) were free reserves.

Plans for future periods

The charity plans continuing the activities outlined above in the coming years subject to incoming resources being maintained at a satisfactory level.

Covid-19 pandemic and going concern

The Trustees have considered the impact of the Covid-19 pandemic on the income of the Charity and the valuation of the group's assets. The current downturn in the UK economy may lead to a fall in voluntary income of the Charity resulting in the Charity limiting its grant making activities. The full financial effects of the pandemic on the valuation of assets cannot currently be quantified and the Trustees are unable to predict fully the future implications on the Charity's financial affairs.

Notwithstanding these uncertainties, the trustees have concluded that it is appropriate for the financial statements to be prepared in accordance with the accounting principles appropriate to a going concern and that there is no material uncertainty to this position, as the trustees have a reasonable expectation that the charity group has adequate resources under all plausible circumstance to continue in operational existence for the foreseeable future by meeting its liabilities and commitments as they fall due.

Trustees' responsibilities statement

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period.

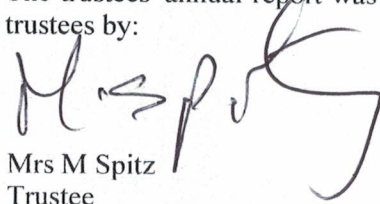
The Melow Charitable Trust
Trustees' Annual Report *(continued)*
Year ended 31 December 2020

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' annual report was approved on 25/10/2021 and signed on behalf of the board of trustees by:



Mrs M Spitz
Trustee

The Melow Charitable Trust
Independent Auditor's Report to the Members of The Melow Charitable Trust
Year ended 31 December 2020

Opinion

We have audited the financial statements of The Melow Charitable Trust (the 'charity') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, parent charity statement of financial activities, consolidated statement of financial position, parent charity balance sheet, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity and its subsidiary's affairs as at 31 December 2020 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;
- 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter

In forming our opinion of the financial statements, which is not modified, we would draw attention to the material uncertainty as reported in page three of the Trustees' Annual Report: Covid-19 pandemic and going concern.

The Melow Charitable Trust

Independent Auditor's Report to the Members of The Melow Charitable Trust *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material 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 its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The Melow Charitable Trust

Independent Auditor's Report to the Members of The Melow Charitable Trust *(continued)*

Year ended 31 December 2020

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity'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 charity 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.

The Melow Charitable Trust

Independent Auditor's Report to the Members of The Melow Charitable Trust *(continued)*

Year ended 31 December 2020

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

M. Broner-Cohen

Moshe Broner-Cohen (Senior Statutory Auditor)

25/10/2021

Date

For and on behalf of
Cohen Arnold
Chartered accountants & statutory auditor
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

The Melow Charitable Trust
Consolidated Statement of Financial Activities
Year ended 31 December 2020

		2020	2019
	Note	Unrestricted funds £	Total funds £
Income and endowments			
Donations and legacies	4	40,000	125,000
Investment income	5	1,169,703	1,352,274
Total income		<u>1,209,703</u>	<u>1,477,274</u>
Expenditure			
Expenditure on raising funds:			
Investment management costs	6	(183,998)	(150,166)
Expenditure on charitable activities	7,8	(943,286)	(1,733,299)
Taxation	11	(15,284)	(15,500)
Total expenditure		<u>(1,142,568)</u>	<u>(1,898,965)</u>
Net gains / (losses) on investments	12	49,125	(284,893)
Net expenditure and net movement in funds		<u>116,260</u>	<u>(706,584)</u>
Reconciliation of funds			
Total funds brought forward		12,171,897	12,878,481
Total funds carried forward		<u>12,288,157</u>	<u>12,171,897</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 14 to 27 form part of these financial statements.

The Melow Charitable Trust
Parent Charity Statement of Financial Activities
Year ended 31 December 2020

		2020		2019
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	676,817	676,817	570,000
Investment income	5	57,672	57,672	185,099
Total income		<u>734,489</u>	<u>734,489</u>	<u>755,099</u>
Expenditure				
Expenditure on raising funds:				
Investment management costs	6	(6,942)	(6,942)	(6,812)
Expenditure on charitable activities	7,8	(339,789)	(339,789)	(1,148,479)
Total expenditure		<u>(346,731)</u>	<u>(346,692)</u>	<u>(1,155,291)</u>
Net gains / (losses) on investments	12	(320,623)	(320,623)	(269,821)
Net expenditure and net movement in funds		<u>67,135</u>	<u>67,135</u>	<u>(670,013)</u>
Reconciliation of funds				
Total funds brought forward		12,221,022	12,221,022	12,891,035
Total funds carried forward		<u>12,288,157</u>	<u>12,288,157</u>	<u>12,221,022</u>


The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 14 to 27 form part of these financial statements.

The Melow Charitable Trust
Consolidated Statement of Financial Position
31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	17	5,127	18,654
Investments	18	10,782,186	10,782,186
		<u>10,787,313</u>	<u>10,800,840</u>
Current assets			
Debtors	19	2,823,575	2,942,214
Cash at bank and in hand		270,897	369,261
		<u>3,094,472</u>	<u>3,311,475</u>
Creditors: amounts falling due within one year	20	(333,989)	(680,779)
Net current assets		<u>2,760,483</u>	<u>2,630,696</u>
Total assets less current liabilities		13,547,796	13,431,536
Provisions	21	(1,259,639)	(1,259,639)
Net assets		<u>12,288,157</u>	<u>12,171,897</u>
Funds of the charity			
Unrestricted funds		12,288,157	12,171,897
Total charity funds	23	<u>12,288,157</u>	<u>12,171,897</u>

These financial statements were approved by the board of trustees and authorised for issue on 25/10/2021....., and are signed on behalf of the board by:


Mrs E Weiser
Trustee

The notes on pages 14 to 27 form part of these financial statements.

The Melow Charitable Trust
Parent Charity Balance Sheet
31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	17	328	438
Investments	18	12,917,936	13,237,628
		<u>12,918,264</u>	<u>13,238,066</u>
Current assets			
Debtors	19	6,875	—
Cash at bank and in hand		49,114	40,033
		<u>55,989</u>	<u>40,033</u>
Creditors: amounts falling due within one year	20	(686,096)	(1,057,077)
Net current liabilities		<u>(630,107)</u>	<u>(1,017,044)</u>
Total assets less current liabilities		<u>12,288,157</u>	<u>12,221,022</u>
Net assets		<u>12,288,157</u>	<u>12,221,022</u>
Funds of the charity			
Unrestricted funds		12,288,157	12,221,022
Total charity funds	23	<u>12,288,157</u>	<u>12,221,022</u>

These financial statements were approved by the board of trustees and authorised for issue on 25/10/2021, and are signed on behalf of the board by:

E. Weiser

Mrs E Weiser
Trustee

The notes on pages 14 to 27 form part of these financial statements.

The Melow Charitable Trust
Consolidated Statement of Cash Flows
Year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net expenditure	116,260	(706,584)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	13,527	13,564
Net losses on investments	(49,125)	284,893
Dividends, interest and rents from investments	(1,125,545)	(1,308,088)
Other interest receivable and similar income	(44,158)	(44,186)
Interest payable and similar charges	1,488	57
Taxation	15,284	15,500
Accrued income	(5,270)	(21,616)
Donated services – non-cash item	–	–
Other operating cash flow adjustment	–	–
<i>Changes in:</i>		
Trade and other debtors	118,639	741,159
Trade and other creditors	(345,800)	(59,793)
Cash generated from operations	(1,304,700)	(1,085,094)
Interest paid	(1,488)	(57)
Interest received	44,158	44,186
Tax paid	(11,004)	(147,906)
Net cash used in operating activities	<u>(1,273,034)</u>	<u>(1,188,871)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	1,125,545	1,308,088
Proceeds from sale of other investments	49,125	140,107
Net cash from investing activities	<u>1,174,670</u>	<u>1,448,195</u>
Cash flows from financing activities		
Proceeds from borrowings	–	–
Net cash used in financing activities	<u>–</u>	<u>–</u>
Net increase/(decrease) in cash and cash equivalents	(98,364)	259,324
Cash and cash equivalents at beginning of year	<u>369,261</u>	<u>109,937</u>
Cash and cash equivalents at end of year	25 <u>270,897</u>	<u>369,261</u>

The notes on pages 14 to 27 form part of these financial statements.

The Melow Charitable Trust
Notes to the Financial Statements
Year ended 31 December 2020

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is 21 Warwick Road, London, E5 9HX.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Notwithstanding the net current liabilities in the parent charity, the financial statements have been prepared on a going concern basis given the continued support of the charity's creditors which are all related parties.

No Material Uncertainty Exists

The outbreak of the Covid-19 pandemic in the first six months of 2020 and the associated lockdown has had a negative impact on the macro economy and the particular market that the group's subsidiary operates in. The Trustees have placed a particular focus on the charity's going concern assessment and have considered the principal risks to the charity. This assessment has considered the various probable outcomes of the pandemic on the charity group's operations and its future financial performance over the next 12 months, including a decline in revenues, an increase in impairments and a reduction in property values. Uncertainty surrounding Brexit and the associated potential financial costs may also have a negative impact. These risks are beyond the control of the charity and represent uncertainty to the revenue and cash flow of the charity group for the foreseeable future.

Notwithstanding these uncertainties, the trustees have concluded that it is appropriate for the financial statements to be prepared in accordance with the accounting principles appropriate to a going concern and that there is no material uncertainty to this position, as the trustees have a reasonable expectation that the charity group has adequate resources under all plausible circumstance to continue in operational existence for the foreseeable future by meeting its liabilities and commitments as they fall due.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Group Financial Statements

These Financial Statements consolidate the results of the Charity and its subsidiary, Lota Estates Limited, on a line-by-line basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Other than those stated below, there have been no judgements, estimates and assumptions in the year which materially affect the financial statements.

Income tax

The Charity is not liable to direct taxation (Income Tax) on its income which falls within the various exemptions available to registered charities. As a result, no Deferred Tax is provided on timing differences. The Charity is not registered for Value Added Tax (VAT) and is therefore unable to reclaim any input tax it suffers on its purchase. Expenditure in the accounts is therefore shown inclusive of VAT where appropriate.

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period for the subsidiary.

Current tax is recognised on taxable income or expenditure for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal and fall into one of two sub-classes: restricted income funds or endowment funds.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been

recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses,

except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Depreciation on the fixtures and fittings of the charity is at 25% (reducing balance) and at 10% (straight line) on the fixtures and fittings of the subsidiary.

Investments

Unlisted equity investments are initially recorded at cost, and subsequently measured at fair value. If fair value cannot be reliably measured, assets are measured at cost less impairment.

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition -

i. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and

ii. No depreciation is provided in respect of investment properties applying the fair value model.

Freehold properties held for investment have been revalued by trustees and directors of the subsidiary and are stated at valuation.

Acquisitions and disposals of properties

Acquisitions and disposals of properties are considered to take place at the date of legal completion and are included in the financial statements accordingly.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value taken through income or expenditure. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in income or expenditure unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in the statement of financial activities in the period it arises, and is allocated to the appropriate expenditure heading.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

4. Donations and legacies

<u>Group</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Donations				
Donations	35,000	35,000	120,000	120,000
Donations - Donated Services Received	5,000	5,000	5,000	5,000
	<u>40,000</u>	<u>40,000</u>	<u>125,000</u>	<u>125,000</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

4. Donations and legacies *(continued)*

<u>Charity</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Donations				
Donations	671,817	671,817	565,000	565,000
Donations - Donated Services Received	5,000	5,000	5,000	5,000
	<u>676,817</u>	<u>676,817</u>	<u>570,000</u>	<u>570,000</u>

5. Investment income

<u>Group</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Income from investment properties	1,125,545	1,125,545	1,308,088	1,308,088
Other investment income	20	20	—	—
Other interest receivable	44,138	44,138	44,186	44,186
	<u>1,169,703</u>	<u>1,169,703</u>	<u>1,352,274</u>	<u>1,352,274</u>

<u>Charity</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Income from investment properties	57,672	57,672	185,099	185,099
	<u>57,672</u>	<u>57,672</u>	<u>185,099</u>	<u>185,099</u>

6. Investment management costs

<u>Group</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Investment management costs	183,998	183,998	150,166	150,166

<u>Charity</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Investment management costs	6,942	6,942	6,812	6,812

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

7. Expenditure on charitable activities by fund type

<u>Group</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Charitable activity	919,155	919,155	1,714,065	1,714,065
Support costs	24,131	24,131	19,234	19,234
	<u>943,286</u>	<u>943,286</u>	<u>1,733,299</u>	<u>1,733,299</u>
<u>Charity</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Charitable activity	324,155	324,155	1,140,065	1,140,065
Support costs	15,634	15,634	8,414	8,414
	<u>339,789</u>	<u>339,789</u>	<u>1,148,479</u>	<u>1,148,479</u>

8. Expenditure on charitable activities by activity type

<u>Group</u>	Grant funding of activities £	Support costs £	Total funds 2020 £	Total fund 2019 £
Charitable activity	919,155	–	919,155	1,714,065
Governance costs	–	24,131	24,131	19,234
	<u>919,155</u>	<u>24,131</u>	<u>943,286</u>	<u>1,733,299</u>
<u>Charity</u>	Grant funding of activities £	Support costs £	Total funds 2020 £	Total fund 2019 £
Charitable activity	324,155	–	324,155	1,140,065
Governance costs	–	15,634	15,634	8,414
	<u>324,155</u>	<u>15,634</u>	<u>339,789</u>	<u>1,148,479</u>

9. Analysis of support costs

	Accountancy £	Audit £	Office costs £	Interest & Bank charges £	Total 2020 £	Total 2019 £
Governance costs	<u>11,332</u>	<u>11,138</u>	<u>173</u>	<u>1,488</u>	<u>24,131</u>	<u>19,234</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

10. Analysis of grants

	2020	2019
	£	£
Grants to institutions		
Chasdei Aharon Limited	45,000	50,000
Chesed Shel Emes Limited	43,000	30,000
College for Higher Rabbinical Studies	35,000	–
Ezer V'Hatzalah Limited	–	620,010
Friends of Yeshiva Daas Sholem Shotz	50,300	26,200
Friends of Zichron Dovid	4,900	61,000
Hadras Kodesh Trust	5,000	534,000
Here 2 Help	163,000	–
Inspirations	47,000	30,000
North London Foodbank	140,000	–
Shaarei Chesed Trust	150	30,000
Sharei Chesed (London)	4,100	56,000
Start Upright	30,000	50,000
Tchabe Kollel Limited	102,200	50,000
The Rehabilitation Trust	100,000	–
UTA of Boro Park	–	39,050
Zoreya Tzedokos	50,000	–
Other donations under £30,000	99,505	137,805
	<u>919,155</u>	<u>1,714,065</u>
Total grants to institutions	<u>919,155</u>	<u>1,714,065</u>

All grants were paid were for alleviation of poverty, education and furtherance of Jewish religion and general charitable purposes.

Analysis of grants to institutions:

	2020	2019
	£	£
General charitable purposes	477,978	540,621
Advancement of the Jewish Religion	170,123	571,470
Advancement of Jewish Education	271,054	601,974
Total	<u>919,155</u>	<u>1,714,065</u>

11. Taxation

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax (income)/expense	8,091	(28,610)
Adjustments in respect of prior periods	7,193	18,776
Total current tax	<u>15,284</u>	<u>(9,834)</u>
Deferred tax:		
Origination and reversal of timing differences	–	25,334
Taxation	<u>15,284</u>	<u>15,500</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

12. Net gains/(losses) on investments

<u>Group</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Gains/(losses) on investment property	49,125	49,125	(284,893)	(284,893)
	<u>49,125</u>	<u>49,125</u>	<u>(284,893)</u>	<u>(284,893)</u>
<u>Charity</u>	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Gains/(losses) on investments in group undertakings	(320,623)	(320,623)	(269,821)	(269,821)
	<u>(320,623)</u>	<u>(320,623)</u>	<u>(269,821)</u>	<u>(269,821)</u>

13. Net expenditure

Net expenditure is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	<u>13,527</u>	<u>13,564</u>

14. Auditors remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	<u>11,138</u>	<u>11,000</u>

15. Staff costs

The average head count of employees during the year was Nil (2019: Nil).

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

16. Trustee remuneration and expenses

The charity has two trustees all of whom give freely of their time and expertise without any form of remuneration or other benefit in kind or cash (2019: £nil). The charity did not meet any expenses (2019: £nil) incurred by the trustees for services provided to the charity.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

17. Tangible fixed assets

Fixtures and fittings	Group £	Charity £
Cost		
At 1 January 2020 and 31 December 2020	<u>144,537</u>	<u>10,362</u>
Depreciation		
At 1 January 2020	125,883	9,924
Charge for the year	<u>13,527</u>	<u>110</u>
At 31 December 2020	<u>139,410</u>	<u>10,034</u>
Carrying amount		
At 31 December 2020	<u>5,127</u>	<u>328</u>
At 31 December 2019	<u>18,654</u>	<u>438</u>

18. Investments

<u>Group</u>	Investment properties £	Other investments £	Total £
Valuation			
At 1 January 2020	10,781,974	212	10,782,186
Additions	—	—	—
Disposals	—	—	—
At 31 December 2020	<u>10,781,974</u>	<u>212</u>	<u>10,782,186</u>
Impairment			
At 1 January 2020 and 31 December 2020		<u>—</u>	<u>—</u>
Carrying amount			
At 31 December 2020	<u>10,781,974</u>	<u>212</u>	<u>10,782,186</u>
At 31 December 2019	<u>10,781,974</u>	<u>212</u>	<u>10,782,186</u>

All investments shown above are held at valuation. The historical cost of the investment properties is £1,905,483.

Investment properties

The group's investment properties comprise residential and commercial portfolios. The fair value of the investment properties has been arrived at on the basis of valuation carried out at 31st December 2020 by the trustees who are considered to have the experience and expertise required to undertake such an exercise. The valuation is made on an open market value basis by reference to market evidence of transaction prices for similar properties in the same location taking account their age and condition.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

18. Investments *(continued)*

<u>Charity</u>	Investment properties £	Subsidiary undertakings £	Total £
Cost or valuation			
At 1 January 2020	650,000	12,587,628	13,237,628
Additions	—	—	—
Revaluations	—	(320,623)	(320,623)
At 31 December 2020	650,000	12,267,005	12,917,005
Impairment			
At 1 January 2020 and 31 December 2020	—	—	—
Carrying amount			
At 31 December 2020	650,000	12,267,005	12,917,005
At 31 December 2019	650,000	12,587,628	13,237,628

Subsidiary undertaking

The Trustees of the charity hold on trust for the charity, the full share capital and net assets of the subsidiary undertaking, Lota Estates Limited (*Company Number 01075993*). The company is registered in England and has a coterminous year end with the parent charity. The following figures show the performance of the subsidiary during the year and its position as at 31st December 2020:

	<u>Turnover</u>	<u>Net Expenditure</u>	<u>Revaluation Gains</u>	<u>Taxation</u>	<u>Profit/(Loss) after tax</u>
	£	£	£	£	£
Lota Estates Limited	1,067,873	1,417,370	—	(15,284)	(320,623)

	<u>Fixed Assets</u>	<u>Current Assets</u>	<u>Current Liabilities</u>	<u>Provisions</u>	<u>Capital and Reserves</u>
	£	£	£	£	£
Lota Estates Limited	10,136,771	3,484,933	(95,271)	(1,259,639)	12,267,005

19. Debtors

<u>Group</u>	2020 £	2019 £
Trade debtors	2,159,943	1,938,582
Other debtors	663,632	1,003,632
	2,823,575	2,942,214

<u>Charity</u>	2020 £	2019 £
Trade debtors	6,875	—
	6,875	—

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

20. Creditors: amounts falling due within one year

<u>Group</u>	2020	2019
	£	£
Trade creditors	83,167	88,919
Accruals and deferred income	26,220	31,490
Corporation tax	6,104	1,824
Other creditors	218,498	558,546
	<u>333,989</u>	<u>680,779</u>
 <u>Charity</u>	 2020	 2019
	£	£
Trade creditors	–	321,801
Accruals and deferred income	20,220	20,283
Amounts owed to group undertakings	446,447	446,447
Other creditors	218,498	268,546
	<u>685,165</u>	<u>1,057,077</u>

21. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 22)	<u>1,259,639</u>	<u>1,259,639</u>

22. Provisions

	Deferred tax (note 21) £
At 1 January 2020	1,259,639
Additions	–
At 31 December 2020	<u>1,259,639</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

23. Analysis of charitable funds

Unrestricted funds

Group

	At 1 January 2020	Income	Expenditure	Gains and losses	At 31 December 2020
	£	£	£	£	£
General funds	<u>12,171,897</u>	<u>1,209,703</u>	<u>(1,142,568)</u>	<u>49,125</u>	<u>12,288,157</u>

	At 1 January 2019	Income	Expenditure	Gains and losses	At 31 December 2019
	£	£	£	£	£
General funds	<u>12,878,481</u>	<u>1,477,274</u>	<u>(1,898,965)</u>	<u>(284,893)</u>	<u>12,171,897</u>

Unrestricted funds

Charity

	At 1 January 2020	Income	Expenditure	Gains and losses	At 31 December 2020
	£	£	£	£	£
General funds	<u>12,221,022</u>	<u>734,489</u>	<u>(346,731)</u>	<u>(320,623)</u>	<u>12,288,157</u>

	At 1 January 2019	Income	Expenditure	Gains and losses	At 31 December 2019
	£	£	£	£	£
General funds	<u>12,891,035</u>	<u>755,099</u>	<u>(1,155,291)</u>	<u>(269,821)</u>	<u>12,221,022</u>

24. Analysis of net assets between funds

	Unrestricted Funds	Total Funds 2020
	£	£
Tangible fixed assets	5,127	5,127
Investments	10,782,186	10,782,186
Current assets	3,094,472	3,094,472
Creditors less than 1 year	(333,989)	(333,989)
Provisions	(1,259,639)	(1,259,639)
Net assets	<u>12,288,157</u>	<u>12,288,157</u>

	Unrestricted Funds	Total Funds 2019
	£	£
Tangible fixed assets	18,654	18,654
Investments	10,782,186	10,782,186
Current assets	3,311,475	3,311,475
Creditors less than 1 year	(680,779)	(680,779)
Provisions	(1,259,639)	(1,259,639)
Net assets	<u>12,171,897</u>	<u>12,171,897</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2020

25. Analysis of changes in net debt

	At 1 Jan 2020	Cash flows	At 31 Dec 2020
	£	£	£
Cash at bank and in hand	369,261	(98,364)	270,897

26. Related Party Transactions

Group

During the year, the Charity Group received all its donations (£40,000) from related parties: £35,000 from JLW Investments Limited and £5,000 of donated services from Amingham Limited. Furthermore, £15,000 of management fees were paid to Amingham Limited for the management of the group's property portfolio. Amingham Limited, is a company where one of the directors is also a director in the subsidiary undertaking.

Trade debtors includes £1,832,582 (2019: £1,691,740) due from Amingham Limited.

Other debtors include amounts due from the following companies who have directors who are directors or close family of directors and Trustees of the Charity Group: Easton Fabrics Limited £5,085 (2019: £5,085), JLW Properties Limited £Nil (2019: £200,000), ALRW Investments Limited £28,007 (2019: £168,007). All loans are interest free and repayable on demand.

Also included in Other debtors is £630,540 (2019: £630,540) due from Marvel Investments Limited. Marvel Investments Limited has directors who are close family with the Trustees of the Charity Group. This loan bears interest at 7% per annum.

Other creditors include amounts due to the following companies who have directors who are directors or close family of directors and Trustees of the Charity Group: Wennington Properties Limited £211,249 (2019: £411,249), Falconheights Limited £Nil (2019: £140,000). All loans are interest free and repayable on demand.

Charity

During the year, the Charity received all its donations (£671,817) from related parties, £636,817 from its subsidiary Lota Estates Limited, £35,000 from JLW Properties Limited and £5,000 of donated services from Amingham Limited.

Included in Amounts owed to group undertakings, is £446,447 (2019: £446,447) due to its subsidiary undertaking.

Included in Trade creditors is £Nil (2019: £321,801) due to Amingham Limited, a company where one of the directors is also a director in the subsidiary undertaking.

Other creditors include amounts due to the following companies who have directors who are directors or close family of directors and Trustees of the Charity: Wennington Properties Limited £211,249 (2019: £211,249), Arisal Estates Limited £Nil (2019: £50,048). All loans are interest free and repayable on demand.