

CHARITY REGISTRATION NUMBER: 275454

The Melow Charitable Trust
Financial Statements
31 December 2021

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 2021

	Page
Trustees' annual report	1
Independent auditor's report to the members	5
Consolidated statement of financial activities	9
Parent charity statement of financial activities	10
Consolidated statement of financial position	11
Parent charity balance sheet	12
Consolidated statement of cash flows	13
Notes to the financial statements	14

The Melow Charitable Trust
Trustees' Annual Report
Year ended 31 December 2021

The trustees present their report and the financial statements of the charity for the year ended 31 December 2021.

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 2021

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 £1,618,515 (2020: £919,155) 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 2021

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 produced income of £57,810, with the 'subsidiary' having £911,780 of rental income. The charity also received donation income amounting to £40,000. 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, £11,607,597 (2020: £12,288,157) was held as unrestricted funds, of which £2,084,804 (2020: £2,760,483) 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.

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.

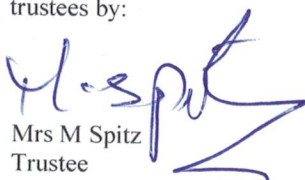
In preparing these financial statements, the trustees are required to:

- 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 Melow Charitable Trust
Trustees' Annual Report *(continued)*
Year ended 31 December 2021

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 27/10/2022 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 2021

Opinion

We have audited the financial statements of The Melow Charitable Trust (the 'charity') for the year ended 31 December 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

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.

The Melow Charitable Trust

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

Year ended 31 December 2021

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.

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.

The Melow Charitable Trust

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

Year ended 31 December 2021

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group through discussion with the directors and senior management and identified financial reporting legislation, landlord legislation and charity legislation as being most significant to these financial statements.
- We communicated these identified frameworks amongst our audit team and remained alert to any indications of non-compliance throughout the audit. We ensured that the engagement team had sufficient competence and capability to identify or recognise non-compliance with the laws and regulations.
- We discussed with the directors and senior management the policies and procedures regarding compliance with these legal and regulatory frameworks.
- We assessed the susceptibility of the group's financial statements to material misstatement due to non-compliance with legal and regulatory frameworks, including how fraud might occur, by enquiry with the directors and senior management during the planning and finalisation phases stages of our audit and by using proprietary disclosure checklists. The susceptibility to such material misstatement was determined to be low.
- Based on this understanding, we designed our audit procedures to identify non-compliance with the identified legal and regulatory frameworks, which were part of our procedures on the related financial statement items.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

The Melow Charitable Trust

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

Year ended 31 December 2021

- 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.

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)

27/10/2022

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 2021

		2021		2020
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	40,000	40,000	40,000
Investment income	5	1,013,809	1,013,809	1,169,703
Total income		<u>1,053,809</u>	<u>1,053,809</u>	<u>1,209,703</u>
Expenditure				
Expenditure on raising funds:				
Investment management costs	6	(99,383)	(99,383)	(183,998)
Expenditure on charitable activities	7,8	(1,634,929)	(1,634,929)	(943,286)
Taxation	11	(57)	(57)	(15,284)
Total expenditure		<u>(1,734,369)</u>	<u>(1,734,369)</u>	<u>(1,142,568)</u>
Net gains / (losses) on investments	12	–	–	49,125
Net expenditure and net movement in funds		<u>(680,560)</u>	<u>(680,560)</u>	<u>116,260</u>
Reconciliation of funds				
Total funds brought forward		12,288,157	12,288,157	12,171,897
Total funds carried forward		<u>11,607,597</u>	<u>11,607,597</u>	<u>12,288,157</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 2021

		2021		2020
	Note	Unrestricted funds £	Total funds £	Total funds £
Income and endowments				
Donations and legacies	4	940,000	940,000	676,817
Investment income	5	57,810	57,810	57,672
Total income		<u>997,810</u>	<u>997,810</u>	<u>734,489</u>
Expenditure				
Expenditure on raising funds:				
Investment management costs	6	(7,085)	(7,085)	(6,942)
Expenditure on charitable activities	7,8	(1,627,095)	(1,627,095)	(339,789)
Total expenditure		<u>(1,634,180)</u>	<u>(1,634,180)</u>	<u>(346,731)</u>
Net gains / (losses) on investments	12	(44,190)	(44,190)	(320,623)
Net expenditure and net movement in funds		<u>(680,560)</u>	<u>(680,560)</u>	<u>67,135</u>
Reconciliation of funds				
Total funds brought forward		12,288,157	12,288,157	12,221,022
Total funds carried forward		<u>11,607,597</u>	<u>11,607,597</u>	<u>12,288,157</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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	17	246	5,127
Investments	18	10,782,186	10,782,186
		<u>10,782,432</u>	<u>10,787,313</u>
Current assets			
Debtors	19	2,165,886	2,823,575
Cash at bank and in hand		427,906	270,897
		<u>2,593,792</u>	<u>3,094,472</u>
Creditors: amounts falling due within one year	20	(508,988)	(333,989)
Net current assets		<u>2,084,804</u>	<u>2,760,483</u>
Total assets less current liabilities		<u>12,867,236</u>	<u>13,547,796</u>
Provisions	21	(1,259,639)	(1,259,639)
Net assets		<u>11,607,597</u>	<u>12,288,157</u>
Funds of the charity			
Unrestricted funds		<u>11,607,597</u>	<u>12,288,157</u>
Total charity funds	23	<u>11,607,597</u>	<u>12,288,157</u>

These financial statements were approved by the board of trustees and authorised for issue on 27/10/2022, 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible fixed assets	17	246	328
Investments	18	12,872,815	12,917,005
		<u>12,873,061</u>	<u>12,917,333</u>
Current assets			
Debtors	19	38,199	6,875
Cash at bank and in hand		168,682	49,114
		<u>206,881</u>	<u>55,989</u>
Creditors: amounts falling due within one year	20	(1,472,345)	(685,165)
Net current liabilities		<u>(1,265,464)</u>	<u>(629,176)</u>
Total assets less current liabilities		<u>11,607,597</u>	<u>12,288,157</u>
Net assets		<u>11,607,597</u>	<u>12,288,157</u>
Funds of the charity			
Unrestricted funds		<u>11,607,597</u>	<u>12,288,157</u>
Total charity funds	23	<u>11,607,597</u>	<u>12,288,157</u>

These financial statements were approved by the board of trustees and authorised for issue on 27/10/2022..., 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
Consolidated Statement of Cash Flows
Year ended 31 December 2021

	2021	2020
	£	£
Cash flows from operating activities		
Net expenditure	(680,560)	116,260
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	4,878	13,527
Net gains/losses on investments	(71)	(49,125)
Dividends, interest and rents from investments	(969,600)	(1,125,545)
Other interest receivable and similar income	(44,138)	(44,158)
Interest payable and similar charges	1	1,488
Taxation	57	15,284
Accrued income	(13,540)	(5,270)
Donated services – non-cash item	–	–
Other operating cash flow adjustment	–	–
<i>Changes in:</i>		
Trade and other debtors	657,689	118,639
Trade and other creditors	188,542	(345,800)
Cash generated from operations	(856,742)	(1,304,700)
Interest paid	(1)	(1,488)
Interest received	44,138	44,158
Tax paid	(57)	(11,004)
Net cash used in operating activities	<u>(812,662)</u>	<u>(1,273,034)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	969,600	1,125,545
Proceeds from sale of other investments	71	49,125
Net cash from investing activities	<u>969,671</u>	<u>1,174,670</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	157,009	(98,364)
Cash and cash equivalents at beginning of year	270,897	369,261
Cash and cash equivalents at end of year	25 <u>427,906</u>	<u>270,897</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 2021

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.

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 Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

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.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

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.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

3. Accounting policies *(continued)*

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.

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.

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

3. Accounting policies *(continued)*

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 2021 £	Unrestricted Funds £	Total Funds 2020 £
Donations				
Donations	40,000	40,000	35,000	35,000
Donations - Donated Services Received	—	—	5,000	5,000
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

4. Donations and legacies *(continued)*

<u>Charity</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Donations				
Donations	940,000	940,000	671,817	671,817
Donations - Donated Services Received	—	—	5,000	5,000
	<u>940,000</u>	<u>940,000</u>	<u>676,817</u>	<u>676,817</u>

5. Investment income

<u>Group</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Income from investment properties	969,590	969,590	1,125,545	1,125,545
Other investment income	81	81	20	20
Other interest receivable	44,138	44,138	44,138	44,138
	<u>1,013,809</u>	<u>1,013,809</u>	<u>1,169,703</u>	<u>1,169,703</u>

<u>Charity</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Income from investment properties	57,810	57,810	57,672	57,672
	<u>57,810</u>	<u>57,810</u>	<u>57,672</u>	<u>57,672</u>

6. Investment management costs

<u>Group</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Investment management costs	99,383	99,383	183,998	183,998
	<u>99,383</u>	<u>99,383</u>	<u>183,998</u>	<u>183,998</u>

<u>Charity</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Investment management costs	7,085	7,085	6,942	6,942
	<u>7,085</u>	<u>7,085</u>	<u>6,942</u>	<u>6,942</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

7. Expenditure on charitable activities by fund type

<u>Group</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Charitable activity	1,618,515	1,618,515	919,155	919,155
Support costs	16,414	16,414	24,131	24,131
	<u>1,634,929</u>	<u>1,634,929</u>	<u>943,286</u>	<u>943,286</u>
<u>Charity</u>	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Charitable activity	1,618,515	1,618,515	324,155	324,155
Support costs	8,580	8,580	15,634	15,634
	<u>1,627,095</u>	<u>1,627,095</u>	<u>339,789</u>	<u>339,789</u>

8. Expenditure on charitable activities by activity type

<u>Group</u>	Grant funding of activities £	Support costs £	Total funds 2021 £	Total fund 2020 £
Charitable activity	1,618,515	–	1,618,515	919,155
Governance costs	–	16,414	16,414	24,131
	<u>1,618,515</u>	<u>16,414</u>	<u>1,634,929</u>	<u>943,286</u>
<u>Charity</u>	Grant funding of activities £	Support costs £	Total funds 2021 £	Total fund 2020 £
Charitable activity	1,618,515	–	1,618,515	324,155
Governance costs	–	8,580	8,580	15,634
	<u>1,618,515</u>	<u>8,580</u>	<u>1,627,095</u>	<u>339,789</u>

9. Analysis of support costs

	Accountancy £	Audit £	Office costs £	Interest & Bank charges £	Total 2021 £	Total 2020 £
Governance costs	<u>7,440</u>	<u>8,600</u>	<u>373</u>	<u>1</u>	<u>16,414</u>	<u>24,131</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

10. Analysis of grants

	2021	2020
	£	£
Grants to institutions		
Amud Hatzdokoh Trust	200,660	740
Ben Amram Charitable Trust	44,000	—
Chasdei Aharon Limited	201,400	45,000
Chasdei Shalom Trust	58,000	20,000
Chesed Shel Emes Limited	—	43,000
Choimel Dalim	30,000	—
College for Higher Rabbinical Studies	60,000	35,000
Congregation Sharei Shalom Tchabe Limited	90,000	25,000
Congregation Supporters of Torah	200,000	—
Friends of Beis Soroh Schneirer	100,000	—
Friends of Yeshiva Daas Sholem Shotz	250	50,300
Here 2 Help	—	163,000
Inspirations	150	47,000
Friends of Mercaz Hatorah Belz Macnivka	60,000	—
Mifal Hachessed Vehatzedokoh	100,000	—
North London Foodbank	—	140,000
Notzar Chesed	30,000	—
Start Upright	83,000	30,000
Tchabe Kollel Limited	200,000	102,200
The Rehabilitation Trust	50,000	100,000
Yeitev Lev Eretz Israel Ltd	50,000	1,200
Zoreya Tzedokos	100	50,000
Other donations under £30,000	60,955	66,715
	<u>1,618,515</u>	<u>919,155</u>
Total grants to institutions	<u>1,618,515</u>	<u>919,155</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:

	2021	2020
	£	£
General charitable purposes	749,227	477,978
Advancement of the Jewish Religion	435,889	170,123
Advancement of Jewish Education	433,399	271,054
Total	<u>1,618,515</u>	<u>919,155</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

11. Taxation

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax (income)/expense	–	8,091
Adjustments in respect of prior periods	57	7,193
Total current tax	<u>57</u>	<u>15,284</u>
Deferred tax:		
Origination and reversal of timing differences	–	–
Taxation	<u>57</u>	<u>15,284</u>

12. Net gains/(losses) on investments

Group

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Gains/(losses) on investment property	–	–	49,125	49,125
	<u>–</u>	<u>–</u>	<u>49,125</u>	<u>49,125</u>

Charity

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Gains/(losses) on investments in group undertakings	(44,190)	(44,190)	(320,623)	(320,623)
	<u>(44,190)</u>	<u>(44,190)</u>	<u>(320,623)</u>	<u>(320,623)</u>

13. Net expenditure

Net expenditure is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation of tangible fixed assets	<u>4,878</u>	<u>13,527</u>

14. Auditors remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>8,600</u>	<u>11,138</u>

15. Staff costs

The average head count of employees during the year was Nil (2020: Nil).

No employee received employee benefits of more than £60,000 during the year (2020: Nil).

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

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 (2020: £nil). The charity did not meet any expenses (2020: £nil) incurred by the trustees for services provided to the charity.

17. Tangible fixed assets

Fixtures and fittings	Group £	Charity £
Cost		
At 1 January 2021 and 31 December 2021	<u>144,535</u>	<u>10,362</u>
Depreciation		
At 1 January 2021	139,411	10,034
Charge for the year	4,878	82
At 31 December 2021	<u>144,289</u>	<u>10,116</u>
Carrying amount		
At 31 December 2021	<u>246</u>	<u>246</u>
At 31 December 2020	<u>5,127</u>	<u>328</u>

18. Investments

<u>Group</u>	Investment properties £	Other investments £	Total £
Valuation			
At 1 January 2021	10,781,974	212	10,782,186
Additions	—	—	—
Disposals	—	—	—
At 31 December 2021	<u>10,781,974</u>	<u>212</u>	<u>10,782,186</u>
Impairment			
At 1 January 2021 and 31 December 2021		<u>—</u>	<u>—</u>
Carrying amount			
At 31 December 2021	<u>10,781,974</u>	<u>212</u>	<u>10,782,186</u>
At 31 December 2020	<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 £2,778,983.

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 2021 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 2021

18. Investments *(continued)*

<u>Charity</u>	Investment properties £	Subsidiary undertakings £	Total £
Cost or valuation			
At 1 January 2021	650,000	12,267,005	12,917,005
Additions	—	—	—
Revaluations	—	(44,190)	(44,190)
At 31 December 2021	<u>650,000</u>	<u>12,222,815</u>	<u>12,872,815</u>
Impairment			
At 1 January 2021 and 31 December 2021	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amount			
At 31 December 2021	<u>650,000</u>	<u>12,222,815</u>	<u>12,872,815</u>
At 31 December 2020	<u>650,000</u>	<u>12,267,005</u>	<u>12,917,005</u>

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 2021:

	<u>Turnover</u> £	<u>Net Expenditure</u> £	<u>Other Income</u> £	<u>Taxation</u> £	<u>Profit/(Loss) after tax</u> £
Lota Estates Limited	911,780	1,000,132	44,219	(57)	(44,190)

	<u>Fixed Assets</u> £	<u>Current Assets</u> £	<u>Current Liabilities</u> £	<u>Provisions</u> £	<u>Capital and Reserves</u> £
Lota Estates Limited	10,132,187	3,433,358	(83,091)	(1,259,639)	12,222,815

19. Debtors

<u>Group</u>	2021 £	2020 £
Trade debtors	1,502,254	2,159,943
Other debtors	663,632	663,632
	<u>2,165,886</u>	<u>2,823,575</u>

<u>Charity</u>	2021 £	2020 £
Trade debtors	38,199	6,875
	<u>38,199</u>	<u>6,875</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

20. Creditors: amounts falling due within one year

<u>Group</u>	2021	2020
	£	£
Trade creditors	71,649	83,167
Accruals and deferred income	12,680	26,220
Corporation tax	6,161	6,104
Other creditors	418,498	218,498
	<u>508,988</u>	<u>333,989</u>
 <u>Charity</u>	 2021	 2020
	£	£
Trade creditors	—	—
Accruals and deferred income	7,400	20,220
Amounts owed to group undertakings	1,046,447	446,447
Other creditors	418,498	218,498
	<u>1,472,345</u>	<u>685,165</u>

21. Deferred tax

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

	2021	2020
	£	£
Included in provisions (note 22)	<u>1,259,639</u>	<u>1,259,639</u>

22. Provisions

	Deferred tax (note 21) £
At 1 January 2021	1,259,639
Additions	—
At 31 December 2021	<u>1,259,639</u>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

23. Analysis of charitable funds

Unrestricted funds

<u>Group</u>	At 1 January 2021 £	Income £	Expenditure £	Gains and losses £	At 31 December 2021 £
General funds	<u>12,288,157</u>	<u>1,053,809</u>	<u>(1,734,369)</u>	<u>—</u>	<u>11,607,597</u>

	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>

Unrestricted funds

<u>Charity</u>	At 1 January 2021 £	Income £	Expenditure £	Gains and losses £	At 31 December 2021 £
General funds	<u>12,288,157</u>	<u>997,810</u>	<u>(1,634,180)</u>	<u>(44,190)</u>	<u>11,607,597</u>

	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>

24. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2021 £
Tangible fixed assets	246	246
Investments	10,782,186	10,782,186
Current assets	2,593,792	2,593,792
Creditors less than 1 year	(508,988)	(508,988)
Provisions	(1,259,639)	(1,259,639)
Net assets	<u>11,607,597</u>	<u>11,607,597</u>
	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>

The Melow Charitable Trust
Notes to the Financial Statements *(continued)*
Year ended 31 December 2021

25. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	<u>270,897</u>	<u>157,009</u>	<u>427,906</u>

26. Related Party Transactions

Group

During the year, the Charity Group received all its donations (£40,000) from JLW Properties Limited, a company whose director is a family member of the Trustees. 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 £1,205,350 (2020: £1,832,582) due from Amingham Limited.

Other debtors include amounts due from the following companies who have directors who are also Trustees or close family of the Trustees of the Charity Group: Easton Fabrics Limited £5,085 (2020: £5,085), ALRW Investments Limited £28,007 (2020: £28,007). All loans are interest free and repayable on demand.

Also included in Other debtors is £630,540 (2020: £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 whose directors are close family of the Trustees of the Charity Group: Freeserve Limited £200,000 (2020 £Nil), Wennington Properties Limited £211,249 (2020: £211,249). All loans are interest free and repayable on demand.

Charity

During the year, the Charity received all its donations (£940,000) from related parties, £900,000 from its 'subsidiary' Lota Estates Limited and £40,000 from JLW Properties Limited.

Included in Amounts owed to group undertakings, is £1,046,447 (2020: £446,447) due to its 'subsidiary undertaking'.

Other creditors include amounts due to the following companies whose directors are close family of the Trustees of the Charity: Freeserve Limited £200,000 (2020 £Nil), Wennington Properties Limited £211,249 (2020: £211,249). All loans are interest free and repayable on demand.