

**THE MELOW CHARITABLE TRUST**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

# THE MELOW CHARITABLE TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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Trustees	M Spitz	
	A Low	(Appointed 23 December 2022)
	R Weiss	(Appointed 23 December 2022)
Charity number	275454	
Auditor	Glazers 843 Finchley Road London NW11 8NA	

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# THE MELOW CHARITABLE TRUST

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# THE MELOW CHARITABLE TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The trustees present their annual report and financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

#### **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.

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.

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.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

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.

#### **Achievements and performance**

During the period under review £877,404 (2021: £1,618,515) was distributed in furtherance of the charity's objectives. The analysis of grants can be found in note 7 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 £55,000, with the subsidiary having £1,116,597 of rental income. The charity also received donation income amounting to £176,800. The subsidiary 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.

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, £ 11,593,171 (2021: £11,607,597) was held as unrestricted funds, of which £2,070,378 (2021: £2,084,804) were free reserves.

# THE MELOW CHARITABLE TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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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 principal risks to which the charity 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.

### 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.

### Structure, governance and management

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

The trust's principal office is at 21 Warwick Grove, London E5 9HX

The trustees who served during the year and up to the date of signature of the financial statements were:

Mrs E Weiser (resigned 23 12 2022)

Mrs M Spitz

Mr A Low (appointed 23 12 2022)

Mrs R Weiss (appointed 23 12 2022)

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.

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 o/s to the financial statements.

The trustees' report was approved by the Board of Trustees.

.....  
M Spitz

**Trustee**

Date: .....

# THE MELOW CHARITABLE TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### *FOR THE YEAR ENDED 31 DECEMBER 2022*

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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 trustees to prepare financial statements for each financial 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 year.

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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping sufficient accounting records that 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 Charity (Accounts and Reports) Regulations 2008 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 MELOW CHARITABLE TRUST

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF THE MELOW CHARITABLE TRUST

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#### Opinion

We have audited the financial statements of The Melow Charitable Trust (the 'charity') for the year ended 31 December 2022 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 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# THE MELOW CHARITABLE TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE MELOW CHARITABLE TRUST

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, 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 cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 (CONTINUED)

### TO THE TRUSTEES OF THE MELOW CHARITABLE TRUST

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

1) Enquiries of management concerning the charity's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

2) The company's remuneration policies, and

3) Discussions among the engagement team regarding how and when fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and IFRS as issued by the IASB and adopted by the EU, and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or avoid a material penalty.

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We note that our audit is not primarily designed to detect non-compliance with laws and regulations and the Trustees and other management are responsible for such internal control as the Trustees and other management of the Charity determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations. Additionally, 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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

# THE MELOW CHARITABLE TRUST

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE TRUSTEES OF THE MELOW CHARITABLE TRUST

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Other matters

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

#### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Philippe Herszaft ACA (Senior Statutory Auditor)**  
**for and on behalf of Glazers**

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**Chartered Accountants**  
**Statutory Auditor**

843 Finchley Road  
London  
NW11 8NA

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

# THE MELOW CHARITABLE TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b><u>Income from:</u></b>			
Donations and legacies	3	176,800	40,000
Investments	4	1,216,172	1,013,809
<b>Total income</b>		<u>1,392,972</u>	<u>1,053,809</u>
<b><u>Expenditure on:</u></b>			
Investment management	5	<u>114,786</u>	<u>94,587</u>
Charitable activities	6	<u>894,830</u>	<u>1,639,782</u>
<b>Total expenditure</b>		<u>1,009,616</u>	<u>1,734,369</u>
<b>Net income/(expenditure) for the year/ Net incoming/(outgoing) resources</b>		383,356	(680,560)
<b>Other recognised gains and losses</b>			
Taxation	13	<u>(397,782)</u>	<u>-</u>
<b>Net movement in funds</b>		(14,426)	(680,560)
Fund balances at 1 January 2022		<u>11,607,597</u>	<u>12,288,157</u>
<b>Fund balances at 31 December 2022</b>		<u><u>11,593,171</u></u>	<u><u>11,607,597</u></u>

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

All income and expenditure derive from continuing activities.

# THE MELOW CHARITABLE TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
<b><u>Income from:</u></b>			
Donations and legacies	3	726,800	940,000
Investments	4	55,000	57,810
<b>Total income</b>		<u>781,800</u>	<u>997,810</u>
<b><u>Expenditure on:</u></b>			
Investment management	5	(829)	7,003
Charitable activities	6	886,909	1,627,177
<b>Total resources expended</b>		<u>886,080</u>	<u>1,634,180</u>
Net gains on investments	11	89,856	44,190
<b>Net income/(expenditure) for the year/ Net incoming/(outgoing) resources</b>		(14,424)	(680,560)
<b>Other recognised gains and losses</b>			
<b>Net movement in funds</b>		<u>(14,426)</u>	<u>(680,560)</u>
Fund balances at 1 January 2022		11,607,597	12,288,157
<b>Fund balances at 31 December 2022</b>		<u><u>11,593,171</u></u>	<u><u>11,607,597</u></u>

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

All income and expenditure derive from continuing activities.

# THE MELOW CHARITABLE TRUST

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	14		221		246
Investment property	15		10,781,972		10,781,972
Investments	16		282		214
			<u>10,782,475</u>		<u>10,782,432</u>
<b>Current assets</b>					
Debtors	17	2,752,590		2,165,886	
Cash at bank and in hand		266,024		427,906	
		<u>3,018,614</u>		<u>2,593,792</u>	
<b>Creditors: amounts falling due within one year</b>	18	(550,497)		(508,988)	
Net current assets			<u>2,468,117</u>		<u>2,084,804</u>
<b>Total assets less current liabilities</b>			<u>13,250,592</u>		<u>12,867,236</u>
<b>Provisions for liabilities</b>			<u>(1,657,421)</u>		<u>(1,259,639)</u>
<b>Net assets</b>			<u><u>11,593,171</u></u>		<u><u>11,607,597</u></u>
<b>Income funds</b>					
Unrestricted funds			<u>11,593,171</u>		<u>11,607,597</u>
			<u><u>11,593,171</u></u>		<u><u>11,607,597</u></u>

The financial statements were approved by the Trustees on .....

.....  
M Spitz  
Trustee

.....  
A Low  
Trustee

# THE MELOW CHARITABLE TRUST

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	14		221		246
Investment properties	15		650,000		650,000
Investments	16		12,312,671		12,222,815
			<u>12,962,892</u>		<u>12,873,061</u>
<b>Current assets</b>					
Debtors	17	86,710		38,199	
Cash at bank and in hand		15,914		168,682	
		<u>102,624</u>		<u>206,881</u>	
<b>Creditors: amounts falling due within one year</b>	18	(1,472,345)		(1,472,345)	
Net current liabilities			<u>(1,369,721)</u>		<u>(1,265,464)</u>
<b>Total assets less current liabilities</b>			<u>11,593,171</u>		<u>11,607,597</u>
<b>Income funds</b>					
Unrestricted funds			11,593,171		11,607,597
			<u>11,593,171</u>		<u>11,607,597</u>

The financial statements were approved by the Trustees on .....

.....  
M Spitz  
Chair of Trustees

.....  
A Low  
Trustee

# THE MELOW CHARITABLE TRUST

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	21		(1,378,054)		(812,662)
<b>Investing activities</b>					
Investment income received		1,216,172		969,671	
<b>Net cash generated from investing activities</b>			1,216,172		969,671
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(161,882)		157,009
Cash and cash equivalents at beginning of year			427,906		270,897
<b>Cash and cash equivalents at end of year</b>			266,024		427,906

# THE MELOW CHARITABLE TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(207,768)		61,758
<b>Investing activities</b>					
Investment income received		55,000		57,810	
<b>Net cash generated from investing activities</b>			55,000		57,810
<b>Net cash used in financing activities</b>			-		-
<b>Net (decrease)/increase in cash and cash equivalents</b>			(152,768)		119,568
Cash and cash equivalents at beginning of year			168,682		49,114
<b>Cash and cash equivalents at end of year</b>			15,914		168,682



# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### Charity information

The Melow Charitable Trust 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.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

##### 1.2 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 main creditors, which are all related parties.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

##### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings (charity)	25% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

#### 1.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

[Property rented to a group entity is accounted for as tangible fixed assets.]

#### 1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/ (expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.12 Taxation

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.

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.13 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Group financial statements

These financial statements consolidate the results of the charity and its subsidiary, Lota Estates Limited, on a line by line basis.

### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
<b>Group</b>		
Donations and gifts	176,800	40,000
	<u>          </u>	<u>          </u>
<b>Charity</b>		
Donations and gifts	726,800	940,000
	<u>          </u>	<u>          </u>

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 4 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
<b>Group</b>		
Rental income	1,171,957	969,590
Other investment income	77	81
Interest receivable	44,138	44,138
	<u>1,216,172</u>	<u>1,013,809</u>
<b>Charity</b>		
Rental income	<u>55,000</u>	<u>57,810</u>

### 5 Raising funds

	Unrestricted funds	Unrestricted funds
	2022	2021
		£
<b>Group</b>		
<u>Investment management</u>	<u>114,786</u>	<u>94,587</u>
	<u>114,786</u>	<u>94,587</u>
<b>Charity</b>		
<u>Investment management</u>	<u>(829)</u>	<u>7,003</u>
	<u>(829)</u>	<u>7,003</u>

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 6 Charitable activities

Group	Charitable expenditure 2022 £	Charitable expenditure 2021 £
Depreciation and impairment	25	4,796
Grant funding of activities (see note 7)	877,404	1,618,515
Share of support costs (see note 8)	7,921	7,891
Share of governance costs (see note 8)	9,480	8,580
	<u>894,830</u>	<u>1,639,782</u>
<b>Charity</b>		
Depreciation	25	82
Grant funding of activities (see note 7)	877,404	1,618,515
Share of governance costs (see note 8)	9,480	8,580
	<u>886,909</u>	<u>1,627,177</u>

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 7 Grants payable

	Charitable expenditure 2022 £	Charitable expenditure 2021 £
Grants to institutions:		
Amud Hatzdokoh Trust	11,425	200,660
Ben Amram Charitable Trust	-	44,000
Chasdei Aharon Limited	50,400	201,400
Chasdei Sholom Trust	70,000	58,000
Choimel Dalim	-	30,000
College for Higher Rabbinical Studies	65,000	60,000
Congregation Sharei Shalom Tchabe imited	35,900	90,000
Congregation Supporters of Torah	-	200,000
Friends of Beis Shoroh Schneirer	-	100,000
Friends of Mercaz Hatorah Belz Macnivka	-	60,000
Keren Chochmas Shloma Trust	30,150	-
Mifal Hachessed Vehatzedokoh	-	100,000
Noam Halvovos	50,000	-
Notzar Chesed	5,000	30,000
One Heart - Lev Echod	40,000	-
Shaykel Esuh	75,180	
Start Upright	87,430	83,000
Tchabe Kollel Limited	29,000	200,000
Tevini	50,000	
The Rehabilitation Trust		50,000
Yad Vochedsed Association Limited	40,000	
Other under £30,000	208,919	61,455
	<u>877,404</u>	<u>1,618,515</u>

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

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# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Support costs

	Support costs £	Governance costs £	2022 £	Support costs £	Governance costs £	2021 £
Support costs	7,921	-	7,921	7,891	-	7,891
Audit fees	-	9,480	9,480	-	8,580	8,580
	<u>7,921</u>	<u>9,480</u>	<u>17,401</u>	<u>7,891</u>	<u>8,580</u>	<u>16,471</u>
Analysed between Charitable activities	<u>7,921</u>	<u>9,480</u>	<u>17,401</u>	<u>7,891</u>	<u>8,580</u>	<u>16,471</u>

Governance costs includes payments to the auditors of £9,480 (2021- £8,580) for audit fees.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

### 10 Employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Total	<u>-</u>	<u>-</u>

There were no employees whose annual remuneration was more than £60,000.

### 11 Net gains/(losses) on investments

	Total	Total
Charity	2022 £	2021 £
Gain/(loss) on investment in group undertakings	89,856	(44,190)
	<u>89,856</u>	<u>(44,190)</u>

### 12 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.



# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Other gains or losses

Unrestricted funds	Total
2022 £	2021 £
Foreign exchange gains	-

### 14 Tangible fixed assets

	Group £	Charity £
<b>Fixtures and fittings</b>		
<b>Cost</b>		
At 1 January 2022	144,535	10,362
At 31 December 2022	144,535	10,362
<b>Depreciation and impairment</b>		
At 1 January 2022	144,289	10,116
Depreciation charged in the year	25	25
At 31 December 2022	144,314	10,141
<b>Carrying amount</b>		
At 31 December 2022	221	221
At 31 December 2021	246	246

### 15 Investment property

<b>Group</b>	<b>2022 £</b>
<b>Fair value</b>	
At 1 January 2022 and 31 December 2022	10,781,972
<b>Charity</b>	
At 1 January 2022 and 31 December 2022	650,000

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 2022 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 historical cost of the investment properties was £2,778,973.

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Fixed asset investments

Group	Other investments £	Subsidiary companies	Total £
<b>Cost or valuation</b>			
At 1 January 2022	214		214
Valuation changes	68		68
At 31 December 2022	282	-	282
<b>Carrying amount</b>			
At 31 December 2022	282	-	282
At 31 December 2021	214		214
<b>Charity</b>		£	£
At 1 January 2022		12,222,815	12,222,815
Additions			
Valuation changes		89,856	89,856
At 31 December 2022		12,312,671	12,312,671

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.

### 17 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
<b>Group</b>		
Trade debtors	2,042,220	1,502,254
Other debtors	707,770	663,632
Prepayments and accrued income	2,600	-
	2,752,590	2,165,886
<b>Charity</b>		
Trade debtors	86,710	38,199

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 18 Creditors: amounts falling due within one year

Group		2022 £	2021 £
Corporation tax payable		-	6,161
Trade creditors		119,599	71,649
Other creditors		418,498	418,498
Accruals and deferred income		12,400	12,680
		<u>550,497</u>	<u>508,988</u>
<b>Charity</b>			
Amounts owed to subsidiary undertakings		1,046,447	1,046,447
Other creditors		418,498	418,498
Accruals and deferred income		7,400	7,400
		<u>1,472,345</u>	<u>1,472,345</u>
<b>Provisions for liabilities</b>		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Deferred tax liabilities	<b>19</b>	1,657,421	1,259,639
		<u>1,657,421</u>	<u>1,259,639</u>

# THE MELOW CHARITABLE TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

### 20 Related party transactions

#### Group

During the year, the Charity Group received all its donations from related parties as follows; £150,000 (2021 £40,000) from JLW Properties Limited, £25,000 (2021 £nil) from ALRW Investments Limited and £1,800 from Venosni Charitable Trust, all of which entities have close family connections with a director or have a common trustee. Furthermore, £10,000 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 £1,438,872 (2021: £1,205,350) 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 (2021: £5,085), ALRW Investments Limited £28,007 (2021: £28,007). All loans are interest free and repayable on demand.

Also included in Other debtors is £674,678 (2021: £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 (2021 £200,000), Wennington Properties Limited £211,249 (2021: £211,249). All loans are interest free and repayable on demand.

#### Charity

During the year, the Charity received all its donations (£726,800) from related parties, £550,000, from its 'subsidiary' Lota Estates Limited and £176,800 from JLW Properties Limited, ALRW Investments Limited and Venosni Charitable Trust Included in Amounts owed to group undertakings, is £1,046,447 (2021: £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 (2021 £200,000), Wennington Properties Limited £211,249 (2021: £211,249). All loans are interest free and repayable on demand.

21 Cash generated from operations	2022 £	2021 £
Surplus/ (deficit) for the year	383,356	(680,560)
Adjustments for:		
Investment income recognised in statement of financial activities	(1,216,172)	(1,013,809)
Net gain on investments	(68)	
Depreciation and impairment of tangible fixed assets	25	4,878
Movements in working capital:		
(Increase)/decrease in debtors	(586,704)	657,689
Increase in creditors	41,509	175,002
<b>Cash absorbed by operations</b>	<b>(1,378,054)</b>	<b>(856,800)</b>

### 22 Analysis of changes in net funds

The charity had no debt during the year.