

MACHZIKE HADATH COMMUNITY

REGISTERED CHARITY: 289999

FINANCIAL STATEMENTS AND ANNUAL REPORT

FOR THE PERIOD ENDED 31 AUGUST 2021

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2021

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MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue

TRUST INFORMATION

Registered Charity Number	:	289999
Trustees	:	Mr Nathan David Colman Mr Gregory Roediger Mr John Wosner
Independent Examiner	:	Anthony Epton Goldwins Limited Chartered Accountants 75 Maygrove Road West Hampstead London NW6 2EG
Principal Address	:	1-4 Highfield Road London NW11 9LU
Bankers	:	HSBC Bank PLC 40 Temple Fortune Parade London NW11 0QU

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue
TRUSTEES' ANNUAL REPORT
FOR THE PERIOD ENDED 31 AUGUST 2021

The trustees present their report and financial statements of the charity for the period ended 31 August 2021. The trustees confirm that the Annual Report and financial statements of the trust comply with the current statutory requirements including in particular recommended practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102).

Charitable objects

The objects of the Machzike Hadath Community are to oversee the administration of the Machzike Hadath Synagogue, to deal with its burial ground and to attend to communal matters such as assistance of the needy.

The Synagogue exists to further the practice and observance of traditional Orthodox Judaism in accordance with the dictates of the Shulchan Aruch and under the direction and guidance of a strictly orthodox Rav.

The trustees delegate the day to day operations of the synagogue to the Executive Committee which consists of a chairman and elected and co-opted members.

Governing documents

A Trust Deed describes the specific objects of the trust and the Trustees duties. The synagogue's constitution deals with the responsibility of its Officers and General Meetings. The charity has been registered with the Charity Commission as Machzike Hadath Community on 30 November 1984 (Registration No. 289999) – preliminary constitution 1949.

Trustees

The trustees of the charity who served during the period and to date were as follows:

Mr Nathan David Colman
Dr Eliezer Kienwald (retired 31 March 2021)
Mr Gregory Roediger
Mr John Wosner

Activities

The charity runs a burial society for the benefit of the Community. Members of the Synagogue are entitled to join on the payment of an annual subscription determined every year by the trustees and collected by the Synagogue Officers.

MACHZIKE HADATH COMMUNITY
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TRUSTEES' ANNUAL REPORT CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

The charity provides funds for a Gemach. This enables members of the synagogue and others to apply for assistance mainly through interest free loans in the event of being in needy circumstances. Applications are welcomed and are handled by a subcommittee which assesses requests on a confidential basis. In addition, small grants are currently being made available to applicants who have suffered financially because of lockdowns.

The synagogue holds daily services and lectures on religious matters and learning programmes run by the Rav. These activities have been substantially expanded during the period with both members and non members participating.

The charity is aware of the risks to which it is exposed and monitors them with the effect that all such risks are mitigated wherever possible.

The charity seeks to maintain a sufficient level of reserves to meet all its day to day activities and also its capital expenditure plans for the foreseeable future. This policy is reviewed regularly by the trustees. The synagogue affairs are run by the Executive Committee which meets on a regular basis throughout the year. Currently the synagogue incurs an operating loss of approximately £50,000 per annum which is funded by fundraising and from the investment income of the charity. The trustees and the Executive Committee keep the financial position of the synagogue under review.

The past period was a challenging one for the community. The Covid-19 restrictions resulted in curtailed services for much of the time. Towards the end of the period it became possible to extend the numbers of participants in line with the relevant regulations. The trustees and the executive committee look forward to a return to normality as soon as possible.

The economic impact of Covid-19 meant that many Companies were forced to cut or pass dividends and this meant that the investment income fell during 2020. As the economy emerges from recession, and global unrest is resolved, it is anticipated that investment income will recover.

Public benefit

The principal activities of the charity during the period continued to be to promote traditional Orthodox Judaism and its values. The trustees are aware of the Charity Commission guidance on public benefit reporting as set out in Section 17 Charities Act 2011. The trustees believe that the charity achieves a public benefit by providing these services as detailed throughout this report and accounts.

MACHZIKE HADATH COMMUNITY
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TRUSTEES' ANNUAL REPORT CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

Statement of trustees' responsibilities

Charity law 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 its financial activities for that period together with its assets and liabilities at the end of the period, and adequately distinguish any material special Trust or other restricted fund of the Charity. In preparing those financial statements the Trustees are required to:-

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether the policies adopted are in accordance with the appropriate SORP on Accounting and Reporting by Charities and the Accounting Regulations and with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charity, and enable them to ensure that the financial statements comply with applicable Accounting Standards and Statements of Recommended Practice and the regulations made under the Charities Act. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Approved by the Board of trustees and signed on its behalf by:

Mr J Wosner
Trustee

Date: 14 March 2022

Independent examiner's report to the trustees of Machzike Hadath Community

I report to the trustees on my examination of the accounts of the Machzike Hadath Community (the Trust) for the period ended 31 August 2021.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Anthony Epton BA FCA CTA FCIE
Goldwins
Chartered Accountants
75 Maygrove Road
West Hampstead
London NW6 2EG
14 March 2022

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue
STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account)
FOR THE PERIOD ENDED 31 AUGUST 2021

	<u>Restricted Funds</u>	<u>Unrestricted Funds</u>	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Income from:				
Membership fees	-	33,036	33,036	25,237
Grants & donations received	3,299	11,733	15,032	39,265
Sponsorship	-	6,116	6,116	22,169
Investment Income				
Bank interest, movement in fair value of investments, and dividends receivable	-	21,608	21,608	25,571
Rental Income	-	5,880	5,880	11,352
<u>Total Income</u>	<u>3,299</u>	<u>78,373</u>	<u>81,672</u>	<u>123,594</u>
Charitable activities				
Affiliation fees	-	11,245	11,245	3,027
Synagogue expenses	-	8,404	8,404	35,215
Grants paid	1,500	-	1,500	3,740
Burial expenses	-	-	-	5,000
Premises expenses	1,955	39,950	41,905	73,578
Depreciation	3,236	1,690	4,926	6,403
Bank charges	-	47	47	66
Legal and professional fees	-	1,975	1,975	-
Office costs	-	11,026	11,026	3,660
<u>Total expenditure</u>	<u>6,691</u>	<u>74,337</u>	<u>81,028</u>	<u>130,689</u>
Net gains / (losses) on investments	-	57,756	57,756	(76,254)
<u>Total (deficit) / income for the period</u>	<u>(3,392)</u>	<u>61,792</u>	<u>58,400</u>	<u>(83,349)</u>
 Funds brought forward	 82,056	 602,831	 684,887	 768,236
 Transfers between funds	 (1,769)	 1,769	 -	 -
 <u>Funds carried forward</u>	 <u>76,895</u>	 <u>666,392</u>	 <u>743,287</u>	 <u>684,887</u>

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue
BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible fixed assets	2	17,575	22,501
Investments	3	<u>697,732</u>	<u>654,433</u>
		715,307	676,934
CURRENT ASSETS			
Debtors	4	11,079	27,443
Cash at bank and in hand		<u>71,221</u>	<u>40,906</u>
		82,300	68,349
CREDITORS			
Amounts falling due within 1 year	5	(54,320)	(60,396)
NET CURRENT ASSETS		<u>27,980</u>	<u>7,953</u>
NET ASSETS		<u>743,287</u>	<u>684,887</u>
FUNDS			
Restricted	6	76,895	82,056
Unrestricted		<u>666,392</u>	<u>602,831</u>
		<u>743,287</u>	<u>684,887</u>

Approved by the Board of Trustees and signed on its behalf by:

Mr J Wosner
Trustee

14 March 2022

The attached notes form part of these Financial Statements.

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES

(a) Accounting Convention

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

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

In common with many charitable organisations, the Trust is dependent upon the receipt of donations and voluntary income. The continuing receipt of such funds cannot always be predicted with certainty and the accounts have been prepared on the basis that funds will continue to be received at a level sufficient to enable the Trust to carry out day to day running expenses and fulfill its charitable objectives. As much of the deficit relates to investment losses which are expected to be reversed, and based on a review of the Trust's plans for next year, and the Trust's considerable reserves, the trustees have elected to use the going concern basis of accounting.

(b) Depreciation

Depreciation of Tangible Fixed Assets is charged as follows:-

Freehold improvements	15% reducing balance
Plant, machinery, fixtures & fittings	15% reducing balance

(c) Income

Donations are included in the account when the money is receivable.

(d) Expenditure

Expenditure is charged to the income and expenditure account on an accruals basis.

(e) Fund Accounting

Unrestricted funds comprise accumulated surpluses and deficits on the general fund. They are available for use at the discretion of the trustees in furtherance of the Charity's general charitable objectives.

Restricted funds represent funds collected or earmarked specifically for application to specific activities.

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

(f) Income

Grant income has been recognised when all the performance conditions attached to the grant (if there are any such conditions) have been fulfilled. Donations are recognised when paid. Membership income is recognised over the course of the membership year. Other sponsorship income is recognised when the Trust becomes constructively entitled to funds. The Trust is dependent on the work of volunteers but is unable to reliably value the benefit derived thereby.

(g) Legal Status of the Trust

The Trust was established by a deed in 1924. The charity was registered with the Charity Commission as Machzike Hadath Community on 30 November 1984 (Registration No. 289999) – preliminary constitution 1949.

(h) Cash flow statement

The Trust has applied the exemption in Section 1.12A of FRS102 relating to the preparation of a cash flow statement.

(i) Investments

Equity investments are valued where possible at their fair value determined by reference to a publicly traded liquid stock exchange.

(j) Net income/(expenditure)

Net income/(expenditure) is stated after charging

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Depreciation	4,926	6,403
Wages and salaries (included in office costs and synagogue costs)	10,677	14,930

The independent examiner was not paid for his professional services.

(k) Period of accounts

In order to align the financial reporting period to the membership year, the accounts are prepared to cover the 8 month period ending 31 August 2021. The results presented for the prior 12 month year are therefore not directly comparable.

(l) Investments

Investments including both equity and debt instruments held as part of an investment portfolio are stated at their fair (market) values, and movements in this value are recognised as investment income.

MACHZIKE HADATH COMMUNITY
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

(m) Staff and trustees

During the period the Trust employed 2 individuals (2020: 2 individuals). Trustees were not paid for their services and no expenses were reimbursed to any of the trustees during the period.

(n) Taxation

The trust is exempt from income taxation. As the Trust cannot recover VAT, irrecoverable VAT is included in its expenditure.

2. TANGIBLE FIXED ASSETS

	<u>Plant, machinery, fixtures and fittings</u>	<u>Freehold Improvements</u>	<u>Total</u>
<u>Cost</u>	£	£	£
At 1 January 2021	36,701	27,368	64,069
Additions	-	-	-
At 31 August 2021	36,701	27,368	64,069
 <u>Depreciation</u>			
At 1 January 2021	21,200	20,368	41,568
Charge for the period	3,876	1,050	4,926
At 31 August 2021	25,076	21,418	46,494
 <u>Net book value</u>			
At 31 August 2021	11,625	5,950	17,575
At 31 December 2020	15,501	7,000	22,501

Though it is carried at nil cost in the balance sheet, the property at 1-4 Highfield Road, London, NW11, has been held since 1999 jointly on trust by Machzike Hadath Community and the Federation of Synagogues Trust Corporation for the benefit of Machzike Hadath Congregation. In addition the Community owns an area of land at Carterhatch Lane Cemetery, Enfield, which is likewise held at nil cost.

MACHZIKE HADATH COMMUNITY
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

3. INVESTMENTS:

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Market value brought forwards	654,433	708,758
Cost of additions	173,182	397,778
Book value of disposals	(187,639)	(381,850)
 Movement in fair market value	 <u>57,756</u>	 <u>(70,254)</u>
	697,732	654,433

Investments with a market value of £51,260 (2020: £56,056) are held in debt instruments, and £646,472 (2020: £598,377) are held in equity instruments.

4. DEBTORS:

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Other debtors	3,035	21,724
Prepayments and accrued income	<u>8,044</u>	<u>5,719</u>
	11,079	27,443

5. CREDITORS: Amounts falling due within one year

	<u>2021</u>	<u>2020</u>
	<u>£</u>	<u>£</u>
Trade creditors	1,919	-
Other creditors	35,117	31,024
Accruals, income in advance and deferred income	<u>17,284</u>	<u>29,372</u>
	54,320	60,396

MACHZIKE HADATH COMMUNITY
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

6. ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS

	Balance at 1 January 2021	Incoming resources	Resources expended	Transferred to general funds	Funds at 31 August 2021
	£	£	£	£	£
Security Fund	3,112	626	(2,606)	-	1,132
Building Fund	26,288	-	(2,585)	-	23,703
Library Fund	1,324	-	-	(1,324)	-
Prayer Shawl Fund	445	-	-	(445)	-
Burial Fund	42,500	-	-	-	42,500
Welfare Fund	<u>8,387</u>	<u>2,673</u>	<u>(1,500)</u>	<u>-</u>	<u>9,560</u>
Total	82,056	3,299	(6,691)	(1,769)	76,895

	Balance at 1 January 2020	Incoming resources	Resources expended	Transferred to general funds	Funds at 31 December 2020
	£	£	£	£	£
Security Fund	3,471	3,537	(3,896)	-	3,112
Building Fund	31,797	4,500	(10,009)	-	26,288
Library Fund	1,324	-	-	-	1,324
Prayer Shawl Fund	1,000	-	(555)	-	445
Burial Fund	47,500	-	(5,000)	-	42,500
Welfare Fund	<u>5,948</u>	<u>6,179</u>	<u>(3,740)</u>	<u>-</u>	<u>8,387</u>
Total	91,040	14,216	(23,200)	-	82,056

MACHZIKE HADATH COMMUNITY
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2021

The Security Fund represents grants provided by the Community Security Trust, a UK registered charity, in respect of manned security provided during services and security equipment repairs and purchases. The balance at the period end is represented by tangible fixed assets of £3,112 (2020: £3,471) held in tangible fixed assets).

The Building Fund represents grants earmarked for the refurbishment and renewal of the synagogue building. The Building Fund at the period end is represented by tangible fixed assets of £7,845 (2020: £10,341) with the remaining £15,858 (2020: £15,947) held in cash.

The Prayer Shawl Fund and Library fund were transferred by the trustees to general funds.

The Burial Fund represents amounts earmarked by the trustees towards meeting the commitments of the Synagogue to subscribers of its Burial Scheme. The Burial Fund balance of £42,500 (2020: £42,500) at 31 August 2021 is represented by investments.

The Welfare Fund represents amounts earmarked by donors towards the alleviation of poverty in the local community. The Welfare Fund balance at 31 August 2021 of £9,560 (2020: £8,387) is held in cash.

7. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH TRUSTEES

During the period one trustee was reimbursed £44 in relation to expenses incurred on behalf of the synagogue.

The trustees are all members of the charity and contribute membership subscriptions at the standard applicable rate.

In addition to membership, the aggregate amount donated by trustees to the charity during the financial reporting period was £4,643 (2020: £2,250).