

MACHZIKE HADATH COMMUNITY

REGISTERED CHARITY: 289999

FINANCIAL STATEMENTS AND ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

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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	:	Shaya Grosskopf 1g Accountants Chartered Accountants 71 Cheyne Walk London NW4 3QU
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 2022

The trustees present their report and financial statements of the charity for the period ended 31 August 2022. 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 was 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
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.

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TRUSTEES' ANNUAL REPORT CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2022

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 operating expenditure of approximately £120,000 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.

With the Covid epidemic largely over, normal prayer services at the synagogue were recommenced and there has been a welcome influx of new members. As a result, there has been an increase in synagogue activities during the year.

Fortunately, most companies were able to recommence dividends and the covid epidemic came to an end and the investment income increased during the year compared to the previous period. It was a difficult year in markets and investment values generally fell . We are glad to report that values have recovered since the year end even though the economic outlook remains not encouraging.

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 2022

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 Vosner
Trustee

Date: 3 May 2023

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 2022.

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.

1g Accountants

Shaya Grosskopf BEng FCA
1g Accountants
Chartered Accountants
71 Cheyne Walk
London
NW4 3QU

3 May 2023

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue
STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account)
FOR THE YEAR ENDED 31 AUGUST 2022

	<u>Restricted Funds 2022</u>	<u>Unrestricted Funds 2022</u>	<u>Year ended 31 August 2022</u>	<u>8 months to 31 August 2021</u>
	£	£	£	£
Income from:				
Membership fees	-	36,886	36,886	33,036
Grants & donations received	61,644	55,055	116,699	15,032
Sponsorship	-	14,337	14,337	6,116
Investment Income				
Bank interest, movement in fair value of investments, and dividends receivable	-	27,306	27,306	21,608
Rental Income	-	8,820	8,820	5,880
<u>Total Income</u>	<u>61,644</u>	<u>142,404</u>	<u>204,048</u>	<u>81,672</u>
Charitable activities				
Affiliation fees	-	(6,867)	(6,867)	11,245
Synagogue expenses	-	32,060	32,060	8,404
Grants paid	-	3,000	3,000	1,500
Premises expenses	13,677	65,475	80,152	41,905
Depreciation	2,906	1,605	4,511	4,926
Bank charges	-	356	356	47
Legal and professional fees	-	2,355	2,355	1,975
Office costs	-	14,905	14,905	11,026
<u>Total expenditure</u>	<u>16,583</u>	<u>113,934</u>	<u>130,517</u>	<u>81,028</u>
Net gains on disposal of investments	-	4,512	4,512	57,756
<u>Total (deficit) / income for the period</u>	<u>45,061</u>	<u>32,982</u>	<u>78,043</u>	<u>58,400</u>
Funds brought forward	76,895	666,392	743,287	684,887
Transfers between funds	1,136	(1,136)	-	-
<u>Funds carried forward</u>	<u>123,092</u>	<u>698,238</u>	<u>821,330</u>	<u>743,287</u>

MACHZIKE HADATH COMMUNITY
Incorporating Machzike Hadath Synagogue
BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible fixed assets	2	39,601	17,575
Investments	3	<u>672,697</u>	<u>697,732</u>
		712,298	715,307
CURRENT ASSETS			
Debtors	4	18,731	11,079
Cash at bank and in hand		<u>99,193</u>	<u>71,221</u>
		117,924	82,300
CREDITORS			
Amounts falling due within 1 year	5	(8,892)	(54,320)
NET CURRENT ASSETS		<u>109,032</u>	<u>27,980</u>
NET ASSETS		<u>821,330</u>	<u>743,287</u>
FUNDS			
Restricted	6	123,092	76,895
Unrestricted		<u>698,238</u>	<u>666,392</u>
		<u>821,330</u>	<u>743,287</u>

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



Mr J Wosner
Trustee

Date: 3 May 2023

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 2022

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
Furniture and flooring:	15% straight line
Plant, machinery, other fixtures & fittings:	25% 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 2022

(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>2022</u>	<u>2021</u>
	<u>£</u>	<u>£</u>
Depreciation	4,511	4,926
Wages and salaries (included in office costs and synagogue costs)	10,677	10,677
Accountancy fees	2,320	1,700

(k) Period of accounts

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

(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 2022

(m) Staff and trustees

During the period the Trust employed 3 individuals (2021: 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 2022	36,701	27,368	64,069
Additions	26,537	-	26,537
At 31 August 2022	63,238	27,368	90,606

Depreciation

At 1 January 2022	25,076	21,418	46,494
Charge for the period	3,618	893	4,511
At 31 August 2022	28,694	22,311	51,005

Net book value

At 31 August 2022	34,544	5,057	39,601
At 31 August 2021	11,625	5,950	17,575

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 2022

3. **INVESTMENTS:**

	<u>2022</u>	<u>2021</u>
	<u>£</u>	<u>£</u>
Market value brought forwards	697,732	654,433
Cost of additions	316,531	173,182
Book value of disposals	(293,746)	(187,639)
Movement in fair market value	<u>(47,820)</u>	<u>57,756</u>
	672,697	697,732

Investments with a market value of £46,475 (2021: £51,260) are held in debt instruments, and the remaining £626,222 (2021: £646,472) are held in equity instruments.

4. **DEBTORS:**

	<u>2022</u>	<u>2021</u>
	<u>£</u>	<u>£</u>
Other debtors	8,613	3,035
Prepayments and accrued income	<u>10,118</u>	<u>8,044</u>
	18,731	11,079

5. **CREDITORS:** Amounts falling due within one year

	<u>2022</u>	<u>2021</u>
	<u>£</u>	<u>£</u>
Trade creditors	3,179	1,919
Other creditors	3,536	35,117
Accruals, income in advance and deferred income	<u>2,177</u>	<u>17,284</u>
	8,892	54,320

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2022

6. **ANALYSIS OF MOVEMENTS IN RESTRICTED FUNDS**

	Balance at 1 September 2021	Incoming resources	Resources expended	Transferred from / (to) general funds	Funds at 31 August 2022
	£	£	£	£	£
Security Fund	1,132	3,844	(4,648)	1,136	1,464
Building Fund	23,703	54,100	(11,935)	-	65,868
Burial Fund	42,500	-	-	-	42,500
Welfare Fund	9,560	3,700	-	-	13,260
Total	76,895	61,644	(16,583)	1,136	123,092

	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	8,387	2,673	(1,500)	-	9,560
Total	82,056	3,299	(6,691)	(1,769)	76,895

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE PERIOD ENDED 31 AUGUST 2022

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 year-end is represented by tangible fixed assets of £1,464. (2021: £1,952 held in tangible fixed assets and £1,160 held in cash). A cash deficit was made good by way of transfer from general funds.

The Building Fund represents grants earmarked for the refurbishment and renewal of the synagogue building. The Building Fund at the year-end is represented by tangible fixed assets of £31,045 (2021: £8,373) with the remaining £34,823 (2021: £15,330) held in cash.

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

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 (2021: £42,500) at 31 August 2022 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 2022 of £13,260 (2021: £9,560) is held in cash.

7. RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH TRUSTEES

During the year no trustee was reimbursed for expenses incurred on behalf of the synagogue (2021: 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 rate applicable to all members.

In addition to membership subscriptions, the aggregate amount donated by trustees to the charity during the financial reporting period was £21,307 (2021: £4,643).