

The Mikheev Charitable Trust

Annual Report and Accounts

5 April 2023

Charity Registration Number

1162591

Contents

Reports

Reference and administrative information	1
Trustees' report	2
Independent auditor's report	10

Accounts

Statement of financial activities	14
Balance sheet	15
Statement of cash flows	16
Principal accounting policies	17
Notes to the accounts	20

Reference and administrative information Year ended 5 April 2023

Trustees	Lev Victor Mikheev (Founder Trustee) Natalia Mikheev Adrian Weller Katerina Woolhouse
Principal office	C/O Withers LLP 20 Old Bailey London EC4M 7AN
Charity number	1162591
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Investment managers	London & Capital Two Fitzroy Place 8 Mortimer Street London W1T 3JJ Bridges Fund Management 38 Seymour Street London W1H 7BP
Solicitors	Withers LLP 20 Old Bailey London EC4M 7AN

The trustees of The Mikheev Charitable Trust are pleased to present their annual report and accounts for the year ended 5 April 2023. The accounts have been prepared in accordance with the accounting policies set out on pages 17 to 19 and comply with the Trust Deed, 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).

OBJECTIVES AND ACTIVITIES

Objects

The objects of the charity allow the trustees to apply the income and capital of the charity for such charitable purposes as they may, in applying their discretion, from time to time decide. This reflects the trustees' interest in a wide variety of charitable projects and purposes, and their expectation that their philanthropic aims may grow and develop over time.

Grant making policy

The charity furthers these objects by making grants to exclusively charitable projects, in line with the charity's grant making policy. The charity focuses in particular on projects aimed at the advancement of education, science, religion and the arts. Grants are generally to be made to established charitable organisations with a track record for delivering benefit to the public.

The trustees' aim in making charitable grants in these areas is to:

- ◆ Increase the education of the public through its enjoyment of the arts, including but not limited to increasing the access of individuals to artistic works and the general edification and enjoyment of audiences.
- ◆ To advance the education of the public in areas relevant to policy making and thereby to improve the conditions generally of communities affected by such policies.
- ◆ To attract extraordinary talent to centres of excellence in the UK, which the trustees believe ultimately improve the lives of a vast number of ordinary people. These centres of excellence utilise synergy to magnify productivity, and therefore exert great influence on the development of society. The UK is blessed particularly with a large number of such productive centres and the trustees wish to support them.
- ◆ To support projects at the top academic institutions in the UK aimed at bridging the gap between cutting edge research and policy making.
- ◆ To support the Science of Ageing and Longevity. The rapid increase in life expectancy in developed and middle-income countries has made the current medical model increasingly unable to cope with the burden of chronic, rather than acute, disease. Advances in Geroscience show promise of resolving this conundrum.
- ◆ To supports certain religious entities and their own charitable endeavours.
- ◆ In light of extraordinary stress put on vulnerable segments of the population by the Covid-19 pandemic, the trustees have resolved to extend grants to provide direct support to those most affected.

Grant making policy (continued)

In order to fund such grant making, the charity has focused on establishing and maintaining investments to provide stable income and moderate capital growth.

The trustees do not invite donation applications from charities generally. The trustees however expect to draw on their own experience and knowledge (and their own research when necessary) of the charitable organisations operating in the areas which they wish to support to satisfy themselves that donations are appropriately targeted.

Activities for the year

During this period, and in keeping with the aims set out in the grant making policy, the Board approved donations totalling £134,700 (2022 – £144,459) as set out in note 3. In making these donations the trustees confirm that they have referred to the Charity Commission's general guidance on the public benefit.

In keeping with the plan to establish and maintain good quality investments sufficient to fund donations to established charities, and in drawing on the Board's collective experience and knowledge of the property market, the Board holds the following investments:

- (1) 14 units in Cambridge, let out to Citystay, a provider of serviced apartments. A new tenancy agreement with Citystay commenced in May 2020 with a 5 year term (as described below);
- (2) In maintaining a property investment approach, but focusing on diversification, the Board continues to subscribe to units in the Bridges Property Alternative Unit Trust; and
- (3) In investing in listed securities as managed by London and Capital, some of which is in US dollars in order to fund any US grants activities.

Details of the above investments are set out in note 9.

The Board believes that these investments, together with others that the Board may from time to time consider suitable (and which are in keeping with the investment policy) are expected to provide the good quality financial returns that will in turn enable the charity to fund donations to other established charitable organisations involved with (but not necessarily limited to) the advancement of religion, education and science, and the arts.

ACHIEVEMENTS AND PERFORMANCE

In the reporting period, the trustees made grants totalling £134,700 (2022 – £144,459) to established charitable organisations with a track record for delivering benefit to the public (see note 3).

Income

The charity enjoyed a regular income stream from the long-term lease of Midsummer Mews, Napier Street, Cambridge, providing the core of the Trust income. Rental income for the year ended 5 April 2023 amounted to £219,757 (2022 – £213,358).

Distributions from Bridges Property Fund have remained low during this period, although have picked up again for the 2023-24 year. As a result of this, as well as the general change in composition of the investment portfolios, income from dividends increased from £109,080 in the year to 5 April 2022 to £126,562 in the year to 5 April 2023.

ACHIEVEMENTS AND PERFORMANCE (continued)

Donations

In line with the grant making policy, the trustees are committed to furthering education. They continue to support The Princes Teaching Institute (PTI) and Lev and Natalia Mikheev remain actively involved. The PTI supports professional development for teachers. In addition, the trustees have funded a bursary at St Paul's School, with which the Mikheev family have a long-standing association. The PTI received £12,500 and St Paul's School £15,080.

In addition, St Paul's School, together with St Mary's Ukrainian school, organised a Friday lunch programme for Ukrainian children affected by the conflict and the trustees sponsored this programme with further donations of £7,565.

In the area of religion, the trustees continue to support two Judaic institutions: the Westminster Synagogue and the London School of Jewish Studies.

The trustees also remain of the view the Horn Fellowship at Cambridge University is a centre of excellence and accordingly have again made a donation of £5,000. There was a further donation to Cambridge University to support to Dr Roberto Foa's research into evaluating true public opinion in Russia using big data apparatus.

Previously the trustees decided to support certain local community organisations in light of the Covid-19 pandemic having a profound effect on livelihoods. Due to ongoing economic uncertainty as a result of world conflict, and the trustees have continued their monthly £1,000 donations to each of the North Paddington Food Bank and the Dalgarno Trust.

In addition, the charity continues regular donations to the Winch, a North London community charity. The Winch is active in a number of areas including (1) supporting young people by coordinating interaction with school, social workers and other agencies and (2) encouraging investment in community infrastructure.

The trustees have continued to make donations to the Royal Opera House in the year totalling £7,410 (2022 – £5,250).

FINANCIAL REVIEW

Financial performance and position

A summary of the year's results can be found on page 14 of this report and accounts.

The accounts for the year ended 5 April 2023 show total income of £346,916 (2022 – £322,438). The principal source of income consists of income generated by investments. The Trust will continue to operate going forward on income generated from existing assets.

Expenditure during the year amounted to £270,300 (2022 – £162,956) with the increase in the year largely attributable to foreign exchange losses and £60,000 grant commitment which was written back to expenditure in the prior year.

There is an overall net decrease in funds of £5,260 (2022 – increase of £217,785) due to a surplus of income over expenditure being offset by movements on the charity's investments which had net losses of £81,876 in the year ended 5 April 2023 (2022 – net gains of £58,303).

The charity holds all its funds as unrestricted funds, and at the balance sheet date, these totalled £6,826,116 (2022 – £6,831,376) of which the largest component is the charity's investments which stood at £6,740,326 (2022 – £6,893,616) at 5 April 2023.

Risk

The trustees have assessed the major financial, operational and administrative risks to which the charity is exposed in the delivery of the charitable objectives as:

- ◆ The performance of investments – the risk of poor investment return represents the charity's major financial risk. The trustees consider that they effectively mitigate this risk by selecting good quality investments where a medium level of risk is considered acceptable to achieve sound regular returns. The trustees make such selections by making use of their collective knowledge and experience of investment matters generally, and property investments in particular, taking such advice as may be necessary in relation to particular investments. The trustees consider that they have made investments on sound terms (as an example, the income from the property investment is fixed known up front whilst arrangements have been entered into that mitigate the risk of inflation and the property standing unlet).
- ◆ Operational risk from ineffective grant making – operationally the charity's major risk is that grants are not effectively made for charitable purposes for the public benefit. The trustees mitigate this risk by making grants according to their grant making policy. This requires, amongst other things, that the trustees seek to satisfy themselves that each grant is made in furtherance of a charitable purpose that offers an identifiable benefit to the public or a significant section of the public. In addition they consider and regularly review the Charity Commission's guidance on public benefit. Although the charity may make grants to other organisations, the trustees further consider that their practice of making grants to UK registered or exempt charities, with a track record of delivering charitable projects for the public benefit, is an effective means of further mitigating this risk.

FINANCIAL REVIEW (continued)

Risk (continued)

Reserves policy

This charity is a grant-making charity, fully relying on investment income from its assets rather than external donations to fulfil its stated goals. In principle, all of its assets can be realised to meet unforeseen needs. In practice the property assets are quite illiquid, and the trustees would do their best to avoid a fire sale. However, the bond portfolio managed by London and Capital is liquid and the bond prices are relatively stable. If fully liquidated, the proceeds from this portfolio would cover 6-7 years of expected grants, eliminating any need for other reserves. The size of this investment is governed by the aggregate portfolio optimisation, rather than any need for such substantial reserves.

Therefore, the main consideration for the trustees is the amount of cash balances retained in the bank versus those invested in the bond portfolio. The trustees consider it prudent to keep those balances at slightly over 3 months of projected outlays (i.e. staff costs, anticipated grants and service provider fees), net of the rental and bond portfolio income. The cash balance at 5 April 2023 was £302,043 (2022 – £162,324), split between cash at bank of £130,616 and cash held by investment managers of £171,427

The trustees consider it prudent to maintain the current level of cash reserves and have decided not to reinvest the surplus.

Investment power

The trustees may apply any money to be invested in the purchase of or at interest upon the security of such shares, stocks, funds, securities, land, buildings, chattels or other investments or property of whatever nature and wherever situate, and whether involving liabilities or producing income or not, as they think fit, so that they shall have the same powers to apply money to be invested as if they were an absolute beneficial owner.

Investment policy and performance

The trustees have made investments and commitments to invest with a view to securing the long-term sustainability of the charity. The trustees have formulated their policy on investment on the following principles:

- ◆ The investment objective is to generate a return of inflation plus 4% per annum over the long term, after expenses. This should allow the charity to at least maintain the real value of the assets, whilst funding annual expenditure in the region of 4% per annum.
- ◆ The trustees will consider the timing of returns and the charity's liquidity generally to ensure there are sufficient available assets to make charitable grants at an expected level of £100,000 - £200,000 per annum.

In considering and making investments, the trustees shall know, and act within, the charity's powers to invest and act solely in the best interests of the charity. The trustees will select investments that are appropriate for the charity, taking account of how suitable any investment is for the charity, including the investment type or class and the terms of the particular investment, the likely income and capital growth, and any other factors relevant to the investment.

FINANCIAL REVIEW (continued)

Investment policy and performance (continued)

The overall approach is for investments to achieve good quality returns for an acceptable level of risk over the long term. In making use of their collective knowledge, skill and experience when making investment decisions, the trustees have directed the charity to seek property investments where a medium level of risk is considered acceptable to achieve returns.

In the short to medium term, the trustees are looking to generate income of approximately £250,000 per annum from investments. The majority of this income will be available to donate to charitable organisations. A sum will also be retained to meet the day-to-day administration and investment management costs of operating the charity, which are not expected to exceed £65,000 (before any foreign exchange losses) in any given year. Such administrative costs include a fee payable to the managing agent of the Cambridge development (Bidwells), buildings insurance for the property, and legal and accounting fees.

The trustees acknowledge the nature of the investments. In selecting these, the trustees have taken appropriate professional advice with respect to property investment as well as drawing on their own knowledge of the property market. In doing so the trustees have regard for the social, environmental and ethical considerations of any investments to ensure they align these with the charity's own objectives.

The charity's investments are reviewed on a regular basis which includes the preparation of cash flows and budgets to consider the eventual return on investment as well as reviewing the performance of any appointed investment managers and whether any further diversification strategy is warranted.

The trustees confirm they have taken into account the Charity Commission guidance CC14: Charities and Investment Matters, in relation to making investments and aim to ensure that as far as possible they do not incur non-charitable expenditure by making any investments or loans that are not approved charitable investments or loans as defined in the Income Tax Act 2007 (and take any advice as needed in this regard).

The trustees are satisfied with the level of investment performance during the year ended 5 April 2023 and that it complied with the investment policy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document: Trust Deed dated 14 May 2015

Registered Charity No.: 1162591

Appointment of trustees

The trustees who served during the period were Lev Viktor Mikheev, Natalia Mikheev, Adrian Weller and Katerina Woolhouse.

The power of appointing new trustees is vested in the trustees. A trustee may be appointed or discharged by a resolution of a meeting of the trustees, provided that a memorandum declaring such appointment or discharge shall be signed as a deed, either at the meeting by the person presiding or in some other manner directed by the meeting and attested by two other persons present at the meeting.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Appointment of trustees (continued)

A new trustee or new trustees may be appointed at any time (either by way of replacement or addition), and notwithstanding that the total number of trustees may exceed four but so that the total number of trustees shall at no time exceed seven.

New trustees are selected with regard to the knowledge, skill and expertise appropriate for the effective administration of the charity and the delivery of the charitable objectives. New trustees are briefed on their legal obligations under charity and company law, on their role and responsibilities as trustees, the charity commission on public benefit, the contents of the governing document, the decision-making process, the business plans and the recent financial performance of the charity.

All trustees give of their time freely and no trustee was paid remuneration in the year. The trustees consider themselves as the key management of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis. Trustees are required to disclose all relevant interests and to withdraw from the decision-making process where a conflict of interest arises.

All decisions are taken collectively by the trustees in a validly convened meeting or in a written decision. The trustees additionally have the power to take unanimous decisions informally, provided they ratify the same at their next meeting.

Powers in relation to land

Subject to such restrictions imposed on them, and with such consents as may be required by law, the trustees shall have all the powers of an absolute beneficial owner in relation to the disposition, development and improvement of any land comprised in the Trust. The trustees shall not be bound to maintain any building or other structure on land comprised in the Trust or to preserve or repair any chattels comprised in the Trust.

The trustees may transfer land comprised in the Trust to such other charitable body or bodies, having objects the same as or similar to the objects, on such terms as the trustees shall in their discretion think fit.

Power to employ staff and pay for services

The trustees are empowered under the terms of the Trust Deed to employ any person or firm, not being a trustee, to manage or assist in managing the day-to-day running of the Trust or act as secretary. As above, they have not delegated any decision-making and take all decisions collectively.

Fundraising statement

The charity is solely funded from its investments and does not invite nor accept any external funds from the general public. The only examples of fundraising activities undertaken are discrete activities by trustees, such as in connection with participation in a sporting event, but none such has occurred in the last financial year. In such cases, only personal contacts of the trustees are contacted to invite small donations. Fundraising is not undertaken by anyone acting on the charity's behalf, and no professional fundraiser or commercial participator carries out any fundraising activities. The trustees do not foresee any change to the charity's approach to fundraising and consequently to do not presently subscribe to any fundraising standards or schemes.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and accounts 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 accounts for each financial year, which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts 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 are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The trustees' report was approved by the board of trustees by Lev Mikheev

Lev Mikheev

Date: 05/02/2024

Independent auditor's report to the trustees of The Mikheev Charitable Trust

Opinion

We have audited the accounts of The Mikheev Charitable Trust (the 'charity') for the year ended 5 April 2023 which comprise the statement of financial activities, the balance sheet the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 5 April 2023 and of 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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 group and parent charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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

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' annual report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts 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 accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011).
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ tested authorisation controls on expenditure items, ensuring all expenditure was approved in line with the charity's financial procedures.

Auditor's responsibilities for the audit of the accounts (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC and the charity's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. 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.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 5 February 2024

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities Year ended 5 April 2023

		Unrestricted funds	
	Notes	2023 £	2022 £
Income from:			
Investments	1	346,916	322,438
Total income		346,916	322,438
Expenditure on:			
Raising funds	2	35,402	34,610
Charitable activities	3	234,898	128,346
Total expenditure		270,300	162,956
Net income before gains on investments		76,616	159,482
Net (losses) gains on investments	9	(81,876)	58,303
Net (expenditure) income and net movement in funds for the year		(5,260)	217,785
Reconciliation of funds			
Total funds brought forward		6,831,376	6,613,591
Total funds carried forward		6,826,116	6,831,376

All of the Trust's activities derived from continuing operations during the above two financial periods.

All gains and losses recognised in the year are included in the above statement of financial activities.

Balance sheet As at 5 April 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Investments	9		6,740,326		6,893,616
Current assets					
Cash at bank and in hand		130,616		77,010	
Debtors	10	29,847		26,333	
		160,463		103,343	
Current liabilities					
Creditors: amounts falling due within one year	11	(74,673)		(155,583)	
Net current assets (liabilities)			85,790		(52,240)
Total assets less current liabilities			6,826,116		6,841,376
Creditors: amounts falling due in more than one year	12		—		(10,000)
Total net assets			6,826,116		6,831,376
The funds of the charity:					
Unrestricted funds			6,826,116		6,831,376
Total charity funds			6,826,116		6,831,376

Approved by the trustees on
and signed on their behalf by:

Lev Mikheev

Lev Mikheev
Trustee

Date: 05/02/2024

Statement of cash flows Year ended 5 April 2023

	Notes	2023 £	2022 £
Cash flows (used in) operating activities	A	(259,370)	(252,920)
Cash flows from investing activities:			
Investment income and interest received		346,916	322,438
Purchase of investments		(673,874)	(378,425)
Proceeds of disposals of investments		726,047	210,500
Net cash provided by investing activities		399,089	154,513
Increase (decrease) in cash and cash equivalents		139,719	(98,407)
Cash and cash equivalents at 6 April	B	162,324	260,731
Cash and cash equivalents at 5 April	B	302,043	162,324

A Cash flows from operating activities

	2023 £	2022 £
Net movement in funds for the year (as per the statement of financial activities)	(5,260)	217,785
Adjustments for:		
Losses (gains) on investments*	187,230	(20,549)
Investment income and interest receivable	(346,916)	(322,438)
Increase in debtors	(3,514)	(2,662)
Decrease in creditors falling due within one year	(80,910)	(15,056)
Decrease in creditors falling due in more than one year	(10,000)	(110,000)
Net cash (used in) operating activities	(259,370)	(252,920)

*Losses (gains) on investments excludes gains on foreign currency contracts (see note 9).

B Analysis of changes in net debt

	2023 £	2022 £
Cash at bank and in hand	130,616	77,010
Cash held by investment managers	171,427	85,314
Total cash and cash equivalents	302,043	162,324

The Mikheev Charitable Trust does not have any borrowings or lease obligations. Net debt consists therefore of the cash at bank and in hand.

Principal accounting policies Year ended 5 April 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are as follows:

Basis of preparation

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are prepared in sterling and are rounded to the nearest British pound, which is the functional currency of the charity.

Critical accounting estimates and areas of judgement

There are no significant areas of judgement or key assumptions that affect items in the accounts. With respect to the next reporting period, the most significant areas of uncertainty are the carrying value of investment assets held by the charity, which will depend on the performance of investment markets and the investment income from these assets.

Bridges Property Alternative Unit Trust (Fund III Units)

Fund III investments are valued according to the International Private Equity and Venture Capital Valuation Guidelines. Bridges Ventures carries out quarterly valuations of every unrealised investment in its portfolio for Fund III. These valuations are undertaken by the investment professionals responsible for the relevant investment. These valuations are then reviewed and approved by each fund's valuation committee.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. This is because the value of assets held by the charity is materially in excess of the liabilities of the charity and the level of commitments in respect of grants approved for projects payable in future years.

Income recognition

All income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

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 is recognised at the time of the donation.

Principal accounting policies Year ended 5 April 2023

Income recognition (continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on investments is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank or investment manager.

Income derived from the letting of the charity's investment property is recognised in the period to which the tenancy relates, when it is probable that the funds will be received.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Included in direct costs are grants payable which are included in the statement of financial activities in the year in which they are approved for payment. Provision is made for grants approved but unpaid at the reporting date.

Support costs include indirect costs and governance costs, which comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

Expenditure is stated inclusive of any attributable VAT which cannot be recovered.

Allocation of support costs

Support costs are apportioned between the charitable activities undertaken in the year on the basis of the ratio of expenditure between charitable activities.

Support costs relating to charitable activities have been apportioned based on the number of individual grant awards made in recognition that the administrative costs of awarding, monitoring and assessing research grants, salary support grants and postgraduate scholarships are broadly equivalent. The allocation of support and governance costs is analysed in note 5.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Principal accounting policies Year ended 5 April 2023

Fixed asset investments (continued)

Investments in private funds are recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the International Private Equity and Venture Capital Valuation Guidelines as noted above.

The charity does not acquire put options, derivatives or other complex financial instruments.

Investment property is included in the accounts at the estimated market value at the year end. The valuation is determined by independent professional valuers, Savills, and the trustees assess the value at each reporting date in line with the revaluation model.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – accruals and other creditors are financial instruments and are measured at amortised cost.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Notes to the accounts Year ended 5 April 2023

1 Investment income

	Unrestricted funds	
	2023 £	2022 £
Dividends received	126,562	109,080
Interest on cash deposits	597	—
Rental from investment property	219,757	213,358
	346,916	322,438

2 Raising funds

	Unrestricted funds	
	2023 £	2022 £
Investment property management costs	35,402	34,610
	35,402	34,610

3 Charitable activities

	Grant funding (note 4)	Support costs (note 5)	2023 £	2022 £
Education, Science and Policy Making	83,285	61,953	145,238	8,722
Advancement of Religion	4,000	2,975	6,975	47,589
Overseas Aid	—	-	-	26,076
Advancement of Arts	7,410	5,512	12,922	6,845
Relief of Poverty	14,000	10,414	24,414	11,734
Community Outreach	26,005	19,344	45,349	27,380
	134,700	100,198	234,898	128,346

	Grant funding (note 4)	Support costs (note 5)	2022 £
<i>Education, Science and Policy Making</i>	<i>(7,291)</i>	<i>16,013</i>	<i>8,722</i>
<i>Advancement of Religion</i>	<i>36,500</i>	<i>11,089</i>	<i>47,589</i>
<i>Health</i>	<i>20,000</i>	<i>6,076</i>	<i>26,076</i>
<i>Advancement of Arts</i>	<i>5,250</i>	<i>1,595</i>	<i>6,845</i>
<i>Relief of Poverty</i>	<i>9,000</i>	<i>2,734</i>	<i>11,734</i>
<i>Community Outreach</i>	<i>21,000</i>	<i>6,380</i>	<i>27,380</i>
	84,459	43,887	128,346

4 Analysis of grants

All grants provided during the year were given to institutions; no individual received a direct donation. Recipients of institutional grants were as follows:

	Unrestricted funds	
	2023 £	2022 £
Dalgarno Neighbourhood Trust	13,005	10,000
Hall School Charitable Trust	—	25,000
London School of Jewish Studies	500	33,000
Paddington Food Bank	14,000	9,000
The Prince's Teaching Institute	12,500	12,500
Princeton University (3 year commitment)	13,140	6,673
Red Cross Appeal - Ukraine	—	20,000
Royal Opera House	7,410	5,250
St Mary's Ukrainian School	7,565	—
St Paul's School	15,080	—
University of Cambridge	5,000	5,000
University of Cambridge*	30,000	(60,000)
University of Copenhagen	—	3,536
Westminster Synagogue	3,500	3,500
The Winchester Project	13,000	11,000
	134,700	84,459

*In 2018, the trustees agreed to fund a Studentship at Cambridge University for a total of £50,000 over 3 years and the full grant was recognised in expenditure. However, all suitable candidates were already in receipt of funding. In 2019, the trustees agreed to allocate £30,000pa over 3 years to a studentship. As the term of the agreement came to an end in 2022, the remaining balance was written back to expenditure in the prior year.

5 Support costs

	Unrestricted funds	
	2023 £	2022 £
Governance costs		
. Accounting fees	—	960
. Audit fees	6,475	5,910
. Other fees	2,735	2,370
Staff costs (note 6)	23,878	23,590
Bank charges	1,618	1,283
Investment management fees	8,872	8,785
Foreign exchange loss	56,620	989
	100,198	43,887

Support costs are apportioned between the charitable activities undertaken in the year on the basis of the ratio of expenditure between charitable activities.

6 Staff costs

	Unrestricted funds	
	2023 £	2022 £
Salaries and wages	21,600	21,600
Social security costs	1,817	1,760
Pension contributions	461	230
	23,878	23,590

The average and full time equivalent number of employees during the year was one (2022 – one).

7 Trustees and key management personnel remuneration

None of the trustees and therefore key management personnel of the charity (or any persons connected with them) have been paid any remuneration or received any other benefits during the period (2022 – £nil). No trustee expenses have been incurred during the year (2022 – £nil).

8 Auditors' remuneration

The auditor's remuneration for the year is £9,210 inclusive of VAT (2022 – £9,240) and is made up as follows:

	2023 £	2022 £
Statutory audit		
.Current year audit	6,000	5,220
.Prior year audit	475	—
Other services	2,735	4,020
	9,210	9,240

9 Investments

	2023 £	2022 £
Investment properties	4,700,000	4,700,000
Listed investments	1,868,899	2,108,302
Cash held by investment manager for re-investment	171,427	85,314
	6,740,326	6,893,616

Investment properties

	2023 £	2022 £
Market value at 6 April	4,700,000	4,700,000
Unrealised gains on revaluation	—	—
Market value at 5 April	4,700,000	4,700,000
Historical cost of investment properties at 5 April	5,278,152	5,278,152

9 Investments (continued)

The investment property was revalued by an independent valuer in October 2021 through considering the value of the property based on the rental income, whilst also considering the vacant possession value of the 14 flats, on the basis that they could be sold individually on termination of the lease.

Listed investments and cash held

	2023 £	2022 £
Market value of investments at 6 April	2,108,302	1,919,828
Additions at cost	673,874	378,425
Disposals at book value (proceeds: £726,047, realised gains: £22,906)	(703,141)	(209,942)
Net gains (losses) on revaluation at 5 April	(210,136)	19,991
Market value of investments as at 5 April	1,868,899	2,108,302
Cash held for investment*	171,427	85,314
Total market value of investments at 5 April	2,040,326	2,193,616
Historical cost of listed investments at 5 April (excluding cash)	2,023,037	2,038,556

*Cash held for reinvestment includes a gain of £105,354 (2022 – £37,754 of gain) on foreign currency contracts in the year which are included as part of the cash within the London & Capital investment portfolio.

Investments held at 5 April comprised the following:

	2023 £	2022 £
Property unit trusts	326,113	421,710
UK bonds	1,516,088	1,686,592
	1,842,201	2,108,302

The total unrealised losses (for the investment property and listed investments) as at 5 April constitute movements on revaluation and are as follows:

	2023 £	2022 £
Reconciliation of movements in unrealised gains (losses)		
Unrealised (losses) at 6 April	(507,292)	(526,725)
Less: in respect to disposals in the year	(14,862)	(558)
Add: net (losses) gains arising on revaluation in the year	(210,136)	19,991
Total unrealised gains (losses) at 5 April	(732,290)	(507,292)

10 Debtors: falling due within one year

	2023 £	2022 £
Prepayments and accrued investment income	29,847	26,333
	29,847	26,333

Notes to the accounts Year ended 5 April 2023

11 Creditors: falling due within one year

	2023 £	2022 £
Other creditors	50,400	66,254
Grant commitments	13,000	80,000
Accruals	11,273	9,329
	74,673	155,583

12 Creditors: falling due in more than one year

As at 5 April, the charity had further commitments in respect of grants approved to the London School for Jewish Studies which relate to future periods as follows:

	2023 £	2022 £
. Payable between two and five years	—	10,000
	—	10,000

13 Related party transactions

During the year, the charity incurred expenditure totalling £4,350 (2022 - £nil) to Factum UK in return for property advisory services. Charles Woolhouse, the founder and CEO of Factum UK, is the spouse of Katerina Woolhouse, a Trustee of the charity. There were no amounts payable at the year-end (2022 – £nil).

There were no other transactions with any related parties during the current or previous financial year.