

**THE EXILARCH'S FOUNDATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Charity No: 275919

**THE EXILARCH'S FOUNDATION
CHARITY INFORMATION**

Trustees D.A. Dangoor (Exilarch)
M.J. Dangoor
R.D. Dangoor
E.B. Dangoor

Registered Charity Number 275919

Address 4 Carlos Place
Mayfair
London
W1K 3AW

Auditors Wilson Wright LLP
Thavies Inn House
3-4 Holborn Circus
London EC1N 2HA

Bankers Barclays Bank plc
1 Churchill Place
London E14 5HP

National Westminster Bank plc
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**THE EXILARCH'S FOUNDATION
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THE EXILARCH'S FOUNDATION REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The Trustees present their report and accounts for the year ended 31 December 2017. The accounts have been prepared in accordance with the 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 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Reference and administrative information

The Charity was established by a Trust Deed dated 2 April 1978. Its registered charity number is 275919 and its principal office is at 4 Carlos Place, London W1K 3AW,

Aims

The charity is established to carry out all charitable objects, in any part of the world, within the legal meaning of the term, at the absolute discretion of the trustees. The trustees are constantly considering potential new charitable opportunities.

Governance and management

The Charity is governed by its Trust Deed dated 2 April 1978.

The power of appointment of new or additional trustees and the choice of successor is vested exclusively in the Exilarch, D.A. Dangoor. No formal policies have been adopted for the induction and training of trustees.

The trustees during the year and at the date of this report were as follows:-

D.A. Dangoor (Exilarch)
M.J. Dangoor
R.D. Dangoor
E.B. Dangoor

The trustees are legally responsible for the overall management and control of the charity and meet regularly throughout the year.

The investment committee (consisting of D.A. Dangoor and M.J. Dangoor) reviews the charity's investments and investment policies, taking professional advice where appropriate.

Public Benefit

The Charities Act 2011 requires all charities to meet the legal requirement that its aims are for the public benefit. The Charity Commission in its Charities and Public Benefit guidance states that there are two key principles to be met in order to show that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit or benefits and secondly, that the benefit must be to the public or a section of the public. The trustees consider that they have complied with Section 17 of the Charities Act 2011 including the guidance "public benefit: running a charity (PB2)".

Some examples of the public benefit provided can be found at www.dangooreducation.com.

**THE EXILARCH'S FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

Aims, objectives, activities and achievements during 2017

Aim 1 - Iraq

The Trustees have continued to keep their long-term sights on the eventual re-establishment of a Jewish community in Iraq through the setting up of educational and religious institutions. The Trustees' strategy for achieving this principal aim, for so long as the security position in Iraq remains sufficiently unsettled for it to be impossible for Jews to resettle in significant numbers in Iraq and therefore impossible for the Charity to acquire land and/or begin construction on projects in Iraq, is to maintain appropriate levels of reserves and to monitor developments in Iraq with the assistance of a network of contacts throughout the Middle East, members of the former community of Iraqi Jews and academics worldwide, and public sources of information. In consultation with professional advisers and the Charity Commission, the Trustees have undertaken to carry out regular assessments of when the re-establishment of the Jewish community and large-scale expenditure by the Charity from this fund might become possible.

The Charity held a designated fund of £10 million for the purpose of assisting the setting up of educational and religious institutions in a future re-established Jewish community in Iraq.

The Trustees continue to take note of:

- (a) discussions taking place among Iraqi Jewish communities in Israel, the USA and elsewhere regarding the likelihood that circumstances will in due course permit the effective re-establishment of a Jewish community in Baghdad;
- (b) discussions with members of the Iraqi parliament who are believed to be sympathetic to this cause;
- (c) progress towards a confederation of Middle Eastern interests wishing to see the return to Iraq of many of the educated/business classes who have left the country over the past decades;
- (d) moves towards the recognition of the importance in world heritage terms of identifying and preserving holy sites in Iraq, many of which relate to the Jewish faith, reflecting the long history of the Jewish people in Iraq and the region; and
- (e) the fact that some businesses with Jewish connections were already becoming involved within Iraq.

The Charity has also continued to publish and share information (including on the web) with and about the Iraqi Jewish community in exile, helping them to maintain their identity and traditions. The Trustees are keeping the designation of funds for this purpose under review.

Aim 2 – other charitable purposes

Alongside their above objective, the Trustees have during 2017 sought to identify effective ways of deploying the Charity's resources so as to deliver maximum impact without adversely affecting its capacity to achieve its principal objective.

Monotheism

The Trustees continue to explore ways to take forward the recommendations contained in the report commissioned jointly with Birkbeck College on the feasibility of creating an institute for ethical monotheism which will include academic activities of research, teaching and publication, and practical engagement with social and public ethical issues.

**THE EXILARCH'S FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

Major grants

During the year grants of £1.85m were made to Weizmann Institute of Science, £1.5m to Age UK, £350,000 to Immanuel College and £250,000 to Naima Jewish Preparatory School. Further details of grants can be found in note 6 to the accounts.

Grants for educational institutions

Funding for educational institutions in the UK and in Israel has been continued through 2017.

As the Sponsor of the Westminster Academy, the Foundation has provided funding, guidance and access to resources over a number of years. There are now a record 1,150 students there, many from deprived areas with extremely high unemployment. Academic results have continued to improve: The number of GCSE students achieving 5 A* to C grades in subjects including both English and Maths has risen from 17% in 2007 to 76% in 2017.

In 2017, sixth formers averaged 36 points out of the maximum of 45 in the International Baccalaureate Diploma Program, with some students achieving 43 out of 45 points.

Plans for future periods

The Trustees resolved that whilst they would continue to consider other applications for funding made to the Charity, they wished to continue to address the following areas over the coming years:

The advancement of education and the Jewish religion in Iraq

The Trustees have resolved to retain the fund designated for assisting in the re-establishment of a Jewish community in Iraq through the setting up of educational and religious institutions. They will review the level of funds designated for this large-scale project annually, and as part of the Charity's ongoing monitoring of the situation consider whether continued retention of the funds remains appropriate.

As reported previously, the Trustees believe that it is to the advantage of the Charity to continue to accumulate these funds in order that the Charity may undertake the large-scale projects that will be required when the Jewish community returns to Iraq.

Educational projects and scholarships

The Trustees anticipate continuing their support of the Westminster Academy, of which the Charity is the Sponsor.

Universal Monotheism

The Trustees will continue to explore whether the Charity's funds might beneficially be used to support the establishment of a new university and in particular the scope for the Charity to allocate additional funds for this project so as to make a meaningful contribution to the estimated £50 million costs involved.

THE EXILARCH'S FOUNDATION REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

Principal sources of income

During 2017 the Charity received investment income and interest of £6.62m. The bulk of this took the form of rental and service charge income from commercial properties. The charity also received a donation in kind of shares valued at £1.07m through a legacy from the Estate of Sir Naim Dangoor, which is detailed in note 3 to the accounts.

Principal risks and uncertainties.

The trustees have given consideration to the principal risks and uncertainties to which the Charity is exposed. The Charity holds a significant investment property portfolio and any substantial decrease in property values or a substantial reduction in the ratio of tenanted properties to vacant ones would impact the Charity. The trustees monitor the impact of these risks and have concluded that there are sufficient reserves within the Charity to accommodate these.

Reserves Policy

The trustees are continuing to develop and refine the charity's reserves policy, taking into account both long term and short term projects.

The charity now holds an endowment fund of £61.72m and of the other funds it holds, £10m remains designated for the specific purpose of assisting the setting up of educational and religious institutions in a future re-established Jewish community in Iraq. At the balance sheet date free reserves amounted to £6.79m.

It is the Charity's policy to retain reserves of a minimum of twelve months total expenditure excluding grants.

Investment Policy, Performance and Objectives

The Charity's policy is to invest primarily in real estate and donations have been received on that basis. The trustees consider these investments to be secure both in the medium and long term and their performance in terms of capital growth and income is expected to compare well to the rest of the market.

The Charity's investment properties were independently revalued at the balance sheet date. The resultant unrealised gains in the year of £5.96m are considered to be representative of the current market conditions of the property sector in the UK.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

**THE EXILARCH'S FOUNDATION
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approval

This report was approved by the trustees on 23 October 2018 and signed on their behalf.

Exilarch

David Dangoor

THE EXILARCH'S FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE EXILARCH'S FOUNDATION

Opinion

We have audited the financial statements of The Exilarch's Foundation ("the charity") on pages 6 to 21 for the year ended 31 December 2017. The financial framework that has been applied in the preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements

- give a true and fair view of the state of the charity's affairs as at 31 December 2017 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for Opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE EXILARCH'S FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE EXILARCH'S FOUNDATION

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 4-5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

THE EXILARCH'S FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE EXILARCH'S FOUNDATION

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Wilson Wright LLP
Chartered Accountants and Statutory Auditors
Thavies Inn House, 3-4 Holborn Circus
London EC1N 2HA

Date: 30 October 2018

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

**THE EXILARCH'S FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2017**

		Unrestricted Funds	Expendable Endowment Fund	Total Funds	Total Funds
	Notes			2017	2016
		£	£	£	£
Income					
Legacy - donation in kind	3	1,070,000	-	1,070,000	-
Investment income	4	6,616,384	-	6,616,384	5,442,077
Total income		<u>7,686,384</u>	<u>-</u>	<u>7,686,384</u>	<u>5,442,077</u>
Expenditure					
Cost of raising funds	5	860,708	-	860,708	400,866
Charitable activities - Grants	6	5,313,617	-	5,313,617	4,381,541
Total expenditure		<u>6,174,325</u>	<u>-</u>	<u>6,174,325</u>	<u>4,782,407</u>
Net income and net movement in funds before gains and losses on investments		1,512,059	-	1,512,059	659,670
Gain on investments		2,447,330	3,654,420	6,101,750	2,460,782
Net movement in Funds		<u>3,959,389</u>	<u>3,654,420</u>	<u>7,613,809</u>	<u>3,120,452</u>
Reconciliation of funds					
Fund balances at 1 January 2017		<u>26,477,194</u>	<u>58,064,095</u>	<u>84,541,289</u>	<u>81,420,837</u>
Fund balances at 31 December 2017		<u><u>30,436,583</u></u>	<u><u>61,718,515</u></u>	<u><u>92,155,098</u></u>	<u><u>84,541,289</u></u>

THE EXILARCH'S FOUNDATION
STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
Fixed Assets					
Investments	9.1		103,413,633		89,994,915
Current Assets					
Debtors	10	1,464,845		1,046,024	
Cash at bank		<u>5,364,256</u>		<u>11,966,626</u>	
		6,829,101		13,012,650	
Current Liabilities	11	<u>10,468,109</u>		<u>10,842,681</u>	
Net Current (Liabilities)/ Assets			(3,639,008)		2,169,969
Non-current Liabilities	12		<u>(7,619,527)</u>		<u>(7,623,595)</u>
Net Assets			<u>92,155,098</u>		<u>84,541,289</u>
Funds					
Expendable endowment fund	13.1		61,718,515		58,064,095
Unrestricted funds:					
Designated	13.2		23,650,000		23,650,000
General	13.3		6,786,583		2,827,194
			<u>92,155,098</u>		<u>84,541,289</u>

Approved by the Trustees and
 Authorised for Issue on 23 October 2018

Exilarch

David Dangoor

**THE EXILARCH'S FOUNDATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Net cash used in operating activities	15	<u>(6,614,991)</u>	<u>(2,924,880)</u>
Cash flows from investing activities			
Interest income		7,119	44,680
Dividends and rental income from investments		6,397,470	5,807,505
Purchase of investment properties		(6,795,397)	(20,456,792)
Purchase of other investments		(506,634)	-
Issue of loan		(145,000)	-
Proceeds from sale of investment properties		1,055,063	19,030,523
Net cash flow from investing activities		<u>12,621</u>	<u>4,425,916</u>
Cash flows from financing activities			
Receipt of loan		-	1,900,000
Net cash flow from financing activities		<u>-</u>	<u>1,900,000</u>
Net(decrease)/increase in cash and cash equivalents in the year		(6,602,370)	3,401,036
Cash and cash equivalents at the beginning of the year		11,966,626	8,565,590
Cash and cash equivalents at the end of the year		<u><u>5,364,256</u></u>	<u><u>11,966,626</u></u>

1 Accounting Policies

The principal accounting policies adopted and judgement in the preparation of the financial statements are as follows:

1.1 Basis of preparation of accounts and assessment of going concern

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)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are prepared in sterling which is the functional currency of the Charity.

The charity 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 notes.

The financial statements have been prepared on a going concern basis as the Board of Trustees consider there are no material uncertainties existing that may cast significant doubt as to its ability to continue as a going concern.

1.2 Consolidated and financial statements

Consolidated financial statements for the Charity and its wholly owned subsidiary, Edufilms Limited have not been prepared as the subsidiary was immaterial. As such the accounts reflect only the transactions of the Charity.

1.3 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacy gifts are recognised at the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when there has been a grant of probate, the executors have established there are sufficient assets in the estate to pay the legacy and the conditions attached to the legacy are either within the control of the charity or have been met. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease term. Incentives for lessees to enter into lease agreements are spread evenly over the lease terms, even if the payments are not made on such a basis. Rental income is measured at the fair value of the consideration receivable excluding VAT.

Interest on funds held on deposit 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. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds represent investment property and related costs associated with deriving rental income.
- Expenditure on charitable activities comprises grants payable and associated costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support it.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. Unconditional grant offer is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant.

The provision of a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Trust that would permit the Trust to avoid making the future payment(s), settlement is probable and the effect of discounting is material. The discount rate used is the average loan rate in the year in which the grant award is made. This discount rate is regarded by the trustees as providing the most current available estimate of the opportunity cost of money reflecting the time value of money to the Charity.

All expenditure is accounted for on an accruals basis. Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

1.5 Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs 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.

Governance costs and support costs relating to the cost of raising funds and expenditure on charitable activities have been apportioned on an equal basis. The allocation of support and governance costs is analysed in note 7.

1.6 Operating Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the closing rate of the month preceding that in which the transaction occurred. Exchange differences are taken to the Statement of Financial Activities.

1.8 Fund accounting

The following funds are held by the Charity:-

Expendable Endowment - these are capital funds which can only be converted into expendable income at the discretion of the Exilarch.

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Realised and unrealised gains and losses on investments are allocated to the appropriate fund based on opening fund balances.

1.9 Fixed asset investments

Investment properties are measured initially at cost and subsequently at fair value at the reporting date. Valuation at fair value is made on an open market value basis by reference to market evidence of transaction prices for similar properties. Fair value adjustments are recognised as gains/losses on revaluation of fixed assets in the Statement of Financial Activities.

Investments in subsidiaries and associates are measured initially at cost and subsequently at cost less impairment.

Other investments are initially measured at cost and subsequently at fair value at the reporting date. Realised and unrealised gains and losses are shown as gains/losses on investments in the Statements of Financial Activities.

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Additionally all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Basic financial assets, which include trade and other receivables and cash at bank are initially measured at transaction price (including transaction costs) and are subsequently carried at amortised cost.

Basic financial liabilities include trade payables, grants payable, other payables and deferred income are initially recognised at transaction price and subsequently carried at amortised cost.

2 Judgements and key sources of estimation uncertainty

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

**THE EXILARCH'S FOUNDATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

As disclosed in Note 9.1, the charity's investment properties have been valued on an open market value basis by an independent professional valuer, valuation of which is based on a number of assumptions including market conditions which prevailed at the Statement of Financial Position date.

3 Legacy

As disclosed in the previous year, the Charity has been notified that it is the sole beneficiary of the Estate of Sir Naim Dangoor CBE. At the date of signing of these accounts the total amount of the legacy could not be quantified, except for a gift in kind which was transferred to the Charity by way of assent on 20 April 2017, and has not been included in these financial statements.

The gift in kind represents a 49.31 % interest in the voting shares of Monopro Limited , a company in which all the Trustees in the charity except R. Dangoor are directors and material shareholders .

4 Investment income and interest	2017	2016
	£	£
<u>Unrestricted fund</u>		
Income from:-		
Listed investments	8,151	6,948
Unlisted investments	1,506	-
Rent receivable	6,599,608	5,390,449
Interest on cash deposits	7,119	44,680
	<u>6,616,384</u>	<u>5,442,077</u>
5 Cost of raising funds	2017	2016
	£	£
<u>Unrestricted fund</u>		
5.1 Investment Property Costs		
Rent payable	293,884	300,160
Rates	(54,838)	110,662
Insurance	50,112	53,478
Service charges	290,635	134,824
Repairs and maintenance	-	(300,800)
Legal and professional	234,844	43,036
	<u>814,637</u>	<u>341,360</u>
5.2 Other costs		
Publicity	2,000	2,845
Support costs (see note 7)	44,071	56,661
	<u>860,708</u>	<u>400,866</u>

	2017		2016	
	£	£	£	£
6 Expenditure on charitable activities - grants				
An analysis of grants is as follows:				
<u>Grants to institutions</u>				
<u>SOCIAL WELFARE</u>				
<u>Community development</u>				
Age UK	1,500,000		-	
Women's Interfaith Network	157,708		-	
Jerusalem Foundation	120,817		10,860	
Three Faiths Forum	67,000		-	
Ascent of Safed	58,352		-	
Queen's Commonwealth Trust	50,000		-	
Spanish and Portuguese Jews' Congregation	32,280		119,315	
The Board Deputies of British Jews	28,010		28,010	
Centre for Jewish Life	25,000		-	
United Jewish Israel Appeal	20,000		20,000	
University Jewish Chaplancy	20,000		20,000	
Community Security Trust	20,000		10,000	
Mosaic Church Street Women Project	20,000		-	
Jewish Renaissance	(180,000)		-	
Jewish Care	-		1,000,000	
Jewish Leadership Council	-		450,000	
British Library - Discovering Sacred Texts	-		200,000	
Babylonian Jewry Heritage Center	-		57,324	
Chazak	-		31,000	
Other	203,096		180,730	
<u>Hospitals, Medical Education and Research</u>				
Action for Hearing Loss UK	75,000		-	
UK Gives Ltd	50,000		-	
Royal Society of Medicine	34,000		-	
British Friends of Sheba Medical Centre	19,775		-	
Norwood	12,500		-	
Guys and St Thomas Charity	-		100,000	
Action Medical Research	-		91,171	
Bar Ilan University	(246,382)		473,359	
Other	35,000		15,159	
<u>General</u>	59,398		12,395	
		2,181,554		2,819,323
<u>EDUCATION</u>				
<u>University/College</u>				
Weizmann Institute of Science/Weizmann UK	1,852,198		2,650	
Immanuel College	350,000		-	
Naima Jewish Preparatory School	250,000		-	
Westminster Academy	160,062		74,576	
The Outward Bound Trust	90,000		30,000	
Woolf Institute	60,000		-	
Union of Jewish Students	50,000		-	
Dangoor Education	49,137		-	
Imperial College-UK Space Design Competition	45,000		-	
The Institution of Engineering and Technology	44,000		-	
Wizo UK	30,000		-	
March of the Living UK	20,000		20,000	
Sephardi Voices USA	19,345		-	
Open University	15,142		-	
JW3 Trust	-		320,000	
British Exploring Society	-		360,000	
Teach First	-		240,000	
Imperial College of Science, Technology and Medicine	-		36,000	
UCL Development	-		25,000	
Children & The Arts	-		25,000	
Jewish Book Council	-		20,000	
The Jewish Community Secondary School Trust	-		20,000	
Association of Iraqi Jewish Academics	-		14,216	
Society for Preservation of Israel Heritage Sites	-		1,385	
Other	187,856		135,251	
<u>Sundry</u>				
The Royal Marines Charity Trust Fund	15,000		15,500	
Westminster Academy Grenfell Tower Appeal	5,000		-	
Historical Royal Palaces	-		13,824	
Awards Intelligence Ltd	-		13,080	
Police Memorial Trust	-		10,000	
		3,242,740		1,376,482
Finance costs		(154,750)		129,072
Support costs (see note 7)		44,073		56,664
		<u>5,313,617</u>		<u>4,381,541</u>

Where significant grant payments are due in greater than one year the amounts have been discounted to reflect their net present value.
Finance costs represent finance charges in respect of the unwinding of the grants.

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6 Grants (continued)	2017	2016
Reconciliation to Grants Payable:	£	£
Commitments at 1 January 2017	11,324,684	10,362,699
Commitments made in year	5,693,810	3,761,372
Grants paid during the year	(4,848,852)	(3,414,064)
Finance costs	(154,749)	129,072
Difference on exchange	(225,443)	485,605
	<u>11,789,450</u>	<u>11,324,684</u>
Commitments at 31 December 2017	<u>11,789,450</u>	<u>11,324,684</u>
Commitment at 31 December 2017 are payable as follows:-		
Within one year (note 11)	4,169,923	3,701,089
After more than one year (note 12)	7,619,527	7,623,595
	<u>11,789,450</u>	<u>11,324,684</u>

7 Support costs	2017 £	2017 £	2017 £	2016 £	2016 £	2016 £
	Total costs	Cost of raising funds	Expenditure on charitable activities	Total costs	Cost of raising funds	Expenditure on charitable activities
<u>Apportionment basis</u>		<u>50%</u>	<u>50%</u>		<u>50%</u>	<u>50%</u>
Property expenses	15,099	7,549	7,550	13,377	6,688	6,689
Governance						
Bank charges	1,267	633	634	1,491	745	746
Professional fees	35,278	17,639	17,639	62,257	31,128	31,129
Audit fees	36,500	18,250	18,250	36,200	18,100	18,100
	<u>88,144</u>	<u>44,071</u>	<u>44,073</u>	<u>113,325</u>	<u>56,661</u>	<u>56,664</u>

8 Trustees and employees

No remuneration was paid to the trustees or their connected persons for the year, nor were any expenses reimbursed to them (2016 - £nil).

There were no persons employed by the charity during the year or the previous year.

9.1 Fixed asset investments

	UK Investment Properties £	Listed Investments £	Shares in group undertaking £	Other investments £	Total £
Fair values					
At 1 January 2017	89,770,000	224,914	1	-	89,994,915
Additions at cost	6,795,397	-	-	1,576,634	8,372,031
Disposals at carrying value	(1,000,000)	-	-	-	(1,000,000)
Gains from fair value adjustments	5,959,603	87,084	-	-	6,046,687
At 31 December 2017	<u>101,525,000</u>	<u>311,998</u>	<u>1</u>	<u>1,576,634</u>	<u>103,413,633</u>

The investment properties have been revalued at the reporting year end date on an open market value basis by an independent Chartered surveyor, Robert Mitchell MRICS and represent their fair value.

Listed investments are carried at fair value and represent investment in equities which are traded in quoted public markets, primarily the London Stock Exchange.

See note 9.2 for shares in group undertaking and 9.3 for other investments

9.1 Fixed asset investments (Continued)

**Analysis of investments at fair value
 at 31 December 2017**

	2017	2016
	£	£
UK investments		
Ordinary shares:		
Listed	<u>311,998</u>	<u>224,914</u>
Investments amounting to more than 5 per cent of the total portfolio :		
International Consolidated Airlines Group SA	162,750	110,250
Ladbrokes Coral	136,500	100,500
Marks & Spencer Plc	<u>-</u>	<u>14,164</u>

9.2 Interest in subsidiary

	Shares in group undertaking £
At cost less impairment	
Balance at 1 January 2017 and at 31 December 2017	<u>1</u>

Details of the Charity's subsidiary:

Company	Country of registration or incorporation	Class	Shares held	Principal activity
Edufilms Limited	England & Wales	Ordinary	100%	Educational film programme production and distribution

The results of Edufilms Limited for the year ended 31 December 2017 were as follows:

	£
Capital and reserves	<u>(338,438)</u>
Loss for the year	<u>(334,930)</u>

9.3 Other investments

Additions

Investment in associate - Monopro Limited	1,070,000
Other unlisted investments	506,634
At 31 December 2017	<u>1,576,634</u>

The gift of shares in Monopro Limited was valued at £1,070,000 for probate purposes on 19 November 2015 by an independent qualified accountant.

Details of the Charity's associate:

Company	Country of registration or incorporation	Class	Shares held	Principal activity
Monopro Limited	England & Wales	Ordinary	49%	Property investment and development

The results of Monopro Limited for the year ended 31 May 2017 were as follows:

	£
Capital and reserves	<u>122,073,072</u>
Profit for the year	<u>25,328,433</u>

Investments in associates and unlisted investments were measured at 31 December 2017 at cost less impairment.

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10 Debtors

	2017	2016
	£	£
Trade receivables	92,412	130,807
Amounts owed by subsidiary undertaking	370,102	232,716
Other receivables	679,631	520,694
Prepayments and accrued income	322,700	161,807
	<u>1,464,845</u>	<u>1,046,024</u>

Amounts owed by subsidiary undertaking are interest free and repayable on demand. Included in other receivables is a £145,000 (2016 - £nil) drawdown in respect of a £360,000 loan to fund a feasibility study into the provision of affordable housing for teachers employed at the Westminster Accademy.

D.A. Dangoor is a director of the Westminster Academy.

11 Current liabilities

	2017	2016
	£	£
Amounts falling due within one year:		
Trade payables	204,958	15,715
Value added tax	164,683	1,324,299
Amount due to Estate of Sir Naim Dangoor CBE	4,546,323	4,546,323
Other payables	48,344	67,497
Accruals and deferred income	1,333,878	1,187,758
Grants payable	4,169,923	3,701,089
	<u>10,468,109</u>	<u>10,842,681</u>

The loan due to the Estate of Sir Naim Dangoor CBE is interest free and repayable on demand.

12 Non-current liabilities

	2017	2016
	£	£
Amounts falling due for more than one year		
Grants payable	<u>7,619,527</u>	<u>7,623,595</u>

13.1 Expendable endowment fund

	£
At 1 January 2017	58,064,095
Incoming resources in the year	<u>3,654,420</u>
At 31 December 2017	<u>61,718,515</u>

The capital can only be converted into expendable income at the discretion of the Exilarch.

**THE EXILARCH'S FOUNDATION
NOTES TO THE ACCOUNTS
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13.2 Designated funds

At 1 January 2017 and at 31 December 2017	£ <u>23,650,000</u>
Purposes:	
Assisting the setting up of educational and religious institutions in a future re-established Jewish community in Iraq	10,000,000
Advancement of Universal Monotheism	7,000,000
Affordable housing project for teachers at the Westminster Academy	5,000,000
UK Israel Healthcare Innovation Project	1,250,000
Imperial College of Science, Technology and Medicine Wohl Reach Out Lab	300,000
Supporting British Library Discovering Sacred Texts website	<u>100,000</u>
	<u>23,650,000</u>

13.3 General fund

At 1 January 2017	2,827,194
Incoming resources in the year	10,133,714
Resources expended in the year	<u>(6,174,325)</u>
At 31 December 2017	<u>6,786,583</u>

14 Analysis of charity net assets between funds

	Investments £	Current Assets Less Liabilities £	Long Term Liabilities £	Total £
Expendable Endowment	61,718,515	-	-	61,718,515
Unrestricted Funds:				
Designated	23,650,000	-	-	23,650,000
General	<u>18,045,118</u>	<u>(3,639,008)</u>	<u>(7,619,527)</u>	<u>6,786,583</u>
	<u>103,413,633</u>	<u>(3,639,008)</u>	<u>(7,619,527)</u>	<u>92,155,098</u>

15 Reconciliation of net movement in funds to net cash used in operating activities

	2017 £	2016 £
Net movement in funds	7,613,809	3,120,452
Adjustments for:		
Donation in kind	(1,070,000)	-
Investment income and Interest	(6,616,384)	(5,442,077)
Profit on sale of fixed assets	(55,064)	(1,235,523)
Increase in valuation of fixed assets investments	(6,046,686)	(1,225,259)
Net increase in debtors	(265,508)	(58,629)
Net (decrease)/ increase in current liabilities	(639,924)	954,171
Increase in grants payable	464,766	961,985
Net cash used in operating activities	<u>(6,614,991)</u>	<u>(2,924,880)</u>

**THE EXILARCH'S FOUNDATION
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16 Operating lease arrangements

16.1 Lessor

At the balance sheet date the charity had future minimum rentals receivable under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	6,497,224	5,438,951
Between two and five years	24,157,845	22,452,028
In over five years	<u>46,095,831</u>	<u>45,364,332</u>
	<u><u>76,750,900</u></u>	<u><u>73,255,311</u></u>

16.2 Lessee

At the balance sheet date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	251,660	300,160
Between two and five years	1,006,640	1,200,640
In over five years	<u>15,930,451</u>	<u>22,127,839</u>
	<u><u>17,188,751</u></u>	<u><u>23,628,639</u></u>

17 Financial commitments

Amounts contracted for but not provided:

	2017	2016
	£	£
Acquisition of fixed asset investments	<u><u>768,140</u></u>	<u><u>-</u></u>

18 Events after the reporting period

In June 2018, the charity acquired and sold property investments for £8.7m plus costs and £7.28m excluding costs respectively.