

Beis Menachem Chabad Lubavitch
Unaudited Financial Statements
31 May 2018

HAS LTD

Chartered accountants
2nd Floor - Parkgates
Bury New Road
Prestwich
Manchester
M25 0TL

Beis Menachem Chabad Lubavitch

Financial Statements

Year ended 31 May 2018

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Beis Menachem Chabad Lubavitch

Trustees' Annual Report

Year ended 31 May 2018

The trustees present their report and the unaudited financial statements of the charity for the year ended 31 May 2018.

Reference and administrative details

Registered charity name	Beis Menachem Chabad Lubavitch
Charity registration number	1046309
Principal office	Beis Menachem Park Lane Salford M7 4JD
The trustees	Rabbi Y A Cohen D Hickson S Weis
Independent examiner	Mr Howard Schwalbe ACA 2nd Floor - Parkgates Bury New Road Prestwich Manchester M25 0TL

Beis Menachem Chabad Lubavitch

Trustees' Annual Report *(continued)*

Year ended 31 May 2018

Structure, governance and management

Beis Menachem Chabad Lubavitch is constituted under a trust deed dated 02 May 1995 as amended on 02 July 2017. It is a registered charity with a charity number being 1046309, registered on the 02 August 2004.

Recruitment and appointment of new trustees would be in line with the Trust Deed and with the consent of the trustees. The criteria set for the suitable candidate would be someone who is sensitive to the needs and demands of the organisation.

There is no chief executive officer. The day to day affairs are undertaken by Rabbi M Cohen on behalf of the trustees. All major decisions are taken collectively by the trustees and all the trustees give of their time freely. The trustees are unpaid and details of any related party transactions are disclosed as applicable in the notes to the accounts. The arrangements for setting the pay of the charity's employees are the sole domain of the trustees.

There are no policies for the induction or training of new trustees.

Risk review

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to manage our exposure to the major risks.

The risks faced by the trust are principally operational risks from ineffective grant making. These risks are managed by the trustees researching potential beneficiaries before granting donations.

Report back and review procedures strengthen these safeguards to ensure public benefit is achieved from all grants.

Beis Menachem Chabad Lubavitch

Trustees' Annual Report *(continued)*

Year ended 31 May 2018

Objectives and activities

The objects of the charity are the furtherance of orthodox Jewish education, relief of poverty and any other charitable activity as the trustees may from time to time and in their absolute discretion think fit.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education when reviewing the charity's aims and objectives and in planning future activities and setting grant making policy for the year.

Grant making policy

The charity has established its grant making policy to achieve its objects for the public benefit. The charity invites applications for funding through contacting local philanthropists to contribute towards projects that both the trustees and the philanthropists feel are appropriate for the charities objects.

The application of the funds by way of grants is to either institutions or individuals and is almost always to institutions.

The trustees consider they have met the public benefit test and outline these achievements below.

The trustees measure the success of achieving the stated aims by the number and value of grants paid out for each object. The grants paid out in the year are detailed in the notes to the accounts and the trustees consider they have met their aims successfully this year.

The trustees consider the shorter term aims to be similar to the longer term aims and assess the achievement of the charity in the same way.

Beis Menachem Chabad Lubavitch

Trustees' Annual Report *(continued)*

Year ended 31 May 2018

Achievements and performance

During the year the charity received £57,472 in donations. The charity paid out £57,644 by way direct costs, grants and support costs. These payments were made in line with the stated objects of the charity and were mainly educational in nature.

A breakdown of the direct costs can be found in the notes to the accounts. Mivzoim is a term used to reflect campaigns and initiatives to help further the objects of the charity.

The charity has low governance costs comprising professional fees.

All other office costs are borne by a local benefactor and the trustees wish to record their appreciation to the benefactor for the free use of their offices.

Grants over £1,000 made during the year to institutions are as detailed in the accounts.

There were no material fundraising costs during the year.

Related party transactions in the reporting period are as detailed in the related party notes to the accounts.

During the year the trustees reviewed the fair value of the freehold property of the charity. Following a desk top valuation from a local property management company the trustees approved an uplift of £470,485 to the carrying value of the freehold property. This unrealised gain means that the freehold property is now valued at £750,000.

There was an overall net income and net movement in funds for the year amounting to £470,313.

Financial review

The trustees feel that the activity reflects the profile and standing within the local community. The impact for future year's expenditure is self-evident and the trustees would like to record their appreciation for all the financial support received from benefactors during the course of the year.

Reserves policy

The Unrestricted Fund represents the unrestricted funds arising from past operating results.

The Trustees are satisfied that the balance of the Fund is an acceptable level of reserves given the nature of revenue receipts against grants payable.

In considering the financial obligations of the charity, the trustees have resolved to maintain a minimum reserve, being six months expenditure of the charity.

The trustees are delighted to have made many valuable contributions to the community as a result of this income and hope to be able to do so for many years to come.

The reserves stand at £673,209, all of which are unrestricted.

Beis Menachem Chabad Lubavitch

Trustees' Annual Report *(continued)*

Year ended 31 May 2018

The trustees' annual report was approved on 10 October 2019 and signed on behalf of the board of trustees by:

Rabbi Y A Cohen
Trustee

Beis Menachem Chabad Lubavitch

Independent Examiner's Report to the Trustees of Beis Menachem Chabad Lubavitch

Year ended 31 May 2018

I report to the trustees on my examination of the financial statements of Beis Menachem Chabad Lubavitch ('the charity') for the year ended 31 May 2018.

Responsibilities and basis of report

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

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

Independent examiner's statement

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

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

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

Mr Howard Schwalbe ACA

Independent Examiner

2nd Floor - Parkgates
Bury New Road
Prestwich
Manchester
M25 0TL

10 October 2019

Beis Menachem Chabad Lubavitch

Statement of Financial Activities

Year ended 31 May 2018

		2018	2017
		Unrestricted funds	Total funds
	Note	£	£
Income and endowments			
Donations and legacies	4	57,472	14,359
Total income		<u>57,472</u>	<u>14,359</u>
Expenditure			
Expenditure on charitable activities	5,6	57,644	90,414
Total expenditure		<u>57,644</u>	<u>90,414</u>
Net expenditure		<u>(172)</u>	<u>(76,055)</u>
Other recognised gains and losses			
Other gains/(losses) user defined 1		470,485	—
Net movement in funds		<u>470,313</u>	<u>(76,055)</u>
Reconciliation of funds			
Total funds brought forward		202,896	278,951
Total funds carried forward		<u>673,209</u>	<u>202,896</u>

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

All income and expenditure derive from continuing activities.

The notes on pages 9 to 15 form part of these financial statements.

Beis Menachem Chabad Lubavitch

Statement of Financial Position

31 May 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible fixed assets	13	764,999	298,376
Current assets			
Debtors	14	—	669
Cash at bank and in hand		603	309
		<u>603</u>	<u>978</u>
Creditors: amounts falling due within one year	15	92,393	96,458
Net current liabilities		<u>91,790</u>	<u>95,480</u>
Total assets less current liabilities		<u>673,209</u>	<u>202,896</u>
Net assets		<u>673,209</u>	<u>202,896</u>
Funds of the charity			
Unrestricted funds		673,209	202,896
Total charity funds	16	<u>673,209</u>	<u>202,896</u>

These financial statements were approved by the board of trustees and authorised for issue on 10 October 2019, and are signed on behalf of the board by:

Rabbi Y A Cohen
Trustee

The notes on pages 9 to 15 form part of these financial statements.

Beis Menachem Chabad Lubavitch

Notes to the Financial Statements

Year ended 31 May 2018

1. General information

The charity is a public benefit entity and a registered charity in England and Wales and is unincorporated. The address of the principal office is Beis Menachem, Park Lane, Salford, M7 4JD.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

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

Going concern

The charity has net current liabilities. The trustees are of the opinion that the accounts should be prepared on a going concern basis as the trade creditors relate to old utility bills that have now come to light. The trustees will be fundraising in earnest to ensure these invoices are paid in the next accounting period.

It should be noted that the overall reserves are in hand and there was only a very small deficit generated this year.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements did not require management to make judgements, estimates or assumptions that affect the amounts reported.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Beis Menachem Chabad Lubavitch

Notes to the Financial Statements *(continued)*

Year ended 31 May 2018

3. Accounting policies *(continued)*

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Beis Menachem Chabad Lubavitch

Notes to the Financial Statements *(continued)*

Year ended 31 May 2018

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- 15% straight line
Equipment	- 15% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

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Notes to the Financial Statements *(continued)*

Year ended 31 May 2018

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Donations and legacies

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Donations				
Donations	57,472	57,472	14,359	14,359

5. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Total Funds 2018 £	Unrestricted Funds £	Total Funds 2017 £
Mivzoim and educational activity	47,086	47,086	77,121	77,121
Support costs	10,558	10,558	13,293	13,293
	57,644	57,644	90,414	90,414

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Notes to the Financial Statements *(continued)*

Year ended 31 May 2018

6. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2018 £	Total fund 2017 £
Mivzoim and educational activity	30,138	16,948	9,658	56,744	90,414
Governance costs	—	—	900	900	—
	<u>30,138</u>	<u>16,948</u>	<u>10,558</u>	<u>57,644</u>	<u>90,414</u>

7. Analysis of support costs

	Analysis of support costs £	Total 2018 £	Total 2017 £
General office	9,115	9,115	13,293
Finance costs	543	543	—
Governance costs	900	900	—
	<u>10,558</u>	<u>10,558</u>	<u>13,293</u>

8. Analysis of grants

	2018 £	2017 £
Grants to institutions		
Educational grants	16,948	250
Total grants	<u>16,948</u>	<u>250</u>

9. Net expenditure

Net expenditure is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	<u>3,862</u>	<u>—</u>

10. Independent examination fees

	2018 £	2017 £
Fees payable to the independent examiner for: Independent examination of the financial statements	<u>900</u>	<u>—</u>

11. Staff costs

The average head count of employees during the year was Nil (2017: Nil).

No employee received employee benefits of more than £60,000 during the year (2017: Nil).

Beis Menachem Chabad Lubavitch

Notes to the Financial Statements *(continued)*

Year ended 31 May 2018

12. Trustee remuneration and expenses

No remuneration or other benefits from employment with the charity or a related entity were received by the trustees.

13. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 June 2017	279,515	24,805	939	305,259
Revaluations	470,485	—	—	470,485
At 31 May 2018	<u>750,000</u>	<u>24,805</u>	<u>939</u>	<u>775,744</u>
Depreciation				
At 1 June 2017	—	6,883	—	6,883
Charge for the year	—	3,721	141	3,862
At 31 May 2018	<u>—</u>	<u>10,604</u>	<u>141</u>	<u>10,745</u>
Carrying amount				
At 31 May 2018	<u>750,000</u>	<u>14,201</u>	<u>798</u>	<u>764,999</u>
At 31 May 2017	<u>279,515</u>	<u>17,922</u>	<u>939</u>	<u>298,376</u>

The trustees revalued the freehold property of the charity during the year on advice from a local property management company. The result of this valuation is that the freehold property is now valued at £750,000.

14. Debtors

	2018 £	2017 £
Trade debtors	—	656
Other debtors	—	13
	<u>—</u>	<u>669</u>

15. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	91,493	96,458
Accruals and deferred income	900	—
	<u>92,393</u>	<u>96,458</u>

Beis Menachem Chabad Lubavitch

Notes to the Financial Statements *(continued)*

Year ended 31 May 2018

16. Analysis of charitable funds

Unrestricted funds

	At 01 June 2017 £	Income £	Expenditure £	Gains and losses £	At 31 May 2018 £
General funds	<u>202,896</u>	<u>57,472</u>	<u>(57,644)</u>	<u>470,485</u>	<u>673,209</u>
	At 01 June 2016 £	Income £	Expenditure £	Gains and losses £	At 31 May 2017 £
General funds	<u>278,951</u>	<u>14,359</u>	<u>(90,414)</u>	<u>—</u>	<u>202,896</u>

17. Analysis of net assets between funds

	Unrestricted Funds £	Total Funds 2018 £
Tangible fixed assets	764,999	764,999
Current assets	603	603
Creditors less than 1 year	<u>(92,393)</u>	<u>(92,393)</u>
Net assets	<u>673,209</u>	<u>673,209</u>
	Unrestricted Funds £	Total Funds 2017 £
Tangible fixed assets	298,376	298,376
Current assets	978	978
Creditors less than 1 year	<u>(96,458)</u>	<u>(96,458)</u>
Net assets	<u>202,896</u>	<u>202,896</u>

18. Taxation

Beis Menachem Chabad Lubavitch is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.