

THE RAPHAEL FRESHWATER
MEMORIAL ASSOCIATION LIMITED

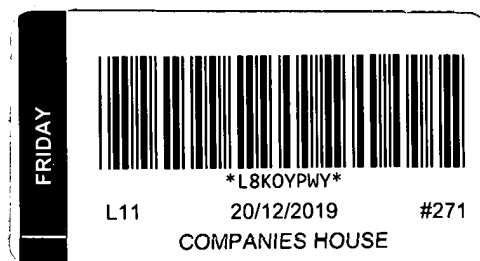
Company No: 688212

CONSOLIDATED
FINANCIAL STATEMENTS

for the year ended

31 MARCH 2019

COHEN ARNOLD
CHARTERED ACCOUNTANTS
& STATUTORY AUDITOR
LONDON NW11 0PU



THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

TRUSTEES

Mr B S E Freshwater (Chairman)
Mr D Davis
Mr S I Freshwater
Mr R Fischer

SECRETARY

Mr M R M Jenner F.C.I.S.

REGISTERED OFFICE

Freshwater House
158-162 Shaftesbury Avenue
LONDON WC2H 8HR

AUDITORS

Cohen Arnold
New Burlington House
1075 Finchley Road
LONDON NW11 0PU

PRINCIPAL BANKERS

Barclays Bank plc

COMPANY NUMBER

688212

REGISTERED CHARITY NUMBER

313890

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

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THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT

The Governors, hereafter referred to as Trustees, who are also directors for the purposes of company law, have pleasure in presenting their Annual Report together with the Consolidated Financial Statements of the Company for the year ended 31 March 2019.

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

The official name of the Charity is The Raphael Freshwater Memorial Association Limited, a Company limited by guarantee. Its company registration number is 688212 and its registered charity number is 313890.

The registered address of the Company is:

Freshwater House
158 - 162 Shaftesbury Avenue
LONDON WC2H 8HR

The Trustees of the Company who served during the year and who are still in office are:

Mr B S E Freshwater (Chairman)
Mr D Davis
Mr S I Freshwater
Mr R Fischer

STRUCTURE, GOVERNANCE AND MANAGEMENT

The day to day affairs of the Company are administered by an Executive Committee, the Chairman of which is Mr BSE Freshwater.

All Trustees give their time voluntarily and no benefits or expenses were paid to them during the year.

New trustees are appointed based on personal competence, specialist skills, availability and knowledge of and contact with institutions professing and teaching the principles of traditional Judaism and the advancement of religion in accordance with the Jewish faith. New trustees are inducted into the workings of the Company by the existing trustees.

As the Charity is a Company limited by guarantee, its governing documents are its Memorandum and Articles of Association.

Group Structure and Relationships

The charity has the following non-charitable operating subsidiaries:-

Bastion Products Limited – a property investment company
Brigade Properties Limited – a property investment company
Charles Development Company Limited – a share investment company
Cherry Orchard Properties Limited – a property investment company
Endsleigh Court Services Limited – a property management company
Kayville Properties Limited – a property investment company
L K B Investments Limited – a property investment company
LKB (Endsleigh) Limited – a property investment company
Metropolitan Properties Co (Cloisters) Limited – a property investment company
Newprop Company Limited – a property investment company

The Trustees of this Company, with the exception of Mr R Fischer, are also Directors of the above companies.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT (cont'd)

Related Party Transactions

Details of transactions with 'Related Parties' are disclosed in Notes 2, 10, 11, 12, 18, 19 and 21 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

The Company was established to support the activities of religious Jewish organisations recognised as charitable by English Law both in the United Kingdom and abroad, especially those in the field of education and relief of poverty. The Trustees regularly support a significant number of institutions and organisations both in the United Kingdom and abroad which meet the Company's criteria.

The Company is also supportive of organisations which are solely committed to the relief of poverty. Such organisations assist needy Jewish families through both financial and non-financial grants and distributions.

The Company receives income from its investment properties, cash deposits, fixed asset listed investments and subsidiary and associated undertakings which it utilises in the provision and distribution of grants, donations and loans to organisations that fall within the objectives of the Company.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charitable Company's aims and objectives and in planning future activities and setting the grant making policy for the year.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and the income and expenditure of the Group for that period.

In preparing these financial statements, the governors (trustees) are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT

CLOSE COMPANY

In the opinion of the Trustees, the Company is a close Company within the meaning of S.439 Corporation Tax Act 2010.

AUDITORS

The auditors, Cohen Arnold, are willing to continue in office and a resolution re-appointing them in accordance with Section 485 of the Companies Act 2006 and authorising the board to fix their remuneration will be proposed at the Annual General Meeting.

Each of the persons who is a Trustee at the date of approval of this report confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Trustee has taken all steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

STRATEGIC REVIEW

The Trustees have prepared a strategic report which includes a review of the Group's business and future developments, a description of the principal risks and uncertainties facing the Group and key performance indicators.

STRATEGY AND BUSINESS MODEL

The Company invests in investment properties, cash deposits, fixed asset listed investments and subsidiary and associated undertakings to generate income with which it makes grants, donations and loans to charitable organisations and institutions that fall within the objectives of the Company.

ACHIEVEMENTS AND PERFORMANCE

During the year the Company continued its philanthropic activities in support of religious, educational and other Charitable Institutions and the aggregate of donations made was £3,085,000 (2018: £1,112,000). Over 300 institutions and organisations were the recipients of the above donations.

No change in activities is envisaged in the immediate future.

In recent years, the Trustees have continued to support certain major projects which, during previous years, have received substantial financial grants from the Company. At the present time the Trustees have entered into commitments for the financial support of Colleges and Institutions which is anticipated to absorb approximately £1,567,000 comprising Tangible Fixed Assets and other current assets made available by the Company and the provision of financial support over the next five years (Note 16). Funds to meet these commitments have been set aside and are referred to as "Designated Funds" in the Financial Statements.

The financial results of the Company and its Subsidiary Undertakings for the year ended 31 March 2019 are fully reflected in the attached Financial Statements together with the Notes thereon.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT

ACHIEVEMENTS AND PERFORMANCE (cont'd)

Under the terms of the Will of the late Mrs N G Freshwater, 50 Ordinary Shares in Highdorn Co. Limited (see Note 10e) representing 50% of its issued Share Capital are bequeathed to the Company. Those shares will be transferred to the Company during the Administration of the Estate. As that has not yet occurred, the bequest and receipt of the Shares has not been recognised in the Financial Statements of the Company and the Group for the year under review. The estimated value based upon the net asset value of the 50% shareholding in Highdorn Co. Limited as at 31 March 2019 is approximately £88 million. The net asset value reflects the fair values of Highdorn Co. Limited and Subsidiary Undertakings' underlying properties held for investment and investment assets.

FINANCIAL REVIEW

Reserves Policy

The Company is required to maintain Reserves in order to ensure that it is in a position to continue its grant-making activities and cover contingencies of additional calls being made upon the Company for support of organisations or institutions in times of need.

Consequently, the Trustees consider it appropriate to maintain 'Free Reserves' (unrestricted funds not committed or invested in Tangible Fixed Assets, Fixed Asset Investments or Loans to Subsidiary Undertakings) at a level which will not impinge on the Company's ability to support Charitable Institutions.

As at 31 March 2019, the Company has total funds of £134,710,000 (Group: £134,703,000). These funds include £107,683,000 (Group: £109,195,000) which arises from the revaluation of the Company's investments and is not readily available for general purposes. The funds of the Company and Group also include £1,567,000 of Designated Funds set aside for a Special Projects Fund, from which donations are made to various long-term charitable projects. Consequently, the Company has reserves of £25,460,000 (Group: £23,941,000) after making allowances for the Designated Funds and reserves not readily available. These reserves include the Free Reserves of the Company and are considered to be adequate and will be reviewed periodically by the Trustees.

Investment Policy

Under the Memorandum and Articles of Association, the Company has the power to make investments which the Trustees consider appropriate. The Trustees seek investments which, over a medium term, are anticipated to generate a dependable flow of income coupled with capital growth.

The Trustees consider the return on investments, in terms of both income and capital growth, given the challenging market conditions the Company operates within, to be satisfactory.

Grant Making Policy

The Company makes Grants and Donations to Colleges and Institutions for the advancement of religion and education and to Institutions for the relief of poverty in accordance with the Charity's objectives. The recipient Institutions are based both in the United Kingdom and abroad.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT

FINANCIAL REVIEW (cont'd)

In making Grants and Donations, the Trustees use their personal knowledge of the Institution, its representatives, operational efficiency and reputation. The Trustees monitor the application of the Grants and Donations by meeting with representatives of the Institutions and obtaining information as to the utilisation of funds.

During the year, the Company made Grants and Donations for the advancement of religion and education of £2,360,000 (2018: £726,000) and for the relief of poverty of £725,000 (2018: £386,000).

Risk Management

The Trustees have a risk management strategy which comprises an annual review of the principal risks and uncertainties to which the Company is exposed, in particular those to the operations and finances of the Company; the establishment of policies, systems and procedures to mitigate those risks identified in the annual review and the implementation of procedures designed to minimise or manage any potential impact on the Company should those risks materialise.

The principal risks to which the Company is exposed are:

- Liabilities arising from property investment activity
- Tenant defaults
- Damage to property from flood, fire or terrorist action
- Planning construction and letting risk in relation to redevelopment activity
- The availability of liquid funds to make grants and donations
- The economic cycle generally

The Company seeks to manage or mitigate such risks wherever possible through such measures as insurance, tenant screening and monitoring, rigorous reviews of acquisition and investment opportunities, external expert advice, monitoring cash and regular monitoring of the economic outlook.

Key Performance Indicators (KPIs)

The Trustees monitor the Group's performance progress against its strategic objectives and the financial performance of its operations on a regular basis. Performance is assessed against the strategy and expectations using financial and non-financial measures. The most significant KPIs used by the Group are as follows:

	2019	2018
Grants and donations paid out	£3.1 million	£1.1 million
Net rental income/(expenditure)	£2.5 million	£1.5 million
Dividend income from listed investments	£0.5 million	£0.5 million
Listed investments at fair value	£27 million	£28 million
Investment property at fair value	£115.7 million	£116.8 million

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT

PLANS FOR THE FUTURE

The Trustees plan to continue to make distributions in accordance with their grant making policy and ensure that the ability to generate sufficient income is maintained to achieve that end.

FIXED ASSETS

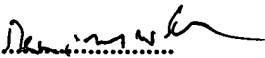
The movements in Fixed Assets are fully reflected in Notes 9 and 10 to the Financial Statements.

The Company's investment properties are included in the Balance Sheet at fair value, as fully disclosed in Note 10 to the Financial Statements.

An independent professional revaluation of all the group's properties was carried out at 31 March 2019 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The valuation figures are based on open market value assessed in accordance with the RICS Valuation - Professional Standards (2014).

The Trustees have reviewed the valuations of the Freehold and Leasehold Property Investments as at 31 March 2019 and have revalued downwards by £1,170,000 having regard to the professional valuation of the Group's investment properties carried out at 31 March 2019.

On Behalf of the Council

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Mr B S E Freshwater - Trustee

16 December 2019

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RAPHAEL
FRESHWATER MEMORIAL ASSOCIATION LIMITED (LIMITED BY GUARANTEE)**

OPINION

We have audited the financial statements of The Raphael Freshwater Memorial Association Limited (the 'charity') for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Group Cash Flow Statements and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RAPHAEL
FRESHWATER MEMORIAL ASSOCIATION LIMITED (LIMITED BY GUARANTEE)**

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 (who are also the directors for the purposes of company law) 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 liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RAPHAEL
FRESHWATER MEMORIAL ASSOCIATION LIMITED (LIMITED BY GUARANTEE)**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RAPHAEL
FRESHWATER MEMORIAL ASSOCIATION LIMITED (LIMITED BY GUARANTEE)**

USE OF OUR REPORT

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

New Burlington House
1075 Finchley Road
LONDON
NW11 0PU



BARRY LEIGH
(Senior Statutory Auditor)
For and on behalf of
COHEN ARNOLD
Chartered Accountants
& Statutory Auditor

18 December 2019

Our audit was completed on 18 December 2019 and our opinion was expressed at that date.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
		Unrestricted Funds		Unrestricted Funds	
	Note	£'000	£'000	£'000	£'000
Income and Endowments from:					
Donations and Grants Received			1,250		2,000
Investments:					
Income from Fixed Asset Investments			482		459
Interest Receivable and Similar Charges			16		520
Rents and Charges Receivable			6,724		5,982
Total Income			8,472		8,961
Expenditure on:					
Raising Funds:					
Property Outgoings		(4,210)		(4,444)	
Interest Payable and Similar Charges	2	(401)		(14)	
Investment Management Costs		(89)		(88)	
Charitable Activities:					
Grants and Donations	3	(3,085)		(1,112)	
Payments from Special Projects Fund		(67)		(118)	
Expenditure Relating to Properties Held for Charitable Purposes		(137)		(57)	
Other:					
Governance Costs	4	(64)		(63)	
Total Expenditure			(8,053)		(5,896)
NET INCOME BEFORE GAINS ON INVESTMENTS			419		3,065
Net Gains/(Losses) on Investments:					
Disposal of Investment Property		567		885	
Valuation of Investment Property	10	(1,169)		5,351	
Valuation of Listed and Other Investments	10	(607)		(2,083)	
			(1,209)		4,153
NET INCOME BEFORE TAX	5		(790)		7,218
Taxation	7		29		(791)
NET INCOME / (OUTGOING) FOR YEAR			(761)		6,427
Acquisition of Non-Controlling Interest			-		149
NET MOVEMENT IN FUNDS			(761)		6,576
Reconciliation of Funds:					
Total Funds Brought Forward			135,464		128,888
TOTAL FUNDS CARRIED FORWARD			134,703		135,464

The notes on pages 15 to 35 form part of these Financial Statements.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

		2019	2018
	Note	£'000	£'000
FIXED ASSETS			
Tangible Assets	9	828	830
Investments	10	143,098	144,875
		<u>143,926</u>	<u>145,705</u>
CURRENT ASSETS			
Debtors	11	13,447	14,054
Cash at Bank and in Hand		5,324	5,640
		<u>18,771</u>	<u>19,694</u>
CREDITORS: Amounts falling due within one year	12	(9,979)	(16,563)
NET CURRENT ASSETS		8,792	3,131
TOTAL ASSETS LESS CURRENT LIABILITIES		152,718	148,836
CREDITORS: Amounts falling due after more than one year	13	(4,800)	(130)
PROVISIONS	14	(13,215)	(13,242)
TOTAL NET ASSETS		<u>134,703</u>	<u>135,464</u>
UNRESTRICTED FUNDS			
Designated Funds	16	1,567	1,634
Other Charitable Funds	16	67,466	68,921
Non-Charitable Funds	16	65,670	64,909
TOTAL UNRESTRICTED FUNDS		<u>134,703</u>	<u>135,464</u>

The Financial Statements were approved by the Council on 18 December 2019 and signed on its behalf by

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MR B S E FRESHWATER
TRUSTEE

Company Registration Number: 688212

The notes on pages 15 to 35 form part of these Financial Statements.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 MARCH 2019

		2019	2018
	Note	£'000	£'000
FIXED ASSETS			
Tangible Assets	9	828	830
Investments	10	119,510	120,690
		<u>120,338</u>	<u>121,520</u>
CURRENT ASSETS			
Debtors	11	16,226	15,332
Cash at Bank and in Hand		4,761	5,144
		<u>20,987</u>	<u>20,476</u>
CREDITORS: Amounts falling due within one year	12	<u>(1,815)</u>	<u>(6,401)</u>
NET CURRENT ASSETS		19,172	14,075
TOTAL ASSETS LESS CURRENT LIABILITIES		139,510	135,595
CREDITORS: Amounts falling due after more than one year	13	<u>(4,800)</u>	<u>(130)</u>
TOTAL NET ASSETS		<u>134,710</u>	<u>135,465</u>
UNRESTRICTED FUNDS			
Designated Funds	16	1,567	1,634
Other Charitable Funds	16	133,143	133,831
TOTAL UNRESTRICTED FUNDS		<u>134,710</u>	<u>135,465</u>

The Financial Statements were approved by the Council on 18 December 2019 and signed on its behalf by

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MR B S E FRESHWATER
TRUSTEE

Company Registration Number: 688212

The notes on pages 15 to 35 form part of these Financial Statements.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
		Unrestricted Funds		Unrestricted Funds	
	Note	£'000	£'000	£'000	£'000
Cash Flows from Operating Activities:					
Net Cash from/(used in) Operating Activities	23	(1,038)		(266)	
Tax Recovered/(Paid)		(30)		94	
Net Cash from/(used in) Operating Activities			(1,068)		(172)
Cash Flows from Investing Activities					
Dividends, Interest and Rents from Investments		2,213		1,609	
Purchase of Tangible Assets		-		(26)	
Proceeds from Sale of Investments		567		885	
Purchase of Investments		-		(158)	
Net Cash Provided by Investing Activities			2,780		2,310
Cash Flows from Financing Activities					
Repayments of Borrowing		(33)		(34)	
Interest Paid		(1,671)		(8)	
Net Cash Used in Financing Activities			(1,704)		(42)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR			8		2,096
CASH AND CASH EQUIVALENTS AT 1 APRIL 2018			5,607		2,996
CHANGE IN CASH AND CASH EQUIVALENTS DUE TO EXCHANGE RATE MOVEMENTS			(324)		515
CASH AND CASH EQUIVALENTS AT 31 MARCH 2019	24		<u>5,291</u>		<u>5,607</u>

The notes on pages 15 to 35 form part of these Financial Statements.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

The Financial Statements are presented in accordance with the format prescribed by Companies Act 2006 as well as by Statement of Recommended Practice for Charities 2015, hereafter referred to as SORP 2015, with suitable adaptation thereof which the Trustees consider to be appropriate having regard to the nature of the Company's activities.

The Consolidated Financial Statements incorporate the results of the company and its subsidiaries for the year ended 31 March 2019. These are adjusted, where appropriate, to conform to group accounting policies.

The following accounting policies have been used consistently in the preparation of the Group's Financial Statements.

1.1 BASIS OF ACCOUNTING

The Financial Statements have been prepared under the Historical Cost Convention, as modified by the inclusion of fixed asset investments at fair value, and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), the Companies Act 2006 and the SORP 2015.

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern, notwithstanding the company's net current liabilities, as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due, based on available sources of finance.

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.

The Company meets the definition of a public benefit entity under FRS 102.

1.2 GROUP FINANCIAL STATEMENTS

A separate Statement of Financial Activities, or Income and Expenditure Account for the Company itself is not presented in accordance with Section 408 of the Companies Act 2006.

The Group Financial Statements incorporate the financial statements of the company and its group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The Group Financial Statements do not consolidate the results, nor the assets and liabilities of Delbast Corporation as the Trustees are of the opinion that to do so would not reflect a true and fair view in the Financial Statements (see Note 10g). Delbast Corporation and its operations are controlled and carried out in North America by its directors.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (cont'd)

1.3 INCOMING RESOURCES

This includes income from listed investments and deposits, rentals received from property assets, receipts under Deeds of Covenant from individuals and other grants and donations received by the Group. Non-monetary donations are recognised at fair value when this can be quantified. The abovementioned items are included in the Financial Statements on an accruals basis with the exception of income from listed companies which is included when received.

Rental income from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the period to first break clause. Lease incentives granted to tenants are recognised on a straight line basis over the period to first break clause. Service charge income is recognised as the services are provided.

1.4 PROPERTY OUTGOINGS

The costs of repairs are recognised in the profit and loss account in the year in which they are incurred.

Lease payments under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

1.5 GOVERNANCE COSTS

Governance costs include costs of the preparation and audit of financial statements and the cost of any legal advice to Trustees on governance or constitutional matters.

1.6 INVESTMENT GAINS AND LOSSES

This includes any gains or losses on the sale of investments and any gains or losses resulting from revaluing investments to fair value at the end of the year.

1.7 DEFERRED TAX

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (cont'd)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

There are no deferred tax provisions for the Company; it is exempt from tax due to its charitable status on the basis all income and gains will be applied solely for qualifying charitable purposes.

1.8 PROPERTIES HELD FOR USE BY CHARITY

These properties are stated at cost. Properties donated to the Company are included at fair value at the date of acquisition. Depreciation of freehold buildings is provided at the rate of 2% per annum on a straight-line basis over the useful economic life of the asset.

1.9 INVESTMENT PROPERTY

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and
- No depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment property, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, this property is not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. Any gain or loss arising from a change in fair value is recognised in the Statement of Financial Activities (SOFA) and taken to Other Unrestricted Funds.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (cont'd)

1.10 DISPOSALS OF PROPERTIES

The Group generally holds its properties for the long term in order to generate rental income and capital appreciation although in the right circumstances any property could be available for sale. When an outright sale does occur the resulting surplus based on the excess of sales proceeds over valuation is included within the Group's profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge. Disposals are recognised on the date the significant risks and rewards of ownership have been transferred. In addition the Group also 'sells' leasehold extensions when requested by leaseholders. The proceeds of these leasehold extension sales, less directly applicable costs, are also included in profit on disposal of investment properties.

1.11 LISTED INVESTMENTS

Shareholdings acquired are initially recorded at cost and subsequently included at fair value (in accordance with the SORP 2015); any surplus or deficit on revaluation is recognised in the SOFA and taken to Other Unrestricted Funds.

1.12 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Shareholdings acquired are initially recorded at cost and subsequently included at Trustees' best estimate of fair value (in accordance with the SORP 2015) based on the net asset value. The net asset values of the subsidiary undertakings reflect fair values of their underlying properties held for investment; any surplus or deficit on revaluation is recognised in the SOFA and taken to Other Unrestricted Funds.

1.13 OTHER INVESTMENTS

Other investments comprise shareholdings in unlisted companies and are initially recorded at cost and subsequently included at Trustees' best estimate of fair value (in accordance with the SORP 2015); any surplus or deficit on revaluation is recognised in the SOFA and taken to Other Unrestricted Funds.

1.14 FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (cont'd)

Basic financial instruments

Rental and other debtors

Rental and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Rent in advance and other creditors

Rent in advance and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.15 LIABILITY RECOGNITION

Liabilities are recognised as soon as there is a legal or constructive obligation committing the Charity to pay out resources.

1.16 FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange in respect of the month during which the transactions occurred, or where practicable, at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the Net Incoming Resources.

1.17 FUND ACCOUNTING

Unrestricted Funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and in accordance with relevant law.

Designated Funds are Unrestricted Funds, which have been set-aside at the discretion of the Trustees for specific purposes as noted below (Note 1.18).

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (cont'd)

Non-Charitable Funds are Unrestricted Funds and comprise the net aggregate reserves of the Company's subsidiaries computed by reference to the accounting policies of the subsidiaries.

Other Unrestricted Funds comprise Other Charitable Funds, representing the accumulated surplus or deficit on income and expenditure account and the excess of fair value over the cost of investments.

Restricted Funds are funds subject to specific restricted conditions imposed by donors. There are no Restricted Funds as at the Balance Sheet date.

1.18 DESIGNATED FUNDS

The Company has committed itself to various long-term charitable projects and transfers are made to Designated Funds in accordance with anticipated expenditure in respect of each individual project.

2. INTEREST PAYABLE

	2019	2018
	£'000	£'000
Bank Charges and Interest	70	8
Interest on Loans from Connected Undertakings	6	6
Losses on Foreign Exchange	325	-
	<u>401</u>	<u>14</u>

Interest on Loans from Connected Undertakings is payable by various subsidiary undertakings of the Company to Freshwater Property Management Limited (see Note 12).

3. GRANTS AND DONATIONS PAYABLE

	2019	2018
	£'000	£'000
Grants and Donations Paid	<u>3,085</u>	<u>1,112</u>

All Grants and Donations were paid to charitable institutions: £2,360,000 for the advancement of religion and education and £725,000 for the relief of poverty.

The composition of donations is shown below.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. GRANTS AND DONATIONS PAYABLE (cont'd)

	£'000
Society of Friends of Torah Limited	1,248
ABC Trust	161
Chevras Maoz Ladal	84
United Talmudical Association	61
Mifal Hacheses V'hatzedukah	52
Achisomoch	49
Rabinow Divrei Shir Kollel	48
Ezer V'hatzolah	42
Yad Eliezer	41
Beis Medrash Govoha	40
Yesamach Levav Trust	39
Chibas Yerushalayim Kollel	33
Mesifita Talmudical Kollel	29
Marbeh Torah Trust	25
Care All Limited	24
Friends of Bobov Foundation	23
One Heart – Lev Echod	22
Mosdos Bobov	21
Mercaz Hatorah Belz Machnovka	21
Shuvu – Return	20
Horomo Yeshiva	19
EduPoor Limited	18
Ahavat Shalom	18
Bnei Yissoschor Kollel	18
Kahal Chasidim Bobov	17
Brisk Yeshiva	17
Friends of Beis Chinuch Lebonos	16
Friends of Sanz Institutions	16
Other donations	863
	<u>3,085</u>

4. GOVERNANCE COSTS

	2019	2018
	£'000	£'000
Auditors' Remuneration	30	31
Legal and Professional Fees	32	31
Depreciation	2	1
	<u>64</u>	<u>63</u>

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

5. NET INCOME BEFORE TAX

This is stated after charging:

	2019	2018
	£'000	£'000
Depreciation	2	1
Auditors' Remuneration:		
Audit Fees	108	106
Other Professional Services	20	21
	<u> </u>	<u> </u>

6. STAFF COSTS AND EMOLUMENTS

No remuneration or other benefits from employment with the Company or a related entity were received by the Trustees or connected parties. No Trustee expenses have been incurred.

7. TAXATION

Major components of tax expense

	2019	2018
	£'000	£'000
Deferred tax:		
Origination and reversal of timing differences	(29)	791
Taxation	<u>(29)</u>	<u>791</u>

All tax is recognised in the Consolidated Income and Expenditure Account.

Reconciliation of tax expense

The tax assessed on the net income for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 20%) by reference to the analysis below.

	2019	2018
	£'000	£'000
Net income before tax	(790)	7,218
Net income by rate of tax	(151)	1,372
Income exempt from tax	287	(355)
Expenses not deductible for tax purposes	13	5
Timing difference on unrealised gains	3	(161)
Utilisation of losses brought forward	(103)	-
Effect of timing differences on Gift Aid	(79)	(66)
Other differences	1	(4)
Taxation	<u>(29)</u>	<u>791</u>

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

7. TAXATION (cont'd)

Factors that may affect future tax expense

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future tax charge accordingly.

8. NET MOVEMENT IN FUNDS

The Net Movement in Funds of the Company for the year was a deficit of £755,000 (2018: surplus of £6,577,000) and has been dealt with in the Statement of Financial Activities of the Company.

9. TANGIBLE FIXED ASSETS

Group and Company

	Property Held for use by Charity £'000
Freehold Properties at Cost	
At 1 April 2018	880
Additions	-
At 31 March 2019	<u>880</u>
Depreciation	
At 1 April 2018	50
Charge for Year	2
At 31 March 2019	<u>52</u>
Net Book Value	
At 31 March 2019	<u>828</u>
At 31 March 2018	<u>830</u>

The Property Held for Use by Charity is stated at historical cost. This includes an amount of £811,000 which represents the cost of land earmarked for the construction of "sheltered accommodation". Part of this property forms the assets representing the Designated Funds in these respects.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10. INVESTMENTS

Group	Freehold Properties £'000	Long Leasehold Properties £'000	Listed Investments £'000	Other Investments £'000	Total £'000
FAIR VALUE					
At 1 April 2018	102,358	14,479	28,035	3	144,875
Revaluation	(182)	(988)	(607)	-	(1,777)
At 31 March 2019	102,176	13,491	27,428	3	143,098

Company	Freehold Properties £'000	Long Leasehold Properties £'000	Listed Investments £'000	Investments in Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
FAIR VALUE						
At 1 April 2018	26,718	1,691	27,368	64,910	3	120,690
Revaluation	(907)	(109)	(594)	430	-	(1,180)
At 31 March 2019	25,811	1,582	26,774	65,340	3	119,510

- a) All Investments, subject to the comments below, are stated at fair value as at 31 March 2019.
- b) An independent professional revaluation of all the group's properties was carried out at 31 March 2019 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The valuation figures are based on open market value assessed in accordance with the RICS Valuation - Professional Standards (2014).

The historical cost of the Group's Investment Properties at 31 March 2019 is £20,275,000 (2018: £20,275,000). The historical cost of the Company's Investment Properties at 31 March 2019 is £11,259,000 (2018: £11,259,000).

Valuation techniques and key inputs

The group's residential apartments and houses (£91 million) were valued using a sales valuation approach, derived from recent comparable transactions in the market, adjusted by applying discounts to reflect status of occupation and condition. The largest discounts were applied to those properties subject to registered tenancies, reflecting the relative difference in security of tenure, whilst the smallest discounts were applied to those properties subject to assured shorthold tenancies.

The group's commercial units (£24.7 million) were valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10. INVESTMENTS (cont'd)

- c) The fair value of the Listed Investments at the balance sheet date are determined using quoted prices.

The historical cost of the Group's Listed Investments is £414,000 (2018: £414,000).

The historical cost of the Company's Listed Investments is £405,000 (2018: £405,000).

- d) The "Other Investments" comprise the fair value of shares in an unquoted Company which were donated to the Company. The historical cost of the shares is £3,000.

- e) Under the terms of the Will of the late Mrs N G Freshwater, 50 Ordinary Shares in Highdorn Co. Limited (representing 50% of its issued Share Capital) are bequeathed to the Company. Those shares will be transferred to the Company during the Administration of the Estate. As that has not yet occurred, the bequest and receipt of the Shares has not been recognised in the Financial Statements of the Company and the Group for the year under review. The estimated value based upon the net asset value of the 50% shareholding in Highdorn Co. Limited as at 31 March 2019 is approximately £88 million. The net asset value reflects the fair values of Highdorn Co. Limited and Subsidiary Undertakings' underlying properties held for investment and investment assets.

- f) The value of the Investments in Subsidiary Undertakings has been estimated by the Trustees based on the underlying value of assets less liabilities of the Subsidiary Undertakings.

The historical cost of the Investments in Subsidiary Undertakings is £161,657 (2018: £161,657).

- g) The Company holds directly and indirectly the undermentioned proportion of the issued share capital in the following Companies, all of which are incorporated in Great Britain and registered in England & Wales and whose registered address is at Freshwater House, 158 - 162 Shaftesbury Avenue, London WC2H 8HR (unless otherwise indicated) and have certain directors in common with the Company.

	Company Number	Percentage Holding
<u>Directly Held Subsidiaries</u>		
Bastion Products Limited	00470283	100
Charles Development Company Limited	00563142	100
Cherry Orchard Properties Limited	00990596	100
Endsleigh Court Services Limited	00501255	100
L K B Investments Limited	00631653	100
Metropolitan Properties Co (Cloisters) Limited	00954321	100
Newprop Company Limited	00473750	100

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10. INVESTMENTS (cont'd)

	Company Number	Percentage Holding
<u>Indirectly Held Subsidiaries</u>		
Brigade Properties Limited	00730498	100
Delbast Corporation (USA)	n/a	100
Kayville Properties Limited	00754315	100
LKB (Endsleigh) Limited	09486023	100
Owen Cooper (Properties) Limited	00629014	100

The aggregate amount of assets, liabilities and funds of the subsidiary undertakings are as follows:

	Assets £'000	Liabilities £'000	Capital & Reserves £'000
Bastion Products Limited	5,110	(2,336)	2,297
Brigade Properties Limited	1,817	(371)	1,446
Charles Development Company Limited	837	(101)	736
Cherry Orchard Properties Limited	2,235	(1,055)	1,180
Endsleigh Court Services Limited	763	(54)	709
Kayville Properties Limited	517	(147)	370
L K B Investments Limited	77,813	(26,429)	51,384
LKB (Endsleigh) Limited	1,112	(790)	322
Metropolitan Properties Co (Cloisters) Limited	7,104	(3,499)	3,605
Newprop Company Limited	8,420	(5,451)	2,969
Owen Cooper (Properties) Limited	323	(1)	322

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

10. INVESTMENTS (cont'd)

A summary of turnover, expenditure and profit or loss for the year is shown below for each operational subsidiary undertaking.

	Bastion Products Limited £'000	Brigade Properties Limited £'000	Charles Development Company Limited £'000	Cherry Orchard Properties Limited £'000	Endsleigh Court Services Limited £'000
Turnover	162	54	11	91	48
Cost of sales	(103)	(9)	-	(32)	(37)
Administrative expenses	(11)	(5)	(2)	(5)	(3)
Net valuation gains on investment property	61	(92)		(290)	-
Net valuation deficit on listed investments	-	-	(14)	-	-
Profit / (loss) on disposal of investment property	(92)	-	-	-	-
Interest receivable and similar income	-	-	-	-	-
Interest payable and similar charges	(55)	(9)	-	(22)	-
Profit before tax	(38)	(61)	(5)	(258)	8
Taxation	(11)	10	3	43	(1)
Profit for financial year	(49)	(51)	(2)	(215)	6

	Kayville Properties Limited £'000	L K B Investments Limited £'000	LKB (Endsleigh) Limited £'000	Metropolitan Properties Co (Cloisters) Limited £'000	Newprop Company Limited £'000
Turnover	24	2,883	1,041	216	325
Cost of sales	(13)	(2,071)	(903)	(115)	(261)
Administrative expenses	(2)	(30)	(7)	(11)	(13)
Net valuation gains on investment property	(17)	1,427	-	(619)	(622)
Profit on disposal of investment property	-	537	-	-	86
Interest receivable and similar income	-	4	-	-	-
Interest payable and similar charges	-	(540)	(10)	-	(54)
Profit before tax	(8)	2,210	121	(633)	(603)
Taxation	1	(228)	(23)	107	128
Profit for financial year	(7)	1,982	98	(526)	(475)

The Group Financial Statements do not consolidate the results, nor the assets and liabilities of Delbast Corporation, as the Trustees are of the opinion that they are not material nor of consequence in the context of the Charity or the Group. Delbast Corporation and its operations are controlled and carried out in North America by its directors.

The Capital and Reserves attributable to Delbast Corporation at its year end of 31 December 2011 (the latest Financial Statements available) are \$362,631.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

11. DEBTORS

		Group		Company	
		2019	2018	2019	2018
	Note	£'000	£'000	£'000	£'000
Amount owed by subsidiary undertakings	11a	-	-	13,486	12,474
Amounts due from connected undertakings	11b	9,256	9,936	1,731	1,604
Loan debtors (charitable purposes)		-	-	-	-
Rental debtors		991	1,249	116	381
Other debtors		3,200	2,869	893	873
		<u>13,447</u>	<u>14,054</u>	<u>16,226</u>	<u>15,332</u>

All debtors are interest-free and repayable on demand except as disclosed below.

a) Amounts due from Subsidiary Undertakings comprise the following:

	2019	2018
	£'000	£'000
Loan debtors	12,651	11,848
Accrued loan interest	835	626
	<u>13,486</u>	<u>12,474</u>

	Loan Debtor		Accrued Loan Interest	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bastion Products Limited	721	685	55	55
Cherry Orchard Properties Limited	216	216	57	57
L K B Investments Limited	9,302	8,698	294	94
Metropolitan Properties Co (Cloisters) Limited	1,442	1,342	365	358
Newprop Company Limited	862	799	64	62
Brigade Properties Limited	108	108	-	-
	<u>12,651</u>	<u>11,848</u>	<u>835</u>	<u>626</u>

The L K B Investments Limited loan includes a facility of £5.26 million which bears interest at a rate of 5% per annum and is repayable by 29 June 2026. The remaining loans bear interest at 8% per annum and are effectively repayable on demand (see Note 21).

b) Amounts due from Connected Undertakings comprise amounts due from companies, certain directors of which are also directors of companies within this Group. The amounts mainly comprise balances due on property management current account which are interest free and are effectively repayable on demand.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

11. DEBTORS (cont'd)

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Freshwater Property Management Limited	6,189	6,821	-	-
Estate of OM and NG Freshwater	394	394	-	-
Highdorn Co. Limited	2,391	2,434	1,484	1,352
Craigton Combined Securities	20	20	-	-
Mayfair Charities Limited	247	252	247	252
Haysgrans Property Co. Limited	15	15	-	-
	<u>9,256</u>	<u>9,936</u>	<u>1,731</u>	<u>1,604</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		Group		Company	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Bank loans & overdrafts		33	33	33	33
Amounts owed to connected undertakings	12a	6,067	7,328	30	33
Loan creditors owed to connected undertakings	12b	-	608	-	-
Taxation and social security		65	95	63	94
Rent in advance		2,016	1,773	683	624
Other creditors and accruals		1,798	6,726	1,006	5,617
		<u>9,979</u>	<u>16,563</u>	<u>1,815</u>	<u>6,401</u>

Amounts owed to Connected Undertakings and Loan Creditors owed to Connected Undertakings comprise amounts due to companies, certain directors of which are also directors of companies within this Group. Except as detailed below, the amounts are due on property management current account, are interest free and are effectively repayable on demand.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

a) AMOUNTS OWED TO CONNECTED UNDERTAKINGS

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Highdorn Co. Limited	6,022	5,601	-	-
Freshwater Property Management Limited	45	1,727	30	33
	<u>6,067</u>	<u>7,328</u>	<u>30</u>	<u>33</u>

b) LOAN CREDITORS OWED TO CONNECTED UNDERTAKINGS

	Loan Creditor		Accrued Loan Interest	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Freshwater Property Management Limited	-	608		1,595

The above amount bears interest at rates between 0.5% and 15% per annum and is effectively repayable on demand. Accrued loan interest payable is included within Amounts due to Connected Undertakings by the Group – see Note 12a.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group and Company

	2019	2018
	£'000	£'000
Mortgage Advance	97	130
Other Creditors	4,703	-
	<u>4,800</u>	<u>130</u>
Amounts are payable as follows:		
In more than one year but not more than two years	33	33
In more than two years but not more than five years	4,767	97
In five years or more	-	-
	<u>4,800</u>	<u>130</u>

The Mortgage Advance is secured by a charge over one of the Company's Investment Properties which is included in the Balance Sheet at an amount of £680,000.

The Mortgage is repayable by monthly instalments terminating in 2022 and bears interest at 1.5% per annum over the Bank's Base Rate.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

14. PROVISION FOR LIABILITIES

The movement in the deferred taxation provision during the year was:

Group	Investment Property £'000	Listed Investments £'000	Total £'000
At 1 April 2018	13,141	101	13,242
Charge during the year	(25)	(2)	(27)
At 31 March 2019	<u>13,116</u>	<u>99</u>	<u>13,215</u>

There are no deferred tax provisions for the company; it is exempt from tax due to its charitable status on the basis all income and gains will be applied solely for qualifying charitable purposes.

15. OPERATING LEASES

As Lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
Not later than 1 year	3,052	2,340
Later than 1 year and not later than 5 years	7,020	7,309
Later than 5 years	16,453	17,826
	<u>26,525</u>	<u>27,475</u>

16. UNRESTRICTED INCOME FUNDS

Group	Designated Funds £'000	Other Charitable Funds £'000	Non Charitable Funds £'000	Total Funds £'000
Balance at 1 April 2018	1,634	68,921	64,909	135,464
Net income/(expenditure) for the year	(67)	(1,455)	761	(761)
Balance at 31 March 2019	<u>1,567</u>	<u>67,466</u>	<u>65,670</u>	<u>134,703</u>

Other Charitable Funds at 31 March 2019 includes £42,504,000 of unrealised profits which are not available for distribution.

Non Charitable Funds includes £66,691,000 of unrealised profits which are not available for distribution.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

16. UNRESTRICTED INCOME FUNDS (Cont'd)

Company	Designated Funds £'000	Other Charitable Funds £'000	Total Funds £'000
Balance at 1 April 2018	1,634	133,831	135,465
Net income/(expenditure) for the year	(67)	(688)	(755)
Balance at 31 March 2019	<u>1,567</u>	<u>133,143</u>	<u>134,710</u>

Other Charitable Funds at 31 March 2019 includes £107,683,000 of unrealised profits which are not available for distribution.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Fixed Assets £'000	Net Current Assets £'000	Long Term Liabilities £'000	Total £'000
Unrestricted Income Funds	143,926	8,792	(18,015)	134,703
Total Funds	<u>143,926</u>	<u>8,792</u>	<u>(18,015)</u>	<u>134,703</u>

Company	Fixed Assets £'000	Net Current Assets £'000	Long Term Liabilities £'000	Total £'000
Unrestricted Income Funds	120,338	19,172	(4,800)	134,710
Total Funds	<u>120,338</u>	<u>19,172</u>	<u>(4,800)</u>	<u>134,710</u>

18. CONTINGENT LIABILITIES AND GUARANTEES

The Company has given the following limited guarantees:

(a) £750,000 (2018: £750,000) in respect of bank overdraft facilities provided to Service To The Aged Limited, a charitable company of which some of the Trustees are also Trustees of the Company.

(b) £150,000 (2018: £150,000) in respect of bank overdraft facilities provided to Beth Jacob Grammar School for Girls Limited, a charitable company of which some of the Trustees are also Trustees of the Company.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

19. TRUSTEES' INTERESTS IN CONTRACTS

Included within Property Outgoings are management and administration charges of £10,000 (2018: £34,000) paid to Highdorn Co. Limited and £10,000 (2018: £11,000) paid to Freshwater Property Management Limited charged at normal commercial rates for day-to-day management of the properties held by the Subsidiaries. Both Highdorn Co. Limited and Freshwater Property Management Limited are members of the Freshwater Group of Companies with which this Group is connected. Mr B S E Freshwater is a director of Highdorn Co. Limited and Freshwater Property Management Limited but has no beneficial interest in their share capital.

20. FINANCIAL INSTRUMENTS

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through income and expenditure:				
Listed investments (see Note 10)	27,428	28,035	26,774	27,368
Other investments (see Note 10)	3	3	3	3
Investment in Subsidiary Undertakings (see Note 10)	-	-	65,340	64,910
Financial assets measured at amortised cost (see Note 11)	13,447	14,054	16,226	15,332
Financial liabilities measured at amortised cost (see Notes 12 and 13)	14,779	16,693	6,615	6,531

The income, expense, net gains and losses, including changes in fair value, for financial assets measured at fair value and financial assets and liabilities measured at amortised cost are included within the Statement of Financial Activities.

21. RELATED PARTY TRANSACTIONS

In addition to the matters set out elsewhere in these Financial Statements, the following related party transactions should be noted.

The Company received a donation of £1,250,000 (2018: £2,000,000) from Metropolitan Properties Company Limited; certain Trustees of the Company are Directors of the donor companies.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

21. RELATED PARTY TRANSACTIONS (Cont'd)

Payments from designated funds aggregating £40,000 (2018: £40,000) were made to a charity with a trustee who is also a trustee of the charity.

The Company had the following interest receivable from subsidiary undertakings:

	2019	2018
	£'000	£'000
Bastion Products Limited	55	55
Cherry Orchard Properties Limited	17	17
L K B Investments Limited	539	339
Metropolitan Properties Co (Cloisters) Limited	107	100
Newprop Company Limited	64	62
Brigade Properties Limited	9	9
	<u>791</u>	<u>582</u>

22. ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) Property valuation

The valuation of the group's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 10). Therefore the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 1 above, all the group's properties are valued by external valuers with appropriate qualifications and experience.

(ii) Trade debtors

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.

THE RAPHAEL FRESHWATER MEMORIAL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

NOTES TO THE STATEMENT OF CASH FLOWS

23. RECONCILIATION OF NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES

	2019	2018
	£'000	£'000
Net income/(expenditure) for the year	(761)	6,427
Adjustments for:		
Depreciation charges	2	1
Gains/(losses) on investments	1,209	(4,153)
Dividends, interest and rents from investments	(1,311)	(2,242)
Increase/(decrease) in Donations and Designated Fund Provisions	-	-
(Increase)/decrease in debtors	349	(1,579)
Increase/(decrease) in creditors	(499)	491
Increase/(decrease) in provisions for liabilities	(27)	789
Net cash used in operating activities	(1,038)	(266)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019	2018
	£'000	£'000
Cash at Bank and in Hand	5,324	5,640
Bank Overdraft and Short-Term Bank Loans	(33)	(33)
Total cash and cash equivalents	5,291	5,607