

M. & R. GROSS CHARITIES LIMITED

(LIMITED BY GUARANTEE)

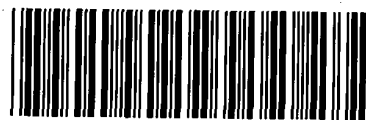
Company No: 0897558

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31 MARCH 2017

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COMPANIES HOUSE

COHEN ARNOLD
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
LONDON NW11 0PU

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 MARCH 2017

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M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 MARCH 2017

Name: M. & R. Gross Charities Limited

Status: Incorporated Registered Charity Number: 251888
Company Number: 0897558
HM Revenue & Customs Reference: XN18913

Registered Address: New Burlington House
1075 Finchley Road
London NW11 0PU

Charity Trustees: Mrs R Gross
Mrs S Padwa
Mr M Saberski
Mr L Lerner

Secretaries: Mrs R Gross

Auditors: Cohen Arnold
New Burlington House
1075 Finchley Road
London NW11 0PU

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

The trustees present their Annual Report for the year ended 31 March 2017 under the Charities Act 2011 and Companies Act 2006 including a Strategic Report together with the financial statements for the year.

Reference and Administrative Information

Legal and Administrative Information of the Company is shown on Page 1 of the Financial Statements and forms part of this report.

The Trustees

The Trustees who serve the charity during the year were as follows:

Mrs R Gross
Mrs S Padwa
Mr M Saberski
Mr L Lerner

Organisation Structure, Governance and Management

The charity is constituted as a company limited by guarantee and as such, its governing documents are its Memorandum and Articles of Association.

The organisation is run by the governors/trustees who are trustees. Every governor/trustee holds office until he/she shall die or shall cease to hold office by virtue of Article 49 of the Articles of Association.

None of the governors/trustees have any beneficial interest in the company.

This charity was set up to support the activities of organisations promoting and advancing Orthodox Judaism and during the year distributed grants totalling £3 million in aid of such activities.

The main areas of charitable activity are the provision of financial support to Jewish organisations engaging in education, advancement of religion in accordance with the Jewish faith and to give philanthropic aid to the Jewish needy.

Financial Review

The charity receives income from investments, the commercial activities of its subsidiaries and voluntary income from companies, some of whom are connected with the trustees. Total reserves of £55,336,035 includes restricted reserves of £7,046,467, unrestricted reserves of £48,289,568. Included in the Accounts are unrealised profits of £36,524,419. The charity owned indirectly 50% of the issued share capital of Saxton Estates Limited and its wholly owned subsidiary, Riverhill Properties Limited. The principal activity of both companies is that of property investment companies.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

Investment Powers and Policy

In accordance with the governing document, the trustees have the power to invest as they see fit. In order to match the long term funding requirements arising under the Jewish Educational Fund, the trustees adopted a strategy to invest in property assets with the intention that the real value of their assets be maintained and enhanced over the long term. The policy is to invest in low risk property investments with a view to maximising income with the assistance of bank borrowings.

In addition, shares in property owning companies were gifted to the charity many years ago and these continue to be held as investments.

Reserves Policy

The reserves of the Charity are represented by the unrestricted funds arising from past operating surpluses and includes a revaluation reserve arising from the unrealised increase in value of the Charity's investment in subsidiary undertakings, which provide long term funding.

The Trustees have set a reserves policy which requires that reserves be maintained at a level which ensures that the charity's grants be continued without dependence on donations received. A large proportion of reserves are invested to generate income, but as the charity wishes to continue to sponsor substantial projects, a proportion of the reserves are to be held in a readily realisable form.

Risk Management

The trustees have identified and reviewed the major risks to which the Company is exposed, in particular those related to the operations and finance of the Company, and are satisfied that systems are in place to mitigate those risks.

Financial risk management and policies

The charity holds or issues financial instruments in order to achieve three main objectives being:

- a) to finance its operations
- b) to manage its exposure to interest and currency risks arising from operations and from its sources of finance; and
- c) for generating funds.

In addition various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the charities' operations.

Credit risk

The charity monitors credit risk closely and considers that its current policies of credit risk checks meets its objectives of managing exposure to credit risk.

The charity has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under the financial instruments.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed

Plans for Future Periods

The charity plans continuing the activities outlined above in the forthcoming years subject to satisfactory incoming resources.

Charity Objects, Aims, Objectives and Activities:

Charitable objects

The objects of the charity are:

- to foster, assist and promote the charitable activities of any institution professing and teaching the principles of traditional Judaism;
- to advance religion in accordance with the Jewish faith;
- to undertake, accept, execute and administer, without any remuneration, any charitable trust; and
- to give philanthropic aid to the Jewish needy.

Aims, objectives and activities for public benefit

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

This charity was set up to support the activities of religious Jewish organisations especially in the field of education both in the United Kingdom and abroad.

The charity is also supportive of organisations which are solely committed to the relief of poverty. Such organisations assist needy Jewish families financially and also through distribution of basic needs.

The income of the charity is derived from investments and donations. The trustees continued their support of those organisations deemed to promote the objects of this charity.

Grant making Policy

The charity has adopted a policy of supporting orthodox Jewish educational and religious activities through existing charitable organisations carrying out such activities. Applicants falling within this category are assessed on a regular basis and many of the smaller grants are dealt with through a grant-making agency, United Talmudical Associates Limited.

Land and Buildings

The group's investment properties are included in the Financial Statements at Directors' valuation.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

Governors' Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

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

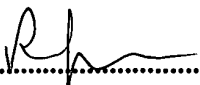
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the 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.

Auditors

Cohen Arnold are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Approved by the trustees on 21 December 2017, including in their capacity as company directors, the Strategic Report contained therein and signed on its behalf by:


.....
Mrs R Gross
Trustee
21 December 2017

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the Financial Statements of M. & R. Gross Charities Limited for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Group Statement of Cash Flows and the related notes. The Financial Reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standards applicable in UK and Republic of Ireland.

This report is made solely to the Company'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 Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE GOVERNORS (TRUSTEES) AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, set out on page 5, the Governors' (Trustees') (who are also the Directors of the Charitable Company 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.

We have been appointed Auditors under the Companies Act 2006 and Section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charitable Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Trustees; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 MARCH 2017

OPINION ON FINANCIAL STATEMENTS

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and the Parent Charitable Company's affairs as at 31 March 2017, and of the Group's 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; and FRS 102, the Financial Reporting Standards applicable in UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' (Trustees') Annual Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 MARCH 2017

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the [group and the parent] company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Dov Harris FCA
(Senior Statutory Auditor)

For and on behalf of
COHEN ARNOLD
Chartered Accountants & Registered Auditors
New Burlington House
1075 Finchley Road
LONDON
NW11 0PU

Our audit was completed on 21 December 2017 and our opinion was expressed at that date.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	<u>Restricted</u> <u>Funds</u> £	<u>Unrestricted</u> <u>Funds</u> £	<u>2017</u> <u>Total</u> <u>Funds</u> £	<u>2016</u> <u>Total</u> <u>Funds</u> £
Incoming Resources					
Donations		-	131,000	131,000	160,000
<i>Activities for generating funds:</i>					
Commercial trading operations	2	-	2,131,555	2,131,555	2,336,256
Investment Income	3	34,461	1,966,975	2,001,436	1,711,495
Total Income		34,461	4,229,490	4,263,991	4,207,751
Expenditure					
<i>Cost of generating funds:</i>					
Trading costs	2	-	930,895	930,895	1,200,528
Investment management costs	4	-	710,892	710,892	852,310
Property Outgoings		2,173	154,668	156,841	128,541
<i>Charitable activities:</i>					
Expenditure on charitable activities	5 - 7	32,288	2,967,895	3,000,183	8,170,743
Total Expenditure		34,461	4,764,340	4,798,811	10,352,122
<i>Net gain / (losses) on investments:</i>					
Share of profit of Associate		-	522,302	522,302	116,071
Revaluation of Associate		-	-	-	129,999
Gain on revaluation		-	1,229,167	1,229,167	6,585,529
(Loss)/Gain on disposal of investment		-	-	-	(196,256)
Net Income/ (Expenditure) for the year		-	1,216,649	1,216,649	490,972
Net Movement in Funds		-	1,216,649	1,216,649	490,972
<i>Reconciliation of Funds:</i>					
Total Funds Brought Forward		-	54,119,386	54,119,386	53,628,414
Total Funds Carried Forward		-	55,336,035	55,336,035	54,119,386

None of the charity's activities was initiated or discontinued during the financial year nor in the previous year.

The charity has no other recognised gains or losses other than those reflected in the above Statement of Financial Activities for the financial year or for the previous year.

The notes on pages 14 to 27 form part of these Financial Statements.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2017

	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>2017</u> <u>Total</u> <u>Funds</u> <u>£</u>	<u>2016</u> <u>Total</u> <u>Funds</u> <u>£</u>
Incoming Resources				
Donations	-	131,000	131,000	160,000
Subsidiaries' Donations	-	1,036,672	1,036,672	794,429
Investment Income	-	65,961	65,961	71,694
Rental Income	34,461	1,204,432	1,238,893	872,114
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Total Income	34,461	2,438,065	2,472,526	1,898,237
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure				
<i>Cost of generating funds:</i>				
Property Outgoings	2,173	154,668	156,841	128,541
<i>Investment Management Costs</i>				
Loan Interest Payable	-	395,710	395,710	395,958
Cost of Finance	-	10,000	10,000	126,986
<i>Charitable activities:</i>				
Expenditure on charitable activities	32,288	2,967,895	3,000,183	8,170,743
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditure	(34,461)	(3,528,273)	(3,562,734)	(8,822,228)
	<hr/>	<hr/>	<hr/>	<hr/>
Net (Expenditure)/Income before				
Gains on Investments	-	(1,090,208)	(1,090,208)	(6,923,991)
<i>Net gain / (losses) on investments:</i>				
Loss on Revaluation	-	(1,665,104)	(1,665,104)	7,365,149
(Loss)/Gain on disposal of investment	-	-	-	(196,256)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income/ (Expenditure) for the year	-	(2,755,312)	(2,755,312)	244,902
	<hr/>	<hr/>	<hr/>	<hr/>
Net Movement in Funds	-	(2,755,312)	(2,755,312)	244,902
Reconciliation of Funds:				
Total Unrestricted Funds				
Brought Forward	-	58,091,347	58,091,347	57,846,445
	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds Carried Forward	-	55,336,035	55,336,035	58,091,347
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The notes on pages 14 to 27 form part of these Financial Statements.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

			<u>2017</u>	<u>2016</u>
	Notes	£	£	£
FIXED ASSETS				
Tangible Assets	10		62,489,909	60,040,807
Investment in Associate	11a		1,433,685	941,785
			63,923,594	60,982,592
CURRENT ASSETS				
Stock	12	136,284		216,967
Debtors	13	7,462,360		8,193,603
Investments		776		776
Cash at Bank		3,654,502		4,830,566
			11,258,747	13,241,912
CREDITORS: Amounts falling due within one year	14	(2,929,760)		(2,958,894)
			8,324,162	10,283,018
NET CURRENT ASSETS/ (LIABILITIES)				
			72,247,756	71,265,610
TOTAL ASSETS LESS CURRENT LIABILITIES				
CREDITORS : Amounts falling due after more than one year	15		(12,169,678)	(12,308,330)
Provisions			(4,742,043)	(4,837,894)
			55,336,035	54,119,386
NET ASSETS				
FUNDS				
Unrestricted Funds	17		48,289,568	47,072,919
Restricted Funds	16 & 17		7,046,467	7,046,467
			55,336,035	54,119,386
TOTAL FUNDS				

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Financial Statements were approved by the Board of Trustees on 21 December 2017 and signed on its behalf by

.....
MRS R GROSS - TRUSTEE
Company No: 0897558

The notes on pages 14 to 27 form part of these Financial Statements.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 MARCH 2017

			<u>2017</u>		<u>2016</u>
FIXED ASSETS	Notes	£	£	£	£
Tangible Assets	10		14,282,219		13,882,219
Investments	11		42,110,236		44,175,340
			<hr/>		<hr/>
			56,392,455		58,057,559
CURRENT ASSETS					
Debtors	13	2,860,500		2,652,905	
Cash at Bank		3,522,560		4,411,620	
			<hr/>	<hr/>	
			6,512,449	7,064,525	
CREDITORS: Amounts falling due within one year	14	(1,111,379)		(1,108,914)	
			<hr/>	<hr/>	
NET CURRENT ASSETS/ (LIABILITIES)			5,271,681	5,955,611	
			<hr/>	<hr/>	
Total Assets less current liabilities			61,664,136	64,013,170	
CREDITORS: Amounts falling due after one year	15		(6,328,101)	(5,921,824)	
			<hr/>	<hr/>	
			55,336,035	58,091,346	
CAPITAL FUNDS			<hr/>	<hr/>	
Unrestricted Funds			48,289,568	51,044,879	
Restricted Funds			7,046,467	7,046,467	
			<hr/>	<hr/>	
Total Funds	16		55,336,035	58,091,346	
			<hr/>	<hr/>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Financial Statements were approved by the Board of Trustees on 21 December 2017 and signed on its behalf by

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MRS R GROSS
TRUSTEE
 Company No: 0897558

The notes on pages 14 to 27 form part of these Financial Statements.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

CASH FLOWS FROM OPERATING ACTIVITIES:		<u>2017</u>	<u>2016</u>
	Notes	£	£
Net cash (used)/ provided by operating activities	17	(2,730,231)	(20,968,508)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Income from investments		3,370,448	3,070,783
Interest received		248,390	448,781
Purchase of fixed assets		(1,220,833)	(151,971)
Proceeds from sale of investments		-	24,336,243
Purchase of investments		-	(2,282,219)
Net Cash provided by/(used in) investing activities		2,398,005	25,421,617
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowing		(138,652)	(913,584)
Interest Paid		(710,186)	(874,675)
Net cash provided by (used in) financing activities		(848,838)	(1,788,259)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(1,181,064)	2,664,850
Cash and cash equivalents at 1 April 2016		3,934,437	1,269,587
CASH AND CASH EQUIVALENTS AT 31 MARCH 2017	17	<u>2,753,373</u>	<u>3,934,437</u>

The notes on pages 14 to 27 form part of these Financial Statements.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

M. & R. Gross Charities Limited is a charitable company limited by guarantee, incorporated in England and Wales (charity no.251888, company no. 0897558). Its registered address is New Burlington House, 1075 Finchley Road, London NW11 0PU. A description of the nature of the entity's operations and its principal activities is disclosed in the Trustees' Report accompanying the financial statements.

1.1 BASIS OF ACCOUNTING

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.

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

1.2 INCOMING RESOURCES

All donations are recognised in the Statement of Financial Activities (SOFA) of the charity when received. All other income is recognised on a receivable basis.

1.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements made by the directors 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 as follows:

(i) Property valuation

The valuation of the charity's investment properties 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. 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.

(ii) Trade debtors

Management uses details of the age of trade debtors and 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.

1.4 LIABILITY RECOGNITION

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

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1.5 CHARITABLE ACTIVITIES

Charitable activities are only recognised in the accounts when paid. The charitable donations have been detailed in Notes 5 and 6.

1.6 INVESTMENT MANAGEMENT COSTS

Investment management costs include costs relating to the investment properties on an accrual basis.

1.7 GOVERNANCE COSTS

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

1.8 FUND ACCOUNTING

General unrestricted funds comprise the accumulated surplus or deficit on income and expenditure account. They are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity.

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

Designated funds are funds, which have been set-aside at the discretion of the Trustees for specific purposes. There are no designated funds as at the Balance Sheet date.

1.9 PROPERTIES HELD FOR INVESTMENT

Investment Properties are included in the Balance Sheet at open market value in accordance with Statement of Recommended Practice (Charity SORP). The unrealised gains and losses are shown in the Statements of Financial Activities.

1.10 ACQUISITIONS AND DISPOSALS OF PROPERTIES

Acquisitions and Disposals of properties are considered to take place at the date of legal completion and are included in the Financial Statements accordingly.

1.11 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Share holdings acquired in Subsidiary Undertakings are shown at market value as valued by the trustees. Investments in Related Undertakings below 20% are shown at cost.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1.12 GROUP FINANCIAL STATEMENTS

These Financial Statements consolidate the results of the charity and its wholly-owned subsidiaries and associate. A separate Statement of Financial Activities, for the charity itself is presented in accordance with the Charity SORP.

1.13 TAXATION

The Charity is not liable to direct taxation (Income Tax) on its income as it falls within the various exemptions available to registered charities. The Charity is registered for Value Added Tax (VAT) but is only able to reclaim any input tax relating to its property investment. Other expenditure in the Accounts is therefore shown inclusive of VAT where appropriate.

1.14 FINANCIAL INSTRUMENTS

A financial asset or a financial liability is recognised only when the entity 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, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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.

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.

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.

2. COMMERCIAL TRADING OPERATIONS

Some of the wholly owned subsidiaries have entered into a total profits covenant with the Charity to pay their profits to the Charity within nine months from the financial year end. Audited Accounts of the Subsidiary Undertakings included have been filed with the Registrar of Companies.

M. & R. GROSS CHARITIES LIMITED
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FOR THE YEAR ENDED 31 MARCH 2017

2. COMMERCIAL TRADING OPERATIONS (continued)

A summary of the trading results of the subsidiaries is shown below:

Summary Profit and Loss Account – Subsidiary Companies

	<u>2017</u>	<u>2016</u>
	£	£
Net sale proceeds	<i>a</i> -	346,625
Cost of properties sold	<i>b</i> -	(309,322)
Surplus on sale of properties	-	37,303
Gross rental income	<i>a</i> 2,131,555	1,989,631
Property outgoings	<i>b</i> (926,720)	(769,552)
Net Rental Income	1,204,835	1,220,079
Administrative expenses	<i>b</i> (55,765)	(56,659)
Donations paid	(1,036,672)	(794,429)
Net gains on revaluation of investment property	829,167	-
Operating profit	941,565	368,991
Profit on disposal of fixed assets	514,113	390,600
Income from fixed assets investment	8,314	209,038
Interest receivable	174,115	168,049
Interest payable and similar charges	(305,182)	(329,366)
Retained profit/(loss) for the financial year	1,332,925	844,615
Taxation	<i>b</i> 49,450	(66,000)
Under/over provision of tax	2,140	1,005
	<u>1,384,515</u>	<u>779,620</u>
<u>Incoming Resources:</u>		
<i>Activities for generating funds:</i>		
Commercial trading operations	<i>a</i> 2,131,555	2,336,256
<u>Resources Expended</u>		
<i>Cost of generating funds</i>		
Trading costs	<i>b</i> 930,895	1,200,528

Details of the subsidiary's capital and reserves and profit/(loss) for the year are given in Note 11.

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3. INVESTMENT INCOME

	<u>2017</u>	<u>2016</u>
	£	£
Bank Interest Receivable	2	327
Loan Interest Receivable	240,074	239,416
Rental Income	1,238,893	872,114
Lease surrender	-	-
Dividends	40	-
Profit on sale of investment property	514,113	390,600
Income from investments	8,314	209,038
	<hr/>	<hr/>
	2,001,436	1,711,495
	<hr/>	<hr/>

4. INVESTMENT MANAGEMENT COSTS

	<u>2017</u>	<u>2016</u>
	£	£
Bank Loan Interest	696,667	725,324
Cost of Finance	14,225	126,986
	<hr/>	<hr/>
	710,892	852,310
	<hr/>	<hr/>

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Restricted Funds	Unrestricted Funds	<u>2017</u> Total	<u>2016</u> Total
	£	£	£	£
Charitable Donations	32,288	2,934,672	2,966,960	8,141,000
Governance Costs	-	33,223	33,223	29,743
	<hr/>	<hr/>	<hr/>	<hr/>
	32,288	2,967,895	3,000,183	8,170,743
	<hr/>	<hr/>	<hr/>	<hr/>

All grants were paid to institutions in support of the relief of poverty, the advancement of Jewish religion and the advancement of Jewish religious education.

Included in the charitable activities are material grants made during the year to United Talmudical Associates Limited (£1,228,000), Achisomoch Aid Company Limited (£180,000), Chevras Mo'oz Ladol (£147,000) and British Friends of The Rabbi Meir Baal Haness Charity (Kollel Shomrei Hachomos) (£112,500).

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Grant Funding Activities		<u>2017</u>	<u>2016</u>
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Charitable Donations	32,288	2,934,672	2,966,960	8,141,000
Governance Costs	-	33,223	33,223	29,743
	<hr/>	<hr/>	<hr/>	<hr/>
	32,288	2,967,895	3,000,183	3,510,867
	<hr/>	<hr/>	<hr/>	<hr/>

7. GOVERNANCE COSTS

	<u>2017</u>	<u>2016</u>
	£	£
Auditors' Remuneration	29,700	25,200
Accountancy Fees	-	2,710
Bank Charges	311	175
General Expenses	346	908
Legal and Professional Fees	2,866	750
	<hr/>	<hr/>
	33,223	29,743
	<hr/>	<hr/>

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. NET INCOMING RESOURCES FOR THE YEAR

	Total Funds <u>2017</u> £	Total Funds <u>2016</u> £
This is stated after charging:		
Auditors' remuneration	29,700	25,200
Non audit – Accountancy fees	-	3,225
Depreciation	898	1,595
	<u> </u>	<u> </u>

9. STAFF COSTS AND EMOLUMENTS

There were no employees during the year and no salaries or wages have been paid to the members of the committee during the year. The charity did not meet any individual expenses incurred by the trustees for services provided to the charity.

10. TANGIBLE FIXED ASSETS

GROUP

	<u>Freehold &</u> <u>Leasehold Property</u> £	<u>Fixtures</u> <u>Fittings &</u> <u>Equipment</u> £	<u>Total</u> £
<u>Cost/Valuation</u>			
At 1 April 2016	60,037,219	78,811	60,116,030
Additions	1,220,833	-	1,220,833
Disposals	-	-	-
Gain on revaluation	1,229,167	-	1,229,167
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	62,487,219	78,811	62,566,030
	<u> </u>	<u> </u>	<u> </u>
<u>Depreciation</u>			
At 1 April 2016	-	75,223	75,223
Charge for the year	-	898	898
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2017	-	76,121	76,121
	<u> </u>	<u> </u>	<u> </u>
<u>Net Book Value</u>			
At 31 March 2017	62,487,219	2,690	62,489,909
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2016	60,037,219	3,588	60,040,807
	<u> </u>	<u> </u>	<u> </u>

M. & R. GROSS CHARITIES LIMITED
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10. TANGIBLE FIXED ASSETS (Continued)

CHARITY

FREEHOLD AND LEASEHOLD INVESTMENT PROPERTY

	<u>2017</u>	<u>2016</u>
	£	£
At 1 April 2016	13,882,219	36,132,500
Additions	-	2,282,219
Revaluation	400,000	-
Disposals	-	(24,532,000)
	<hr/>	<hr/>
At 31 March 2017	14,882,219	13,882,219
	<hr/>	<hr/>

Freehold and Leasehold investment properties are stated at market value, as valued by the trustees. The value of these properties is to be reassessed in 2017.

11. FIXED ASSET INVESTMENTS

CHARITY	<u>Nature of Business</u>	<u>Company</u>	<u>2017</u>	<u>2016</u>
		<u>Registration</u>		
		<u>No.</u>	£	£
Agarbatty Limited	Property Investment	00844612	715,566	1,011,191
Newcast Estates Limited	Property Trading	08895161	466	13,998
Subterranean Limited	Property Investment	07849993	216,953	216,242
Tripack Limited	Property Investment	01155157	2,541,637	2,644,609
Tulata Limited	Property Investment	01493103	3,817,418	3,747,436
Wynbay Limited	Property Investment	01299082	21,144,420	21,275,466
Zerlan Estates Limited	Property Investment	01051420	13,673,776	15,266,398
			<hr/>	<hr/>
Market Value at 31 March 2017			42,110,236	44,175,340
			<hr/>	<hr/>

M & R Gross Charities Limited owns the whole of the issued share capital of the subsidiaries listed above. All companies are incorporated in England. In addition, the company indirectly owns the whole of the issued share capital of the following companies which are also incorporated and operated in England:

Emerlkirk Properties Limited	Property Investment
Mademoiselle Limited	Property Investment

The market value of these shares is £42,110,236 (2016: £44,175,340) based on the underlying value of the companies' assets less liabilities. The valuation of properties and other assets of these companies was undertaken by a FRICS qualified surveyor.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

11. FIXED ASSET INVESTMENTS (Continued)

Capital and Reserves as at 31 March 2017 and profit for the year then ended in respect of the Subsidiary Undertakings referred to above are as follows:

	<u>Capital & Reserves</u> £	<u>Profit / (loss) for the year</u> £
Agarbatty Limited	715,566	(70,000)
Emerlkirk Properties Limited	420,608	50,000
Mademoiselle Limited	2,508,973	260,603
Tripack Limited	2,541,637	270,393
Tulata Limited	3,817,418	390,982
Wynbay Limited	21,144,420	(581,065)
Zerlan Estates Limited	13,673,776	1,025,991
Subterranean Limited	216,953	-
Newcast Estates Limited	466	(13,979)

The above profits are stated after deduction of Gift Aid Payments.

11a. INVESTMENT IN ASSOCIATES

The charity owns indirectly through one of its subsidiary companies, Wynbay Limited, 50% of the issued share capital of Saxton Estates Limited and Riverhill Properties Limited. The charity's interest in the results of the associate is as follows:

Saxton Estates Limited – Property Investment	£	50% share £
Profit for the year ended 31 March 2017	989,596	494,798
Share of Profit	989,596	494,798
Assets	6,802,980	3,401,490
Liabilities	(4,332,129)	(2,166,065)
Capital and Reserves	<u>2,470,851</u>	<u>1,235,425</u>
Share of Net Assets at valuation		<u>1,235,425</u>

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11a. INVESTMENT IN ASSOCIATES (Continued)

Riverhill Properties Limited – Property Investment		50% share
	£	£
Profit for the year ended 31 March 2017	55,008	27,504
Share of Profit	<u>55,008</u>	<u>27,504</u>
Assets	1,398,200	699,100
Liabilities	(1,153,384)	(576,692)
Capital and Reserves	<u>244,816</u>	<u>122,408</u>
Share of Net Assets at valuation		<u>522,302</u>
Total share of profit of Associates		<u>116,071</u>
Total share of net assets at valuation		<u>1,357,833</u>

12. STOCK

	<u>2017</u>		<u>2016</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Stock	136,284	-	216,967	-

Stock comprises properties held for trading purposes by subsidiary companies and are stated at the lower of cost and net realisable value.

13. DEBTORS

	<u>2017</u>		<u>2016</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Trade Debtors	671,145	292,145	684,824	248,127
Accrued Income	65,959	1,102,631	65,959	860,388
Loan Investments	1,099,376	1,099,376	1,099,376	1,099,376
Other Debtors and Prepayments	5,625,454	366,348	6,343,444	445,014
	<u>7,462,363</u>	<u>2,860,500</u>	<u>8,193,603</u>	<u>2,652,905</u>

M. & R. GROSS CHARITIES LIMITED
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FOR THE YEAR ENDED 31 MARCH 2017

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2017</u>		<u>2016</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Bank Loans and Overdraft	901,129	543,723	896,129	543,723
Trade Creditors	477,149	353,473	340,635	271,738
Amounts due to Subsidiary Undertakings	-	-	-	37,095
Other Creditors and Accruals	1,551,482	214,183	1,722,130	237,807
	<hr/>	<hr/>	<hr/>	<hr/>
	2,929,760	1,111,379	2,958,894	1,108,914
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loans and overdrafts are secured on certain of the group's investment properties and the Charity's loans are secured on the investment properties shown in Note 10.

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

	<u>2017</u>		<u>2016</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Bank loans and overdrafts	12,169,678	5,841,577	12,308,330	5,921,824
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loans and overdrafts are secured on certain of the group's investment properties the Charity's loans are secured on the investment properties shown in Note 10.

16. RESTRICTED FUNDS

EXPENDABLE ENDOWMENT FUND

The Jewish Educational Fund was established to provide long-term financial support for the promotion and maintenance of institutions, organisations and individuals involved in orthodox Jewish religious education. This expendable endowment is invested to provide an annual income for these purposes and constitutes a restricted fund. The Trustees are empowered to distribute the full amount of this fund, at their discretion, subject to a two thirds majority of the Trustees, should an emergency situation arise where the income from this fund is insufficient to meet demands.

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

17. ANALYSIS OF CHARITABLE FUNDS

Funds	At 1 April 2016	Income	Expenditure	At 31 March 2017
	£	£	£	£
Unrestricted Funds	47,072,919	6,015,460	(4,798,811)	48,289,568
Restricted Funds	7,046,467	34,461	(34,461)	7,046,467
	<u>54,119,386</u>	<u>6,049,921</u>	<u>(4,833,272)</u>	<u>55,336,035</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2017
	£	£	£
Investments	56,877,127	7,046,467	63,923,594
Current assets	11,253,922	-	11,253,922
Creditors less than 1 year	(2,929,760)	-	(2,929,760)
Creditors more than 1 year	(12,169,678)	-	(12,169,678)
Provisions	(4,742,043)	-	(4,742,043)
Net assets	<u>48,289,568</u>	<u>7,046,467</u>	<u>55,336,035</u>

19. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	7,462,360	8,193,603
Financial assets at fair value through P&L	<u>1,433,685</u>	<u>941,785</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>15,099,438</u>	<u>15,267,224</u>

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

20. LIMITED BY GUARANTEE

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

21. NOTES TO THE STATEMENT OF CASH FLOW

a. Reconciliation of net cash provided by operating activities:

	<u>2017</u> £	<u>2016</u> £
Net income /(expenditure) for the year	1,216,649	(4,901,461)
Adjustments for:		
Depreciation of Tangible Fixed Assets	898	1,196
Gain on revaluation	(1,229,167)	-
Interest Receivable	(248,390)	(441,781)
Income from investments	(3,370,448)	(3,070,783)
(Profit) / Loss on sale of fixed assets	(514,113)	(390,600)
(Decrease) / Increase in Stocks	(80,683)	301,869
Decrease / (Increase) in Debtors	818,973	1,483,028
Increase / (Decrease) in Creditors	34,842	(13,942,976)
	<hr/>	<hr/>
	(3,946,880)	(16,067,047)
	<hr/>	<hr/>
Net Cash (used)/ provided by operating activities	(2,730,231)	(20,968,508)
	<hr/> <hr/>	<hr/> <hr/>

b. Analysis of cash and cash equivalents

	<u>2017</u> £	<u>2016</u> £
Cash at Bank	3,654,502	4,830,566
Bank overdraft	(901,129)	(896,129)
	<hr/>	<hr/>
Total cash and cash equivalents	2,753,373	3,934,437
	<hr/> <hr/>	<hr/> <hr/>

M. & R. GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

22. NOTES TO THE STATEMENT OF CASH FLOW (Continued)

c. Analysis of changes in net funds

	<u>At 31 March</u> <u>2016</u>	<u>Cash flows</u>	<u>At 31 March</u> <u>2017</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash at Bank	4,830,566	(1,176,064)	3,654,502
Debt:			
Due within one year	(896,129)	(5,000)	(901,129)
	<hr/>	<hr/>	<hr/>
Total	3,943,437	(1,181,064)	2,753,373
	<hr/>	<hr/>	<hr/>
Debt falling due after more than one year	(12,308,330)	138,652	(12,169,678)
	<hr/>	<hr/>	<hr/>
Net Funds	(8,373,893)	(1,042,412)	(9,416,305)
	<hr/>	<hr/>	<hr/>

23. RELATED PARTY TRANSACTIONS

- a.** Gift Aid Donations comprise amounts receivable from connected parties and companies under common control of the governors of this company and their families as follows:

Subsidiary Undertakings £1,036,672

- b.** Other Interest Receivable includes amounts received from connected parties and companies under common control of the governors of this company and their families as follows:

Medinapoint Investments Limited £65,959

Mrs R Gross and Mrs S Padwa, Governors of this charity, are also Directors of the above-mentioned company and the subsidiary undertakings.

- c.** Included in debtors (note 13) is a loan of £1,099,376 made to a company under the control of members of the Gross family that bears interest at the rate of 6% per annum and is secured.
- d.** Included in creditors (note 14) is a loan of £24,889 owed to The Palmtree Foundation Trust Limited, a registered charity company, the trustees of which are related to the trustees of this charity. This loan is interest free and repayable on demand.