

M & R GROSS CHARITIES LIMITED

(LIMITED BY GUARANTEE)

Company No: 0897558

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE

YEAR ENDED 31 MARCH 2014

**COHEN ARNOLD
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
LONDON NW11 0PU**



M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 MARCH 2014

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M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2014

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 & Mr E Moore

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 2014

The trustees present their Annual Report for the year ended 31 March 2014 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 £3,629,710 in aid of such activities.

Related Party Transactions

The trustees are aware of the need to manage potential conflict of interests issues in connection with related party transactions. The trustees have adopted a policy that any connected trustees do not involve themselves in the decision making process where such transactions arise and decisions are made by unconnected trustees.

STRATEGIC REPORT

Achievements and Performance

Review of achievements and performance for the year

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.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 MARCH 2014

Financial Review

The charity is reliant on the income from investments, the commercial activities of its subsidiaries and voluntary income from companies connected with the trustees. Income from commercial activities of the subsidiary helped boost the total incoming resources whilst the income from the investments remained consistent. The resources expended by the group decreased in the current year from £9.5m to £7.1m whilst the charity's unrestricted reserves increased from £6m to £12m due in part to an increase in the value of its investment properties. The charity owned indirectly 50% of the shareholding of Saxton Estates Limited, a property investment company.

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.

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.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 MARCH 2014

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.

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 have to be held in readily realisable form. The free reserves of the Charity reflected by the net current assets on the Balance Sheet were £1.5m as at 31st March 2014.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES (Continued)
FOR THE YEAR ENDED 31 MARCH 2014

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.

Fixed Assets

The movements in Fixed Assets are fully reflected in Notes 11 and 12 to the Financial Statements.

Land and Buildings

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

Governors'/Trustees' Responsibilities

Company law and charity legislation requires the governors/trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the Financial Statements, the Trustees are required to:

- i) select suitable accounting policies and apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) follow applicable accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- iv) prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The governors/trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006 and charity legislation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Close Company

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

Auditors

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

Approved by the trustees on 17 December 2014, including in their capacity as company directors, the Strategic Report contained therein and signed on its behalf by:

.....


Mrs R Gross

Trustee

17 December 2014

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 MARCH 2014

We have audited the Financial Statements of M & R Gross Charities Limited for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Group Cash Flow Statements 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).

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 2014

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 2014, 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
- 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the Parent Charitable Company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company Financial Statements are not in agreement with the accounting records or 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; or



Dov Harris
(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 17 December 2014 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 2014

	Notes	<u>Restricted</u> <u>Funds</u> £	<u>Unrestricted</u> <u>Funds</u> £	<u>2014</u> <u>Total</u> <u>Funds</u> £	<u>2013</u> <u>Total</u> <u>Funds</u> £
Incoming Resources from generated funds					
Gift Aid		54,000	565,000	619,000	74,000
<i>Activities for generating funds:</i>					
Commercial trading operations	2	-	2,469,048	2,469,048	3,908,741
Investment Income	3	55,770	5,052,016	5,107,786	5,573,460
Total Incoming Resources		109,770	8,086,064	8,195,834	9,556,201
Resources Expended					
<i>Cost of generating funds:</i>					
Trading costs	2	-	759,846	759,846	2,161,102
Investment management costs	4	-	2,671,934	2,671,934	2,918,022
Property Outgoings		19,007	80,563	99,570	31,445
<i>Charitable expenditure:</i>					
Charitable Donations	5	90,763	3,538,947	3,629,710	4,370,938
Governance Costs	7	-	23,148	23,148	42,038
Total Resources Expended		109,770	7,074,438	7,184,208	9,523,542
Net Incoming/(Outgoing) Resources		-	1,011,626	1,011,626	32,656
Share of profit of Associate		-	34,015	34,015	-
Revaluation of Associate		-	1,237,500	1,237,500	-
Revaluation of Tangible Assets		-	3,700,000	3,700,000	(7,819,500)
Net Movement in Funds		-	5,983,141	5,983,141	(7,786,844)
Total Funds Brought Forward		7,046,467	6,026,335	13,072,802	20,859,646
Total Funds Carried Forward		7,046,467	12,009,476	19,055,943	13,072,802

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 13 to 24 form part of these Financial Statements.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Restricted</u> <u>Funds</u> £	<u>Unrestricted</u> <u>Funds</u> £	<u>2014</u> <u>Total</u> <u>Funds</u> £	<u>2013</u> <u>Total</u> <u>Funds</u> £
Incoming Resources				
Gift Aid	54,000	565,000	619,000	74,000
Subsidiaries Donations	-	1,166,438	1,166,438	1,516,791
Investment Income	-	140,935	140,935	251,350
Rental Income	55,770	4,862,565	4,918,335	4,931,716
	<hr/>	<hr/>	<hr/>	<hr/>
Total Incoming Resources	109,770	6,734,938	6,844,708	6,773,857
	<hr/>	<hr/>	<hr/>	<hr/>
Resources Expended				
<i>Cost of generating funds:</i>				
Property Outgoings	19,007	80,563	99,570	31,445
<i>Investment Management Costs</i>				
Loan Interest Payable	-	2,274,186	2,274,186	2,547,700
Cost of Finance	-	32,564	32,564	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Charitable expenditure:</i>				
Charitable Donations	90,763	3,538,947	3,629,710	4,370,938
Governance Costs	-	23,148	23,148	42,038
	<hr/>	<hr/>	<hr/>	<hr/>
Total Resources Expended	(109,770)	(5,949,408)	(6,059,178)	(6,992,121)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Incoming/(Outgoing) Resources	-	785,530	785,530	(218,264)
	<hr/>	<hr/>	<hr/>	<hr/>
Surplus on Revaluation of Investments	-	5,363,166	5,363,166	291,091
Revaluation of Tangible Assets	-	3,700,000	3,700,000	(7,800,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Movement in Funds	-	9,848,696	9,848,696	(7,727,173)
Total Unrestricted Funds Brought Forward	7,046,467	15,635,431	22,681,898	30,409,071
	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds Carried Forward	7,046,467	25,484,127	32,530,594	22,681,898
	<hr/>	<hr/>	<hr/>	<hr/>


The notes on pages 13 to 24 form part of these Financial Statements.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

			<u>2014</u>	<u>2013</u>
FIXED ASSETS	Notes	£	£	£
Tangible Assets	10		51,293,879	47,596,005
Investment in Associate	11a		1,271,515	-
			<hr/>	<hr/>
			52,565,394	47,596,005
CURRENT ASSETS				
Stock	12	7,399,587	7,072,911	
Debtors	13	5,805,537	6,456,125	
Investments		776	776	
Cash at Bank		6,002,775	6,579,544	
		<hr/>	<hr/>	
		19,208,675	20,109,356	
CREDITORS: Amounts falling due within one year	14	(10,395,306)	(6,919,717)	
		<hr/>	<hr/>	
NET CURRENT ASSETS			8,813,369	13,189,639
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			61,378,763	60,785,644
CREDITORS : Amounts falling due after more than one year	15	(42,322,820)	(47,712,842)	
		<hr/>	<hr/>	
NET ASSETS			19,055,943	13,072,802
			<hr/>	<hr/>
FUNDS				
Unrestricted Funds	16	12,009,476	6,026,335	
Restricted Funds	16	7,046,467	7,046,467	
		<hr/>	<hr/>	
TOTAL FUNDS			19,055,943	13,072,802
			<hr/>	<hr/>

The accounts have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 in regard to medium-sized companies.

The Financial Statements were approved by the Board of Trustees on 17 December 2014 and signed on its behalf by


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MRS R GROSS - TRUSTEE

Company No: 0897558

The notes on pages 13 to 24 form part of these Financial Statements.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 MARCH 2014

			<u>2014</u>		<u>2013</u>
FIXED ASSETS	Notes	£	£	£	£
Tangible Assets	10		50,500,000		46,800,000
Investments	11		15,674,701		10,311,535
			<hr/>		<hr/>
			66,174,701		57,111,535
CURRENT ASSETS					
Debtors	13	4,089,151		5,553,550	
Cash at Bank		5,756,332		5,883,759	
		<hr/>		<hr/>	
			9,845,483	11,437,309	
CREDITORS: Amounts falling due within one year	14	(8,269,999)		(4,785,557)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			1,575,484	6,651,752	
			<hr/>	<hr/>	
Total Assets less current liabilities			67,750,185	63,763,287	
CREDITORS: Amounts falling due after one year	15		(35,219,591)	(41,081,389)	
			<hr/>	<hr/>	
			32,530,594	22,681,898	
			<hr/>	<hr/>	
CAPITAL FUNDS					
Total Funds	16		32,530,594	22,681,898	
			<hr/>	<hr/>	

The accounts have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 in regard to medium-sized companies.

The Financial Statements were approved by the Board of Trustees on 17 December 2014 and signed on its behalf by



MRS R GROSS
TRUSTEE
 Company No: 0897558

The notes on pages 13 to 24 form part of these Financial Statements.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	<u>2014</u> £	<u>2013</u> £
Net cash outflow from operating activities	17a	3,838,132	3,096,237
Returns on Investments and Servicing of Finance	17b	(2,528,416)	(2,271,775)
Taxation		-	-
Capital expenditure and financial investment	17b	-	(21,651)
		<hr/>	<hr/>
Cash Inflow/ (outflow) before use of liquid resources and financing		1,303,716	802,811
Financing		(5,390,021)	(3,303,835)
		<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH IN THE PERIOD		(4,086,305)	(2,506,024)
		<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase/ (Decrease) in cash in the period		(4,086,305)	(2,506,024)
Net cash inflow/ (outflow) from bank loans		5,390,021	3,308,835
		<hr/>	<hr/>
Movement in net debt in the period		1,303,716	802,811
Net debt at 1 April 2013		(44,367,903)	(45,170,714)
		<hr/>	<hr/>
Net debt at 31 March 2014	17c	(43,064,187)	(44,367,903)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 24 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 2014

1. ACCOUNTING POLICIES

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

1.1 BASIS OF ACCOUNTING

The Financial Statements have been prepared under the Historical Cost Convention, except for investments which are included at market value and in accordance with applicable United Kingdom Accounting Standards and Statement of Recommended Practice (SORP 2005) for Charities and the Companies Act 2006.

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 LIABILITY RECOGNITION

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

1.4 CHARITABLE ACTIVITIES

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

1.5 INVESTMENT MANAGEMENT COSTS

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

1.6 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.

1.7 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

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

1.7 FUND ACCOUNTING (Continued)

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.

1.8 PROPERTIES HELD FOR INVESTMENT

Investment Properties are included in the Balance Sheet at open market value in accordance with Statement of Recommended Practice (SORP 2005). The unrealised gains and losses are shown in the Statements of Financial Activities.

1.9 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.

1.10 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

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

1.11 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 paragraph 396 of SORP 2005.

1.12 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 valued 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.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

2. COMMERCIAL TRADING OPERATIONS

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

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

Summary Profit and Loss Account – Subsidiary Companies

		<u>2014</u>	<u>2013</u>
		£	£
Net sale proceeds	<i>a</i>	178,200	1,652,800
Cost of properties sold	<i>b</i>	(12,500)	(1,245,317)
		<hr/>	<hr/>
Surplus on sale of properties		165,700	407,483
Gross rental income	<i>a</i>	2,290,848	2,255,941
Property outgoings	<i>b</i>	(668,924)	(814,064)
		<hr/>	<hr/>
Net Rental Income		1,621,924	1,441,877
Administrative expenses	<i>b</i>	(43,877)	(47,721)
Donations paid		(1,166,438)	(1,516,791)
		<hr/>	<hr/>
Operating profit		577,309	284,848
Profit on disposal of fixed assets		-	150,500
Income from fixed assets investment		48,499	220,061
Interest receivable		17	19,832
Interest payable and similar charges		(365,184)	(370,322)
		<hr/>	<hr/>
Retained profit/(loss) for the financial year		260,641	304,919
Taxation	<i>b</i>	(34,545)	(54,000)
		<hr/>	<hr/>
		<u>226,096</u>	<u>250,919</u>
<u>Incoming Resources:</u>			
<i>Activities for generating funds:</i>			
Commercial trading operations	<i>a</i>	2,469,048	3,908,741
		<hr/>	<hr/>
<u>Resources Expended</u>			
<i>Cost of generating funds</i>			
Trading costs	<i>b</i>	759,846	2,161,102
		<hr/>	<hr/>

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

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
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3. INVESTMENT INCOME

	<u>2014</u>	<u>2013</u>
	£	£
Bank Interest Receivable	5,389	5,321
Loan Interest Receivable	135,563	265,862
Rental Income	4,918,335	4,931,716
Profit on sale of investment property	-	150,500
Income from investments	48,499	220,061
	<hr/>	<hr/>
	5,107,786	5,573,460
	<hr/>	<hr/>

4. INVESTMENT MANAGEMENT COSTS

	<u>2014</u>	<u>2013</u>
	£	£
Bank Loan Interest	2,639,370	2,918,022
Cost of Finance	32,564	-
	<hr/>	<hr/>
	2,671,934	2,918,022
	<hr/>	<hr/>

M & R GROSS CHARITIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Restricted Funds	Unrestricted Funds	<u>2014</u> Total	<u>2013</u> Total
	£	£	£	£
Charitable Donations	90,763	3,538,947	3,629,710	4,370,938
	<hr/>	<hr/>	<hr/>	<hr/>
	90,763	3,538,947	3,629,710	4,370,938
	<hr/>	<hr/>	<hr/>	<hr/>

A separate publication entitled M & R Gross Charities Limited – Schedule of Charitable Donations details the charitable donations. Copies of this publication are available to members of the public by writing to the Secretary, Mrs R Gross, M & R Gross Charities Limited, New Burlington House, 1075 Finchley Road, London NW11 0PU by Registered Post.

All the above grants relate to the charity's objectives as detailed in the Report of the Trustees.

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Grant Funding Activities		<u>2014</u>	<u>2013</u>
	Restricted	Unrestricted	Total	Total
	£	£	£	£
Charitable Donations	90,763	3,538,947	3,629,710	4,370,938
	<hr/>	<hr/>	<hr/>	<hr/>
	90,763	3,538,947	3,629,710	4,370,938
	<hr/>	<hr/>	<hr/>	<hr/>

7. GOVERNANCE COSTS

	<u>2014</u>	<u>2013</u>
	£	£
Auditors' Remuneration	15,600	13,440
Accountancy Fees	3,300	-
Bank Charges	885	867
General Expenses	960	1,751
Legal and Professional Fees	2,403	25,980
	<hr/>	<hr/>
	23,148	42,038
	<hr/>	<hr/>

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

8. NET INCOMING RESOURCES FOR THE YEAR

	Total Funds <u>2014</u> £	Total Funds <u>2013</u> £
This is stated after charging:		
Auditors' remuneration	15,600	13,440
Non audit – Accountancy fees	3,300	-
Depreciation	2,126	3,503
	<u> </u>	<u> </u>

9. STAFF COSTS AND EMOLUMENTS

No salaries or wages have been paid to employees, including 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

<u>GROUP</u>	<u>Freehold Property</u> £	<u>Fixtures Fittings & Equipment</u> £	<u>Total</u> £
<u>Cost/Valuation</u>			
At 1 April 2013	47,587,500	78,811	47,666,311
Additions	-	-	-
Revaluation	3,700,000	-	3,700,000
At 31 March 2014	51,287,500	78,811	51,366,311
	<u> </u>	<u> </u>	<u> </u>
<u>Depreciation</u>			
At 1 April 2013	-	70,306	70,306
Charge for the year	-	2,126	2,126
At 31 March 2014	-	72,432	72,432
	<u> </u>	<u> </u>	<u> </u>
<u>Net Book Value</u>			
At 31 March 2014	51,287,500	6,379	51,293,879
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2013	47,587,500	8,505	47,596,005
	<u> </u>	<u> </u>	<u> </u>

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

10. TANGIBLE FIXED ASSETS (Continued)

CHARITY

FREEHOLD AND LEASEHOLD INVESTMENT PROPERTY

	<u>2014</u>	<u>2013</u>
	£	£
At 1 April 2013	46,800,000	54,600,000
Revaluation	3,700,000	(7,800,000)
	<hr/>	<hr/>
At 31 March 2014	50,500,000	46,800,000
	<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 2015.

11. FIXED ASSET INVESTMENTS

CHARITY	<u>Nature of Business</u>	<u>2014</u>	<u>2013</u>
		£	£
Tulata Limited	Property Trading	2,361,532	606,427
Agarbatty Limited	Property Trading	105,105	100,941
Wynbay Limited	Property Trading	8,539,366	5,147,894
Zerlan Estates Limited	Property Trading	3,367,787	3,358,027
Tripack Limited	Property Trading	1,101,118	1,098,246
Subterranean Limited	Property Investment	199,793	163,496
		<hr/>	<hr/>
Market Value at 31 March 2014		15,674,701	10,311,535
		<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 owns indirectly the whole of the issued share capital of the following companies which are also incorporated and operated in England:

Emerlkirk Properties Limited	Property Trading
Mademoiselle Limited	Property Investment

The market value of these shares is £15,674,701 (2013: £10,311,535) based on the underlying value of the companies' assets less liabilities. The valuation of properties and other assets in these companies have been made by the Governors (Trustees) of this company. No provision has been made for any latent liability to Corporation Tax on unrealised surpluses resulting from the revaluations.

M & R GROSS CHARITIES LIMITED
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FOR THE YEAR ENDED 31 MARCH 2014

11. FIXED ASSET INVESTMENTS (Continued)

Capital and Reserves as at 31 March 2014 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 For the year</u> £
Agarbatty Limited	(432,046)	4,164
Emerlkirk Properties Limited	89,211	1,330
Mademoiselle Limited	157,321	6,656
Tripack Limited	238,706	2,872
Tulata Limited	236,798	5,383
Wynbay Limited	(616,979)	40,884
Zerlan Estates Limited	400,818	128,510
Subterranean Limited	199,793	36,297

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

11a. INVESTMENT IN ASSOCIATE

The charity owns indirectly through one of its subsidiary companies, Wynbay Limited, 50% of the issued share capital of Saxton Estates 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 2014	8,867	4,483
Profit and Loss Reserve brought forward	59,163	29,582
Share of Profit	68,030	34,015
Assets	2,185,505	1,093,253
Liabilities	(2,118,471)	(1,059,236)
Capital and Reserves	68,034	34,017
Share capital		(2)
Revaluation		1,237,500
Share of Net Assets at valuation		1,271,515

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12. STOCK

	<u>2014</u>		<u>2013</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Stock	7,399,587	-	7,072,911	-
	<hr/>	<hr/>	<hr/>	<hr/>

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

13. DEBTORS

	<u>2014</u>		<u>2013</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Trade Debtors	618,355	83,347	605,631	55,702
Accrued Income	65,959	1,232,397	182,364	1,699,155
Loan Investments	1,099,376	1,099,376	2,270,570	2,270,570
Other Debtors and Prepayments	4,021,847	1,674,031	3,397,560	1,528,123
	<hr/>	<hr/>	<hr/>	<hr/>
	5,805,537	4,089,151	6,456,125	5,553,550
	<hr/>	<hr/>	<hr/>	<hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2014</u>		<u>2013</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Bank Loans and Overdraft	6,744,142	5,762,485	3,234,606	2,174,363
Trade Creditors	1,273,640	1,189,106	1,269,594	1,198,223
Amounts due to Subsidiary Undertakings	-	37,095	-	37,095
Other Creditors and Accruals	2,377,524	1,281,313	2,415,517	1,375,876
	<hr/>	<hr/>	<hr/>	<hr/>
	10,395,306	8,269,999	6,919,717	4,785,557
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loans and overdrafts are secured on certain of the group's trading properties shown in Note 12 and the Charity's loans are secured on the investment properties shown in Note 10.

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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

	<u>2014</u>		<u>2013</u>	
	Group	Charity	Group	Charity
	£	£	£	£
Bank loans and overdrafts	42,322,820	35,219,591	47,712,841	41,081,388

The bank loans and overdrafts are secured on certain of the group's trading properties shown in Note 12 and the Charity's loans are secured on the investment properties shown in Note 10.

16. FUNDS

GROUP	Restricted Funds	Revaluation Funds	Unrestricted Funds	Total Funds
	£	£	£	£
Balance at 1 April 2013	7,046,467	(16,243,153)	22,269,488	13,072,802
Associate funds		1,237,500	34,015	1,271,515
Movement in funds for the year	-	3,700,000	1,011,626	4,711,626
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2014	7,046,467	(11,305,653)	23,315,129	19,055,943

CHARITY	Restricted Fund	Revaluation Funds	Charitable Funds	Total Funds
	£	£	£	£
Balance at 1 April 2013	7,046,467	(6,523,153)	22,158,584	22,681,898
Movement in funds for the year	-	9,063,166	785,530	9,848,696
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2014	7,046,467	2,540,013	22,944,114	35,530,594

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
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NOTES TO THE FINANCIAL STATEMENTS
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17. NOTES TO THE CASH FLOW STATEMENT

a. Reconciliation of operating profit to net cash inflow from operating activities:

	<u>2014</u>	<u>2013</u>
	£	£
Operating Profit	3,494,109	2,459,434
Depreciation of Tangible Fixed Assets	2,126	3,503
Adjustment in value of investments	-	-
(Decrease)/Increase in Stocks	(326,676)	956,851
Decrease/(Increase) in Debtors	534,183	(997,002)
Increase/ (Decrease) in Creditors	128,390	674,451
	<hr/>	<hr/>
Net Cash Inflows/ (Outflows) from Operating Activities	3,833,132	3,096,237
	<hr/>	<hr/>

b. Analysis of cash flows for headings netted in the cash flow statement

	<u>2014</u>	<u>2013</u>
	£	£
Returns on investment and servicing of finance		
Interest Received	305,856	670,912
Interest Paid	(2,834,272)	(2,942,687)
	<hr/>	<hr/>
Net cash Inflow/ (outflow) for returns on investments and servicing of finance	(2,528,416)	(2,271,775)
	<hr/>	<hr/>
Capital Expenditure and financial investment		
Payments to acquire tangible fixed assets	-	(2,150)
Payment to acquire investment	-	(19,501)
	<hr/>	<hr/>
Net cash Inflow/ (outflow) for capital expenditure and financial investment	-	(21,651)
	<hr/>	<hr/>

M & R GROSS CHARITIES LIMITED
(LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

17. NOTES TO THE CASH FLOW STATEMENT (Continued)

c. Analysis of changes in net debt

	<u>At 31.03.13</u>	<u>Cash flows</u>	<u>At 31.3.14</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash at Bank	6,579,544	(576,769)	6,002,775
Overdrafts	(3,234,606)	(3,509,536)	(6,744,142)
	<hr/>	<hr/>	<hr/>
Total	3,344,938	(4,086,305)	(741,367)
	<hr/>	<hr/>	<hr/>
Debt:	(47,712,841)	5,390,021	(42,322,820)
	<hr/>	<hr/>	<hr/>
Net Debt	(44,367,903)	1,303,716	(43,064,187)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

18. 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:

	<u>£</u>
Subsidiary Undertakings	1,166,438
Other donations were received from charities with common trustees or whose trustees are related to the trustees of this charity, as follows:	
Shulem B Association Limited	54,000
Dajtrain Limited	30,000
Famed Estates Limited	10,000
Colnvale Limited	500,000

- 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:

	<u>£</u>
Morlandville Properties Limited	28,798
Medinapoint Investments Limited	65,959

Mrs R Gross and Mrs S Padwa, Governors of this charity, are also Directors of the above-mentioned companies 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 and family settlements and bear interest at the rate of 6% per annum and is secured.