

Registered number: 2967916
Charity number: 1042541

WORLD ORT TRUST
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



WORLD ORT TRUST

(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees	Richard Hatter, Trustee Lady Irene Hatter, Trustee
Company registered number	2967916
Charity registered number	1042541
Registered office	ORT House 126 Albert Street London NW1 7NE
Company secretary	Rivka Weston
Senior management team	Acting CFO: Hadas Grumet
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants 16 Great Queen Street Covent Garden London WC2B 5AH
Bankers	Lloyds Bank PLC 140 Camden High Street London NW1 0NG

WORLD ORT TRUST

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

What we aim to do...

The Charity makes grants to World ORT, a Swiss registered charity and its parent, so that it can carry out education and training projects worldwide.

The Charity performs some curriculum development and project co-ordination in the United Kingdom for World ORT. The Charity lets out space in its London office which is surplus to operational requirements to not-for-profit organisations. The surplus is donated to World ORT.

Charity constitution

The Charity is constituted under a Memorandum of Association dated 14 September 1994 and is a registered charity (number 1042541). The Charity is a charitable company limited by guarantee and registered in England and Wales with company number 2967916.

Charity objects

- (1) to promote the advancement of education and vocational training for the public benefit in particular but not exclusively amongst persons practising or adhering to the Jewish religion.
- (2) to promote the advancement of education for the public benefit concerning Jewish culture, history, traditions, religion and language in particular but not exclusively amongst persons practising or adhering to the Jewish religion.
- (3) to relieve poverty and sickness and to preserve and protect health through the provision of mother and childcare facilities and health education.

The ultimate parent entity is World ORT, a charity registered in Switzerland. World ORT collects funds from other organisations with similar educational objectives to World ORT Trust. Being part of a global organisation benefits the Charity by lowering the cost of delivery to its beneficiaries.

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 for the future and in setting the grant making policy for the year.

Governance

The directors of the charitable company are its Trustees for the purpose of charity law, and throughout this report are collectively referred to as the Trustees.

The Memorandum and Articles of Association states that the number of Trustees shall not be less than three but shall not be subject to any maximum.

Additional or replacement Trustees can be appointed by the existing Trustees. New Trustees are given an induction by other Trustees, an outline of their responsibilities and a list of the information they will receive in order to fulfil those responsibilities.

The methods used to appoint Trustees are mainly utilising the contacts of existing Trustees and, occasionally to advertise in UK Jewish media.

A third party indemnity provision is in force for the benefit of each of the Trustees and the officers. The Charity's other advisers are set out on page 1.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Affiliate Organisations

The charity is linked to ORT UK and World ORT through common aims and objectives. ORT UK is an autonomous charity registered in England and Wales. ORT UK raises funds from a variety of sources. ORT UK's office staff are based in ORT House for which it pays rent to World ORT Trust. World ORT Trust is also a major beneficiary of ORT UK's fundraising.

Trustees of World ORT Trust may also be Trustees of ORT UK. Where this is the case then this is noted on the list of Trustees on page 1. No trustee receives any remuneration for their duties in either organisation.

There is no shared management between the two charities.

Management and organisation

The day-to-day decisions of the Charity are taken by the Chief Financial Officer. These mainly involve the letting, maintenance and security of ORT House. Strategic decisions are taken by the Trustees. These may involve the relationships with the ORT network, maintenance of ORT House and matters in connection with the Defined Benefit Pension Scheme.

The Chief Financial Officer of World ORT Trust is also the Chief Financial Officer of World ORT and does not receive any remuneration for his duties in relation to World ORT Trust.

Each year management prepare a financial plan. The basis of the plan is the outline agreements with grant-making bodies and the pledges already received and estimated income from other sources. The resources to be expended on those activities are budgeted. The Charity then grants funds to World ORT to run the projects in various countries.

Restricted funds: Management transfers these to World ORT according to the instructions from the donor. Unrestricted funds: Management grants these funds to World ORT in line with the annual plan.

Activities for raising funds: Management agrees with the Trustees the excess space available for renting for other charitable purposes. Individual tenant contracts are authorised by management prior to letting.

The three employees referred to in note 8 are mainly concerned with the letting activity.

Funds raised by World ORT Trust not required for the running of the charity are donated to World ORT. The nature of these grants, whether restricted or unrestricted, is determined by the donors. The proportion of World ORT's revenue donated by World ORT Trust is less than 10%.

The Charity's Trustees have given due consideration to the Charity Commission's guidance on the public benefit requirements under the Charities Act 2011.

The fundraising objectives of the Charity are set out on page 2 and fundraising methods on page 3. The Charity raises donations from certain UK donors in co-operation with, and also from, ORT UK.

Further details of the work of World ORT can be obtained by going to the World ORT website and choosing the option to look at Media and then Reports. The World ORT website is at: <http://www.ort.org>

Social investment

The Charity has a policy of not making social investments either in individuals or in schools.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial review

During the year the income of the Charity was US\$ 1.3 million (2019 US\$ 1.1 million) of which voluntary giving was US\$ 0.72 million (2019 US\$ 0.43 million).

ORT UK donated US \$ 601,000 (2019 US\$ 337,000). Revenue from trading was US\$ 547,000 (2019 US\$ 672,000).

From this revenue the Charity was able to make charitable grants totalling US\$ 338,000 (2019 US\$ 118,000).

The Charity made a surplus before other recognised gains and losses of US\$ 443,000 in 2020 (2019 US\$ 256,000).

The total expenditure on charitable activities as a proportion of income (excluding activities for generating funds and the defined benefit scheme) was 65.2% (2019 76.7%).

The valuation of the defined benefit pension scheme at 31 December 2020 has a funding deficit of \$725,000. More details are given below, under risks, and in note 18.

The Charity has two types of reserves, restricted and unrestricted.

Restricted reserves comprise revenue and expenditure relating to specific donations made by individuals which are then passed onto World ORT to fulfil programmes. Unrestricted reserves comprise net income generated from letting of the Charity's building and donations made for general charitable purposes.

It is the Trustees' policy to donate the net surplus generated from the letting activity to World ORT to fund its projects worldwide. Unrestricted funds comprise a land and building revaluation reserve of \$14,148,000, a deficit on the pension fund of \$725,000 and unrestricted funds of \$3,522,000.

The Trustees plan to maintain free reserves at a level that ensures that it can meet any shortfall in donations.

The Trustees have unlimited powers of investment. The Trustees have invested in the freehold land and building in London which is part-occupied by the Trust's head office with the remainder let to tenants. The rental stream from tenants covers the overheads on those elements of the building not occupied by World ORT.

All restricted funds received were granted to World ORT in the year. As an illustration, the following were the restricted funds received and granted, with the largest financial support detailed. The activities change from year to year, therefore straight comparatives are not always possible

Activity	Region	2020 US\$	2019 US\$
Israel - Science Journey	Israel	-	26,000
Israel - Network of owned schools	Israel	258,996	7,000
St Petersburg VTC 4 Yesod K	CIS	-	32,000
Hatter Technology seminar	Students worldwide	-	50,000
Others Students worldwide	Students worldwide	-	3000
Latin America programs	Latin America	3,289	-
France development	Western Europe	32,352	-
Wingate Seminar	Students worldwide	22,727	-
		<u>317,365</u>	<u>118,000</u>

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

World ORT combines the funds raised in the United Kingdom with funds raised elsewhere in the world. Where possible World ORT involves the local state authorities and also local individuals.

As well as focussing on our ongoing needs in Israel and the countries of the Former Soviet Union our donors have supported us in areas relating to the Covid-19 pandemic. As all our schools across our global network moved to virtual learning we campaigned to support the need to ensure that all students had access to technology for remote learning. Our donors also supported our schools as they faced economic difficulties as many families were unable to pay school fees thus jeopardising the schools' operational costs.

During the year the Charity entered into an agreement to sell part of the freehold property for £8.75 million. The sale was conditional upon the Charity obtaining vacant possession. This was achieved in June 2021 and the sale will be recognised in the financial statements for the year ending 31 December 2021.

The Trustees examine the major risks that the charity faces each financial year when preparing and updating the strategic plan. The major risks identified are (1) Not being able to let the excess space in ORT House, (2) the reliance on ORT UK for a large proportion of the voluntary income and (3) the defined benefit pension scheme.

The risk of not letting space in ORT House is managed by:

- Maintaining the building to a commercially attractive standard.
- Certain areas of the property which are not rented to the tenants are utilised for conferences.
- Dividing the rest of the excess space into smaller units to achieve a diversity of tenants. This will be further mitigated following the redevelopment plans with strong demand for the available space having been received.

	2020	2019
under \$50,000 per annum	11	10
\$51,000 - \$100,000 per annum	0	1
over \$100,000 per annum	1	1
	<u>12</u>	<u>12</u>

ORT UK contributed 87.5% of donations in 2020 and the Trustees expect it to remain a significant donor in 2021.

The risk posed by having a concentration of voluntary income from ORT UK is managed as follows:

- World ORT Trust has direct access to certain UK donors in agreement with ORT UK.
- ORT UK has a diverse fundraising base from major individuals and family trusts to many individual small donors.

The defined benefit pension scheme has a funding deficit of \$725,000. The Trustees intend to settle the deficit from the proceeds of the property sale.

The Trustees closed the scheme to new members in 1999. It had one active member at the end of 2020. The last member is due to retire in 2028.

Fixed assets

World ORT Trust owns the freehold to its head office, ORT House. Movements on fixed assets are set out in note 7 to the financial statements. The Trustees are of the opinion that the market value of freehold land and buildings is at least equal to the value shown in these financial statements. A revaluation of the freehold land and buildings was carried out in 2018 which has resulted in a Revaluation reserve of US\$ 14.14m. The value of the land and buildings as at 31 December 2020 stands at \$17.4m.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees' responsibilities

The Trustees (who are also directors of World ORT Trust 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 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) including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 charitable company and the profit or loss of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 company will continue in business.

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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Approved by order of the members of the board of trustees and signed on their behalf by:



R Hatter
Trustee

Date: 13 December 2021

WORLD ORT TRUST

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD ORT TRUST

Opinion

We have audited the financial statements of World Ort Trust (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows 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 Financial Reporting Standard 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 charitable company's affairs as at 31 December 2020 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD ORT TRUST (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- the financial statements are not in agreement with the accounting records and returns; 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 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, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD ORT TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and property sectors;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charities Act 2011, taxation legislation and data protection, anti-bribery, employment, environmental, and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD ORT TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Blick Rothenberg Audit LLP

Blick Rothenberg Audit LLP
Chartered Accountants
Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 13 December 2021

Blick Rothenberg Audit LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

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STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds 2020 \$000	Restricted funds 2020 \$000	Total funds 2020 \$000	Total funds 2019 \$000
Income from:					
Donations and legacies	4	407	317	724	429
Investments		1	-	1	-
Income from letting activity	5	547	-	547	672
Total income		955	317	1,272	1,101
Expenditure on:					
Charitable activities		491	-	491	727
Grants	6	21	317	338	118
Total expenditure		512	317	829	845
Net movement in funds before other recognised gains/(losses)		443	-	443	256
Other recognised gains/(losses):					
Actuarial loss on defined benefit pension scheme		(147)	-	(147)	(51)
Net movement in funds		296	-	296	205
Reconciliation of funds:					
Total funds brought forward		16,649	-	16,649	16,444
Net movement in funds		296	-	296	205
Total funds carried forward		16,945	-	16,945	16,649

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

The notes on pages 14 to 31 form part of these financial statements.

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BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$000	2019 \$000
Fixed assets			
Tangible assets	10	17,816	17,717
		<u>17,816</u>	<u>17,717</u>
Current assets			
Debtors	11	103	73
Cash at bank and in hand		938	458
		<u>1,041</u>	<u>531</u>
Creditors: amounts falling due within one year	12	(1,187)	(903)
Net current liabilities		<u>(146)</u>	<u>(372)</u>
Total assets less current liabilities		<u>17,670</u>	<u>17,345</u>
Net assets excluding pension liability		<u>17,670</u>	<u>17,345</u>
Defined benefit pension scheme liability	18	(725)	(696)
Total net assets		<u><u>16,945</u></u>	<u><u>16,649</u></u>
Charity funds			
Restricted funds	13	-	-
Unrestricted funds	13	16,945	16,649
Total funds		<u><u>16,945</u></u>	<u><u>16,649</u></u>

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:


R Hatter
Trustee

Date:

The notes on pages 14 to 31 form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$000	2019 \$000
Cash flows from operating activities			
Net cash used in operating activities	15	616	219
Cash flows from investing activities			
Purchase of tangible fixed assets		(136)	(68)
Net cash used in investing activities		(136)	(68)
Change in cash and cash equivalents in the year		480	151
Cash and cash equivalents at the beginning of the year		458	307
Cash and cash equivalents at the end of the year	16	938	458

The notes on pages 14 to 31 form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Charity is a company limited by guarantee and is incorporated in England and Wales. The member of the company is World ORT. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

The address of the registered office and principal place of business is 126 Albert Street, London, NW1 7NE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

World Ort Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Revenue, including donations, is recognised in the period in which World ORT Trust is entitled to receipt and where the revenue can be reliably measured.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Revenue includes rental income, service charges and other recoveries from tenants of the charity's property. Rental income is recognised on an accruals basis in the period in which it is earned, in accordance with the terms of the lease.

Investment income, which is bank interest, is recognised on an accruals basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charity's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

Expenditure is classified under the following activity headings:

- Costs of generating funds comprise the costs associated with letting of the Charity's property.
- Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs comprise those costs associated with legal and statutory compliance services.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in Note 7 'Expenditure'.

2.5 Government grants

Government grants are as a result of the covid-19 pandemic. Grants are credited to the statement of financial activities as the related expenditure is incurred.

2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.7 Foreign currencies

The functional currency of the Charity is GBP however the presentation currency is the US Dollar, because this is the operating currency of World ORT group.

Foreign currency transactions are translated at the rates ruling at the date of the transaction. Foreign currency monetary assets and liabilities are retranslated at the rates ruling at the balance sheet dates. Any differences are taken to the Statement of Financial Activities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following bases:

Freehold property	- 2% per annum on cost
Fixtures and fittings	- 20% per annum on cost

2.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.11 Liabilities

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the statement of financial activities as a finance cost.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Financial Instruments

The charity has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the charity becomes party to the contractual provisions of the instrument.

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 charity after deducting all of its liabilities.

The component parts of compound instruments issued by the charity are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. On initial recognition the financial liability component is recorded at its fair value. The fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument without equity features. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised in equity and not subsequently remeasured.

The charity's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

If a transfer does not result in derecognition because the charity has retained significant risks and rewards of ownership of the transferred asset, the charity continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. The asset and liability are not offset. In subsequent periods, the charity recognises any income on the transferred asset and any expense incurred on the financial liability.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Pensions

The charity operates a defined contribution pension scheme. The scheme was started in 2001 and is open to all employees expected to be in the employment of World ORT for a period of at least 3 months. The assets of the scheme are held separately from those of the Charity. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

The charity also operates a defined benefit pension scheme which was established on 14 February 1974 and was closed to new members with effect from 1 November 1999.

Scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least every three years and are updated at each balance sheet date. The resulting surplus or deficit is presented separately above the total for net assets on the face of the balance sheet.

The amounts charged in resources expended are the current service costs of providing pension benefits to employees for the year and gains and losses on settlements and curtailments. The cost of making improvements to pension benefits is charged to resources expended on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvement in benefits vests immediately, the cost is recognised immediately.

A charge representing the unwinding of the discount on the scheme liabilities during the year is included in net benefit cost in Note 18. A credit representing the expected return on the scheme assets during the year is also included within net benefit cost. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the year.

Actuarial gains and losses are recognised immediately in the Statement of Financial Activities in other recognised gains and losses

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the only key estimate made by the Trustees is:

Retirement benefits

Accounting for a defined benefit pension scheme and the value of liabilities is dependent on significant assumptions, including an assessment of the discount rate, price inflation and key demographic figures including life expectancy and mortality rates.

These accounting judgements are inherently complex and require a high level of management judgement and specialist input by an actuary in the calculation of the value of the liabilities.

The key assumptions are detailed in Note 18.

4. Income from donations and legacies

	Unrestricted funds 2020 \$000	Restricted funds 2020 \$000	Total funds 2020 \$000
Donations	369	317	686
Government grants	38	-	38
Total 2020	407	317	724
	Unrestricted funds 2019 \$000	Restricted funds 2019 \$000	Total funds 2019 \$000
Donations	311	118	429

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Other incoming resources

	Unrestricted funds 2020 \$000	Total funds 2020 \$000
Rental income	<u>547</u>	<u>547</u>

	Unrestricted funds 2019 \$000	Total funds 2019 \$000
Rental income	<u>672</u>	<u>672</u>

6. Analysis of expenditure on grants

	Unrestricted funds 2020 \$000	Restricted funds 2020 \$000	Total funds 2020 \$000
Grants	<u>21</u>	<u>317</u>	<u>338</u>

	Restricted funds 2019 \$000	Total funds 2019 \$000
Grants	<u>118</u>	<u>118</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Analysis of other expenditure

	Charitable Activities Unrestricted funds 2020 \$000	Letting Activities Unrestricted funds 2020 \$000	Total funds 2020 \$000
Salaries and related costs	-	103	103
Defined benefit pension scheme net cost	19	-	19
Defined contribution pension scheme costs	5	-	5
Office and travel	12	-	12
Building maintenance	-	239	239
Legal and professional	50	-	50
Governance audit fees	38	-	38
Depreciation	-	37	37
Foreign exchange gain	-	(12)	(12)
Total 2020	124	367	491

	Charitable Activities Unrestricted funds 2019 \$000	Letting Activity Unrestricted funds 2019 \$000	Total funds 2019 \$000
Salaries and related costs	-	111	111
Defined benefit pension scheme net cost	28	2	30
Defined contribution pension scheme costs	10	4	14
Office and travel	19	-	19
Building maintenance	-	363	363
Legal and professional	6	43	49
Governance audit fees	49	-	49
Depreciation	-	34	34
Foreign exchange loss	-	58	58
Total 2019	112	615	727

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Staff costs

	2020	2019
	\$000	\$000
Wages and salaries	95	101
Social security costs	8	10
Defined benefit pension scheme net cost	19	30
Defined contribution pension scheme costs	5	14
	127	155

The average number of persons employed by the charity during the year was as follows:

	2020	2019
	No.	No.
Administration	1	1
Tenant & building support	2	2
	3	3

No employee received remuneration amounting to more than \$60,000 in either year.

9. Trustees' remuneration and expenses

During the year, no trustees received any remuneration or other benefits (2019 - \$NIL).

During the year ended 31 December 2020, no trustee expenses have been incurred (2019 - \$NIL).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Tangible fixed assets

	Freehold property \$000	Fixtures and fittings \$000	Total \$000
Cost or valuation			
At 1 January 2020	17,744	284	18,028
Additions	136	-	136
At 31 December 2020	17,880	284	18,164
Depreciation			
At 1 January 2020	44	267	311
Charge for the year	25	12	37
At 31 December 2020	69	279	348
Net book value			
At 31 December 2020	17,811	5	17,816
At 31 December 2019	17,700	17	17,717

11. Debtors

	2020 \$000	2019 \$000
Due within one year		
Trade debtors	38	33
Amounts owed by participating interests	25	-
Other debtors	1	5
Prepayments and accrued income	39	35
	103	73

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Creditors: Amounts falling due within one year

	2020 \$000	2019 \$000
Trade creditors	63	62
Amounts owed to group undertakings	192	237
Amounts owed to other participating interests	-	8
Other taxation and social security	123	135
Other creditors	630	61
Accruals and deferred income	179	400
	<u>1,187</u>	<u>903</u>

13. Statement of funds

Statement of funds - current year

	Balance at 1 January 2020 \$000	Income \$000	Expenditure \$000	Gains/ (Losses) \$000	Balance at 31 December 2020 \$000
Unrestricted funds					
Reserves	<u>16,649</u>	<u>955</u>	<u>(512)</u>	<u>(147)</u>	<u>16,945</u>
Restricted funds					
Restricted fund	<u>-</u>	<u>317</u>	<u>(317)</u>	<u>-</u>	<u>-</u>
Total of funds	<u>16,649</u>	<u>1,272</u>	<u>(829)</u>	<u>(147)</u>	<u>16,945</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2019 \$000	Income \$000	Expenditure \$000	Gains/ (Losses) \$000	Balance at 31 December 2019 \$000
Unrestricted funds					
Reserves	16,444	983	(727)	(51)	16,649
Restricted funds					
Restricted fund	-	118	(118)	-	-
Total of funds	16,444	1,101	(845)	(51)	16,649

14. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 \$000	Total funds 2020 \$000
Tangible fixed assets	17,816	17,816
Current assets	1,041	1,041
Creditors due within one year	(1,187)	(1,187)
Provisions for liabilities and charges	(725)	(725)
Total	16,945	16,945

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 \$000	Total funds 2019 \$000
Tangible fixed assets	17,717	17,717
Current assets	531	531
Creditors due within one year	(903)	(903)
Provisions for liabilities and charges	(696)	(696)
Total	16,649	16,649

15. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 \$000	2019 \$000
Net income for the period (as per Statement of Financial Activities)	443	256
Adjustments for:		
Exchange rate adjustment on pensions obligations	-	1
Defined benefit pension scheme (loss)/gain	(118)	(597)
Depreciation	37	32
(Increase)/decrease in debtors	(30)	81
Increase in creditors	284	446
Net cash provided by operating activities	616	219

16. Analysis of cash and cash equivalents

	2020 \$000	2019 \$000
Cash in hand	938	458
Total cash and cash equivalents	938	458

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Analysis of changes in net debt

	At 1 January 2020 \$000	Cash flows \$000	At 31 December 2020 \$000
Cash at bank and in hand	458	480	938
	<u>458</u>	<u>480</u>	<u>938</u>

18. Pension commitments

World ORT Trust operates the following pension plans:

The Defined Contribution Pension Scheme

Employees not in the defined benefit pension scheme are eligible to join the defined contribution pension scheme after three months service. The assets of the scheme are held separately from those of World ORT Trust in an independently administered fund. World ORT Trust contributes up to 5%.

The Defined Benefit Pension Scheme

World ORT Trust operates a defined benefit scheme known as the ORT Retirement Benefit Plan which is administered by a third party. The scheme closed to new entrants in 1999. The assets of the scheme are held separately to those of the charity.

In the next accounting year World ORT Trust will have no active members. The Valuation used has been based on the most recent actuarial valuation at 1 January 2018 and was updated by the actuary, Aviva, to take account of the requirements of FRS102 in order to assess the liabilities of the scheme at December 2020. Scheme assets are stated at their market value at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	At 31 December 2020 %	At 31 December 2019 %
Discount rate	1.3	2.0
Future salary increases	1.0	1.0
Inflation assumption	2.90	2.95
CPI pension escalation	2.40	1.95
Allowance for commutation for cash at retirement	1.95	1.95

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Pension commitments (continued)

	At 31 December 2020 Years	At 31 December 2019 Years
Mortality rates (in years)		
- for a male aged 65 now	22.5	22.4
- at 65 for a male aged 45 now	24.1	24.0

The charity's share of the assets in the scheme was:

	At 31 December 2020 \$000	At 31 December 2019 \$000
Aviva - Deferred Allocation Funding With-Profits policy	549	401
Aviva - Value for Guaranteed Annuity Options	271	460
Cash and other liquid assets	445	445
Total fair value of assets	1,265	1,306

The actual return on scheme assets was \$[enter amount] (2019 - \$[enter amount]).

The amounts recognised in the Statement of financial activities are as follows:

	2020 \$000	2019 \$000
Current service cost	(1)	(6)
Interest cost	(14)	(46)
Administrative expenses	(4)	-
Expected return on plan assets	-	14
Total amount recognised in the Statement of financial activities	(19)	(38)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2020 \$000
Opening defined benefit obligation	(1,983)
Current service cost	(1)
Interest cost on benefit obligation	(40)
Actuarial gains and losses	(333)
Closing defined benefit obligation	(2,357)

Movements in the fair value of the charity's share of scheme assets were as follows:

	2020 \$000
Opening fair value of scheme assets	1,298
Interest income	27
Expected return on plan assets	194
Contributions by employer	117
Administration fee paid from scheme assets	(4)
Closing fair value of scheme assets	1,632

19. Related party transactions

The Charity has taken advantage of the exemption contained in FRS102 Section 33 "Related Party disclosures" from disclosing transactions with the entities which are a wholly owned part of the group.

The Trustees of the Charity are considered to be key management personnel. Total remuneration in respect of these individuals is given in note 3.

There were no transactions with related parties during 2020.

20. Post balance sheet events

During the year the Charity entered into an agreement to sell that part of the freehold property not occupied by it or World Ort for £8.75 million. The sale is conditional upon the Charity obtaining vacant possession. This was achieved in June 2021 and the sale will be recognised in the financial statements for the year ending 31 December 2021.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is World ORT which is a charity registered in Switzerland and its registration number is CH-6600148971-1.

The consolidated financial statements of World ORT, which include the results of World ORT Trust, are available to the public on website www.ort.org.