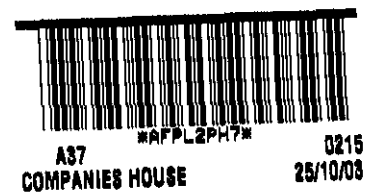


**CHEVRAS TSEDOKOH LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE**  
**YEAR ENDED 30 SEPTEMBER 2002**

**COMPANY NO: 3242641**  
**CHARITY NUMBER 1058260**



**COHEN ARNOLD & CO.**  
Chartered Accountants & Registered Auditors  
New Burlington House  
1075 Finchley Road  
LONDON NW11 0PU

**CHEVRAS TSEDOKOH LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

<b>CONTENTS</b>	<b>PAGES</b>
Members of the board and professional advisers	<b>1</b>
Trustees annual report	<b>2 to 3</b>
Independent auditors' report	<b>4 to 5</b>
Statement of financial activities	<b>6</b>
Balance sheet	<b>7</b>
Notes to the financial statements	<b>8 to 13</b>

**CHEVRAS TSEDOKOH LIMITED**  
**MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS**

**The board of trustees**

Mr. A Klein  
Mr. J Sternlicht  
Mrs. S Padwa  
Mr. M Saberski (appointed on 27 March 2003)

**Company secretary**

Joshua Sternlicht

**Registered office**

New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

**Auditors**

Cohen Arnold & Co.  
Chartered Accountants  
& Registered Auditors  
New Burlington House  
1075 Finchley Road  
LONDON NW11 0PU

**Bankers**

Barclays Bank  
Hertsmere House  
2 Hertsmere Road  
P.O. Box 35721  
LONDON  
E14 4UA

**Solicitors**

Kanter Jules  
33 Margaret Street  
Cavendish Square  
London  
W1N 8JJ

**CHEVRAS TSEDOKOH LIMITED**  
**TRUSTEES ANNUAL REPORT**  
**YEAR ENDED 30 SEPTEMBER 2002**

The trustees, who are also Directors for the purposes of the Companies Act, have pleasure in presenting their report and the financial statements of the charity for the year ended 30 September 2002.

**LEGAL STATUS**

The legal and administrative information of the charity is shown on page 1 of the financial statements and forms part of this report.

**CHARITY OBJECTS**

To foster, assist and promote the charitable activities of any institution professing and teaching the principles of traditional Judaism, to advance the religion in accordance with the Orthodox Jewish faith and to give philanthropic aid to the Jewish needy.

**ORGANISATION STRUCTURE AND REVIEW**

The organisation is run by the trustees each of whom holds office for life or until ceasing to hold office by virtue of Article 48 of the Articles of Association.

None of the trustees have any beneficial interest in the charity.

The charity's incoming resources have increased from £1.5m in 2001 to £4.2m in the current year. The resources expended have also increased from £.08m to £1.5m. During the year the charity received restricted donations totalling £2,469,601, which were used to purchase a property. As the property was purchased during the year, the restriction no longer applies and all funds have been transferred to unrestricted funds.

**INVESTMENT POWERS**

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the trustees see fit.

**RELATED PARTY TRANSACTIONS**

All related party transactions have been disclosed in the financial statements.

**FIXED ASSETS, LAND AND BUILDINGS**

The movements in fixed assets are fully reflected in note 9 to the financial statements. The investment properties have been revalued by the trustees at the Balance Sheet date.

**RESERVES POLICY**

The reserves policy is to ensure that there is a sufficient stream of income to meet the ongoing calls made on the charity.

**RESULTS**

The results for the year, and the charity's financial position at the end of the year are shown in the attached financial statements.

**CHEVRAS TSEDOKOH LIMITED**  
**TRUSTEES ANNUAL REPORT** *(continued)*  
**YEAR ENDED 30 SEPTEMBER 2002**

**THE TRUSTEES**

The trustees who served the charity during the period were as follows:

Mr. A Klein  
Mr. J Sternlicht  
Mrs. S Padwa

**TRUSTEES' RESPONSIBILITIES**

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those financial statements, the trustees are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**RISKS POLICY**

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

**AUDITORS**

A resolution to re-appoint Cohen Arnold & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the trustees

A handwritten signature in black ink, appearing to be 'J. Sternlicht', written over a horizontal line.

JOSHUA STERNLICHT  
Company Secretary

Approved by the trustees on 09.10.2003

# **CHEVRAS TSEDOKOH LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**YEAR ENDED 30 SEPTEMBER 2002**

We have audited the financial statements which comprise the Statement of Financial Activities, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS**

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We are not required to consider whether the statement in the Trustees Annual Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

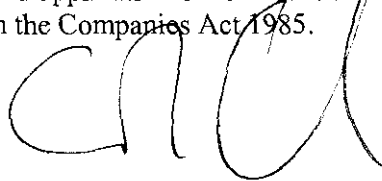
**CHEVRAS TSEDOKOH LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS** *(continued)*

**YEAR ENDED 30 SEPTEMBER 2002**

**OPINION**

In our opinion the financial statements give a true and fair view of the charity's state of affairs as at 30 September 2002 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COHEN ARNOLD & CO.  
Chartered Accountants  
& Registered Auditors

New Burlington House  
1075 Finchley Road  
LONDON NW11 0PU

*24th October 2003*  
.....

**CHEVRAS TSEDOKOH LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 30 SEPTEMBER 2002**

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £	Total Funds 2001 £
<b>INCOMING RESOURCES</b>					
Donations	2	271,500	2,469,601	2,741,101	820,000
Investment income	3	1,404,697	—	1,404,697	628,000
Interest receivable	4	11,090	—	11,090	6,938
<b>TOTAL INCOMING RESOURCES</b>		<u>1,687,287</u>	<u>2,469,601</u>	<u>4,156,888</u>	<u>1,454,938</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds:</b>					
Cost of generating funds	5	1,018,261	—	1,018,261	436,608
<b>Charitable expenditure:</b>					
Costs in furtherance of charitable objects	6	492,300	—	492,300	410,000
Management and administration	7	11,919	—	11,919	3,042
<b>TOTAL RESOURCES EXPENDED</b>	8	<u>1,522,480</u>	<u>—</u>	<u>1,522,480</u>	<u>849,650</u>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		164,807	2,469,601	2,634,408	605,288
Transfer between funds		<u>2,469,601</u>	<u>(2,469,601)</u>	<u>—</u>	<u>—</u>
<b>NET INCOMING RESOURCES FOR THE YEAR</b>		2,634,408	—	2,634,408	605,288
<b>OTHER RECOGNISED GAINS AND LOSSES</b>					
Unrealised gains on investments		<u>2,040,862</u>	<u>—</u>	<u>2,040,862</u>	<u>—</u>
Net movement in funds relating to the year		4,675,270	—	4,675,270	605,288
Balances brought forward		<u>1,983,871</u>	<u>—</u>	<u>1,983,871</u>	<u>1,378,583</u>
Balances carried forward		<u>6,659,141</u>	<u>—</u>	<u>6,659,141</u>	<u>1,983,871</u>

The Statement of Financial Activities incorporates the Statement of Total  
Recognised Gains and Losses required by FRS 3.

All of the activities of the charity are classed as continuing.

The notes on pages 8 to 13 form part of these financial statements.




# CHEVRAS TSEDOKOH LIMITED

## BALANCE SHEET

30 SEPTEMBER 2002

	Note	2002 £	2001 £
<b>FIXED ASSETS</b>			
Investments	9	45,025,000	7,294,947
<b>CURRENT ASSETS</b>			
Debtors	10	615,979	-
Cash at bank		482,349	421,726
		<u>1,098,328</u>	<u>421,726</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(1,801,044)</u>	<u>(408,141)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(702,716)	13,585
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>44,322,284</u>	<u>7,308,532</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	<u>(37,663,143)</u>	<u>(5,324,661)</u>
<b>NET ASSETS</b>		<u>6,659,141</u>	<u>1,983,871</u>
<b>FUNDS</b>			
Unrestricted	13	<u>6,659,141</u>	<u>1,983,871</u>
<b>TOTAL FUNDS</b>		<u>6,659,141</u>	<u>1,983,871</u>

These financial statements were approved by the members of the committee on the 09.10.2003... and are signed on their behalf by:

  
MR. A KLEIN

  
MR. J STERNLICHT

The notes on pages 8 to 13 form part of these financial statements.

**CHEVRAS TSEDOKOH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) and the Companies Act 1985.

**Voluntary Income**

Donations represent voluntary amounts receivable during the period.

**Expenditure**

All expenditure is classified under the Charity's principal categories of charitable and other expenditure and by the type of expense.

**Fund Accounting**

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

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

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

**Properties held for Investment**

Investment Properties are included in the Balance Sheet at trustees' valuation. The unrealised gains and losses are shown in the Statements of Financial Activities.

**Acquisitions and Disposals**

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

**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 not registered for value added tax (VAT) and is therefore unable to reclaim any input tax it suffers on its purchases. Expenditure in the Accounts is therefore shown inclusive of VAT where appropriate. However, the investment property acquired during the year is VAT registered, hence all property related income and expenditure is stated net of VAT in these financial statements.

**CHEVRAS TSEDOKOH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**1. ACCOUNTING POLICIES** *(continued)*

**Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

**2. DONATIONS**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2002 £</b>	<b>Total Funds 2001 £</b>
General Donations	-	2,469,601	2,469,601	600,000
Charitable Organisations	271,500	-	271,500	220,000
	<u>271,500</u>	<u>2,469,601</u>	<u>2,741,101</u>	<u>820,000</u>

The general donations of £2,469,601, which were restricted for the purchase of a property, were received from Cedarhope Properties Limited, the shareholders and directors of which are related to the trustees of the company. (2001- £600,000 was received from Regentpost Limited, a company of which Mrs S Padwa is a director.)

The donations received from charitable organisations relate to amounts received from Shulem B. Association Limited, a registered charity, the trustees of which include Mr A Klein and Mr J Sternlicht.

**3. INVESTMENT INCOME**

	<b>Value 2002 £</b>	<b>Value 2001 £</b>	<b>Income 2002 £</b>	<b>Income 2001 £</b>
UK Investment properties	<u>45,025,000</u>	<u>7,294,947</u>	<u>1,404,697</u>	<u>628,000</u>

**4. INTEREST RECEIVABLE**

	<b>2002 £</b>	<b>2001 £</b>
Bank interest receivable	4,211	6,938
Other interest receivable	6,879	-
	<u>11,090</u>	<u>6,938</u>

**CHEVRAS TSEDOKOH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**5. COST OF GENERATING FUNDS**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £	Total Funds 2001 £
Investment management costs	14,549	-	14,549	-
Bank loan interest	985,605	-	985,605	436,608
Finance cost	18,107	-	18,107	-
	<u>1,018,261</u>	<u>-</u>	<u>1,018,261</u>	<u>436,608</u>

**6. COSTS IN FURTHERANCE OF CHARITABLE OBJECTS**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £	Total Funds 2001 £
<b>Provision of charitable services:</b>				
Charitable donations	<u>492,300</u>	<u>-</u>	<u>492,300</u>	<u>410,000</u>

**Analysis of provision of charitable services:**

	Grants paid £	Other costs £	Total 2002 £	Total 2001 £
Charitable donations	<u>492,300</u>	<u>-</u>	<u>492,300</u>	<u>410,000</u>

**Grants payable included in the above:**

Siva Chartiabile Trust	192,300	15,000
Society of Friends of the Torah	-	10,000
United Talmudical Associates Limited	300,000	385,000
	<u>492,300</u>	<u>410,000</u>

**7. MANAGEMENT AND ADMINISTRATION**

	Unrestricted Funds £	Restricted Funds £	Total Funds 2002 £	Total Funds 2001 £
Accountancy fees	5,523	-	5,523	940
Audit fees	4,750	-	4,750	1,586
Legal and professional	1,370	-	1,370	423
Interest payable	276	-	276	93
	<u>11,919</u>	<u>-</u>	<u>11,919</u>	<u>3,042</u>

**CHEVRAS TSEDOKOH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**8. TOTAL RESOURCES EXPENDED**

	<b>Grants paid and other costs £</b>	<b>Total Funds 2001 £</b>
Direct charitable expenditure	492,300	410,000
Cost of generating funds	1,018,261	436,608
Management and administration	11,919	3,042
	<u>1,522,480</u>	<u>849,650</u>

No salaries or wages have been paid to employees, including the members of the committee, during the year.

**9. INVESTMENTS**

**Movement in market value**

	<b>2002 £</b>	<b>2001 £</b>
Market value at 1 October 2001	7,294,947	7,294,947
Acquisitions at cost	35,689,191	-
Net gains on revaluations in the year ended 30 September 2002	2,040,862	-
Market value at 30 September 2002	<u>45,025,000</u>	<u>7,294,947</u>
Historical cost at 30 September 2002	<u>42,984,138</u>	<u>7,294,947</u>

**Analysis of investments at 30 September 2002 between funds**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2002 £</b>	<b>Total Funds 2001 £</b>
<b>Other</b>				
UK Investment properties	45,025,000	-	45,025,000	7,294,947
	<u>45,025,000</u>	<u>-</u>	<u>45,025,000</u>	<u>7,294,947</u>

**Analysis of freehold and leasehold properties**

	<b>2002 £</b>	<b>2001 £</b>
Freehold	8,375,000	7,294,947
Leasehold	36,650,000	-
	<u>45,025,000</u>	<u>7,294,947</u>

**CHEVRAS TSEDOKOH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**10. DEBTORS**

	2002 £	2001 £
Other debtors	600,201	—
Sundry debtors and prepayments	15,778	—
	<u>615,979</u>	<u>—</u>

Other debtors include unamortised finance costs of £600,191. In accordance with FRS4 these finance costs will be spread over the terms of the loan and the finance cost will be allocated to the Profit and Loss Account at a constant rate.

**11. CREDITORS: Amounts falling due within one year**

	2002 £	2001 £
Bank loans and overdrafts	654,834	130,000
Rent in advance	429,919	157,000
Other creditors	5,000	5,000
Sundry creditors and accruals	711,291	116,141
	<u>1,801,044</u>	<u>408,141</u>

The other creditor is Cedarhope Properties Limited, the shareholders and directors of which are related to the trustees. The loan is interest free and repayable on demand.

The following liabilities disclosed under creditors falling due within one year are secured by the charity:

	2002 £	2001 £
Bank loans	<u>654,536</u>	<u>130,000</u>

The bank loans, which are secured by first legal charges over the investment properties included in the financial statements at £45,025,000, are subject to fixed rate of interests and are repayable on 17 July 2009 and 25 March 2014.

**12. CREDITORS: Amounts falling due after more than one year**

	2002 £	2001 £
Bank loans	<u>37,663,143</u>	<u>5,324,661</u>

The bank loans, which are secured by first legal charges over the investment properties included in the financial statements at £45,025,000, are subject to fixed rate of interests and are repayable on 17 July 2009 and 25 March 2014.

**CHEVRAS TSEDOKOH LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 SEPTEMBER 2002**

**13. ANALYSIS OF NET ASSETS IN UNRESTRICTED FUNDS**

	Investments £	Other net assets £	Total £
Unrestricted funds	<u>6,606,611</u>	<u>52,530</u>	<u>6,659,141</u>