

MOSAIC REFORM SYNAGOGUE
(A company limited by guarantee)

Report and Financial Statements

Year ending 31 December 2019

Charity number 1159303

Company number 08825271

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INTRODUCTION

The Council of Mosaic Reform Synagogue is pleased to present its annual report and financial statements for the year ended 31st December 2019. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with Laws of the Synagogue, the Charities Act 2011 and 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 1st January 2019).

The Report is structured as follows:

- legal and administrative information;
- narrative information about the objects of MRS, how MRS is organised to fulfil these objects, and information about MRS's activities during the year;
- the financial statements, including auditors' report.

DIRECTORS AND TRUSTEES

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees collectively serve as members of the Council, which is the controlling body of the charity. During the year these were as follows:

| | | |
|---------------------------|------------------|-------------------------|
| Chairman | L S Chadwick | |
| Vice Chairman | D Safir | Served to 20 May 2019 |
| Honorary Secretary | Mrs C Y Chadwick | |
| Honorary Treasurer | Mrs A H Banks | |
| President | S A Noble | Served to 20 May 2019 |
| Joint President | S A Noble | Served from 20 May 2019 |
| Joint President | D Safir | Served from 20 May 2019 |
| Members of Council | R Goldsmith | |
| | A H Grant | |
| | J Highfield | |
| | D Martin | |
| | M A Newman | |
| | S Roos | |
| | Mrs M A Singer | |

LEGAL AND ADMINISTRATIVE INFORMATION

Full name and address of charity

MOSAIC REFORM SYNAGOGUE
39 BESSBOROUGH ROAD
HARROW MIDDLESEX HA1 3BS

Governing document and constitution

The "Articles of Association of Mosaic Reform Synagogue" were adopted at the Synagogue's Annual General Meeting in May 2018.

Charitable Status

The Synagogue has direct charitable status with the Charity Commission and its charity registration number is 1159303. Council confirms that during the year the Synagogue has complied with the requirements of the Charity Commission and other bodies such as HM Revenue & Customs, in order to maintain its charitable status.

Names of Trustees

The management of the Synagogue's affairs is vested in the Council, which is elected by the membership of the Synagogue in General Meeting. The names of Council members serving during the year under review are listed on page 2. The Synagogue's chief asset which is the building at 39 Bessborough Road, is held by custodian trustees for the benefit of the membership as a whole. The custodian trustees during the year were Jeremy Banks (up to 15th December 2019), Jeff Highfield and David Leibling.

Names and addresses of bankers, auditors and other advisors

| | | |
|-------------------------------------|---|---------------------------------|
| Bankers | Santander 62 Hagley Road Birmingham | HSBC 1 South Place London |
| Auditors | The HHC Partnership Ltd Suite 2 9 West End Kemsing Sevenoaks Kent TN15 6PX | |
| Solicitors for property transaction | Brecher LLP 4th Floor 64 North Row London W1K 7DA | |

The Synagogue has not appointed any other advisors, although members of the congregation do advise the Council on professional matters within their own areas of expertise. In particular, during the year, Michael Harris continued to act as Honorary Solicitor.

NARRATIVE INFORMATION

The Laws of the Synagogue state its objects to be "the advancement of the Jewish religion in particular by the provision of a Synagogue, the advancement of education and of charitable activities and the support of such charitable institutions as the Council shall from time to time determine."

The Synagogue pursues these objects by:

- conducting Divine Service on Sabbaths and Holy Days, in the Synagogue building and in other locations decided by Council;
- running a religion school, classes to prepare for bar/bat mitzvah ceremonies and adult education classes;
- organising clubs and social activities intended for all age groups in the membership;
- holding fund raising events and making charitable appeals to support its own activities, and in order to support other charities, both Jewish and secular, locally, within the UK and internationally;
- being a constituent member of Reform Judaism (UK) (see note 4 to the financial statements)
- affiliating to the Jewish Joint Burial Society, in order to secure appropriate burial rights for its members, and affiliating to the Board of Deputies of British Jews and other communal bodies and organisations.
- In 2014 the Synagogue became a founder member of Mosaic Jewish Community, an umbrella organisation encompassing three independent Synagogues, coming together to facilitate Social Educational and Cultural activities for their communal benefit.

The Synagogue's activities are in the main managed through committees responsible for specific areas. Reports on the achievements of the various committees and groups in 2019 will be presented in the "Annual General Meeting Report - 2019" available from the Synagogue office.

The Annual General Meeting itself and the associated administrative tasks have been affected and delayed by the Covid-19 emergency.

There are a number of individuals who receive remuneration to enable the Synagogue to achieve the objects described above. Some are employed directly by the Synagogue and others by Mosaic Jewish Community (MJC) which provides their services to its three constituent synagogues. Some are paid fees for their services rather than being employees of either the Synagogue or MJC.

The remunerated individuals include the Rabbi, the Careworker, the Synagogue Administrator and other office staff, the Director of Music, caretakers and cleaning staff, and teachers and classroom assistants in the Religion School.

However, the majority of the Synagogue's activities are organised and managed by volunteers from the membership of the Synagogue itself, and the Synagogue could not successfully carry out its functions without the contributions from these volunteers.

MAJOR DEVELOPMENTS IN 2019

The Trustees of the Synagogue have been aware for many years that demographic changes have led to its location in central Harrow no longer being ideal for many of our members.

Eight years ago the Synagogue and other constituent members of Mosaic Jewish Community created a Property Working Group (PWG) which was tasked with identifying suitable sites to which the Synagogue could relocate. Various factors have made this search extremely challenging but in June 2018 the PWG became aware of the possibility of an opportunity to relocate.

The PWG identified a site on Stanmore Hill and negotiated to acquire a lease for the Synagogue of the ground floor of a 3-storey building to be built on that site, with separately owned residential accommodation above. MRS also contracted to sell the freehold of Bessborough Road. Both sale and acquisition contracts were exchanged but were dependent upon planning permission for development of both sites being granted by London Borough of Harrow. Permission was granted at a meeting of the Planning Committee in January 2020.

MAJOR DEVELOPMENTS IN 2019 - continued

Following granting of planning permission the Developer entered into further negotiations with London Borough of Harrow in order to obtain the consents required under Section 106 of the 1990 Town & Country Planning Act. At the date of preparation of this Trustees' Report the S.106 agreement has not been finalised or signed.

REVIEW OF THE FINANCIAL DEVELOPMENT OF THE SYNAGOGUE'S GENERAL FUNDS

The Synagogue's main source of income is from its membership subscriptions and from associated tax reclaims. Membership numbers decreased from 362 family units at the beginning of the year to 356 at the end. This represents a decrease in the number of adults from 532 to 522.

Other significant sources of income include donations received, and as in 2018 rental income from Mosaic Liberal of £19,000. This is the main component of Hall Hire income of £25,628 (2018: £23,266)

The total incoming resources to the Synagogue General Funds in 2019 were £283,616 compared to £276,500 in 2018. Although in 2019 there was a reduction in subscription income from members compared to 2018 this was offset by donation income received and associated tax recoveries.

Total expenditure from General Funds in 2019 is £289,031 compared to £266,700 in 2018. However there are significant distorting factors which must be taken into account, These are explained below.

- Premises costs in 2019 are £53,200 compared to 2018 when they were £47,200. The difference is mainly the result of a refund of £9,000 from our gas and electricity supplier received in 2018. Additionally with the anticipated disposal of 39 Bessborough Road the provisions made in earlier years for repairs to that building were utilised to reduce the amount charged for premises costs in the 2018 accounts.
- MRS is a constituent member of Reform Judaism (UK), (RJ(UK)). As such MRS pays RJ(UK) a membership levy based on its subscription income. For 2019 this levy will amount to about £34,400 and for 2018 is about £35,600. In order to support MRS in its attempt to relocate RJ(UK) agreed to accept £25,200 for 2018 with the difference of £10,400 being regarded as a contingent liability. That meant that this £10,400 would only be paid to RJ(UK) if and when the Synagogue's financial position allowed it to do so. No provision for the £10,400 was therefore made in the 2018 accounts. Arrangements of a similar nature were in place for the 2019 calendar year during which time the Synagogue paid £12,000 of the estimated levy of £34,400. The granting of planning permission for the proposed developments at Bessborough Road and Stanmore Hill and the ongoing subsequent negotiations have changed the judgement about the likelihood that the Synagogue will be in a position to pay the 2018 and 2019 levy shortfall to Reform Judaism (UK). On the balance of probabilities the Trustees are of the view that full provision should now be made for the levy liability for 2019 and for the shortfall in the payment of the levy in 2018. As a result the amount appearing in expenses for this levy in 2019 is £44,828 in comparison to £25,200 in 2018.

At this point it is appropriate to thank Reform Judaism (UK) for their continued support of our efforts to relocate.

For 2019 there is an overall deficit on General Funds of £5,415. This compares with a surplus of £9,837 in 2018 which would not have existed if the full amount of the Reform Judaism levy had been charged in those accounts.

REVIEW OF THE FINANCIAL DEVELOPMENT OF THE SYNAGOGUE'S RESTRICTED FUNDS

The Statement of Recommended Practice "Accounting and Reporting by Charities" requires the separate accounting of funds that are "earmarked either by the donor or by the terms of an appeal for particular projects".

During 2019 MRS collected funds for projects and activities within the Synagogue itself, or for payment on to specified recipients. These funds came from a number of sources, notably the voluntary contributions for MRJ and the Board of Deputies, and the High Holy Day Appeal and donations from individuals towards a Building fund to assist with expenditure connected to the project to relocate to Stanmore.

In 2019 the High Holy Day Appeal raised about £12,000 of which £10,420 had been received by the year end. Of this £6,150 was transferred to the General Funds of the Synagogue, and the remainder was gifted to a range of small charities after the end of the calendar year.

RESPONSIBILITY OF THE COUNCIL FOR ASSESSMENT AND MITIGATION OF MAJOR RISKS

It is the responsibility of Council to identify and assess the major risks to which the Synagogue is exposed, and to endeavour to mitigate these. The council undertakes an on-going programme of assessments of this nature in order to identify and reduce such risks.

A particular risk that has concerned the Trustees during the past two years relates to costs and liabilities connected with the proposed relocation to Stanmore. The financial risk arising from this has been significantly mitigated through the support received from Reform Judaism (UK) as detailed elsewhere in the Report.

A significant source of risk that arose after the Balance Sheet date is the Covid-19 pandemic. The Trustees of the Synagogue have responded to that in accordance with Government Guidelines by closing the Synagogue building and providing religious services and a range of cultural events using Zoom video conferencing.

Subscription income has not diminished since the onset of the pandemic. In addition, volunteering to assist with services and online events has increased, as has volunteering to give support to the elderly and vulnerable.

RESPONSIBILITY OF THE COUNCIL FOR FINANCIAL STATEMENTS

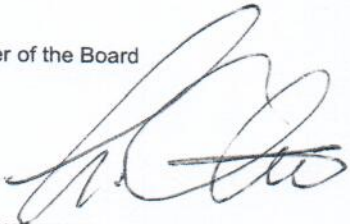
By law applicable to charities in England and Wales, the Council of the Synagogue is responsible for the preparation of the financial statements for each financial year which shall give a true and fair view of the state of affairs of the Synagogue at the end of that year and of the incoming resources and application of resources of the Synagogue for that year. In preparing these financial statements the Council is required to follow best practice and to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Synagogue will continue its operations.

The Council is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Synagogue and which enable it to ensure that the financial statements comply with the Companies Act 2006 and the Charities Act 2011, the applicable Charities (Accounts and Reports Regulations) and the terms of its Laws. It is also responsible for safeguarding the Synagogue's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is also responsible for the maintenance and integrity of the charity and financial information included on the Synagogue's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements.

By Order of the Board



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L S CHADWICK
Director

1st July 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOSAIC REFORM SYNAGOGUE

Opinion

We have audited the financial statements of Mosaic Reform Synagogue (the 'charitable company') for the year ended 31 December 2019, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, 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).

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

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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF MOSAIC REFORM SYNAGOGUE - continued

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



ALAN COPLESTON
Senior Statutory Auditor

For and on behalf of
THE HHC PARTNERSHIP Ltd
Chartered Accountants and
Registered Auditors

1st July 2020

The HHC Partnership Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 DECEMBER 2019

| Income and Expenditure | Note | General Funds £ | Restricted Funds £ | Total Funds 2019 £ | Total Funds 2018 £ |
|---|------|-----------------------|--------------------------|-----------------------------|-----------------------------|
| Incoming Resources | | | | | |
| Incoming Resources from Generated Funds | | | | | |
| Voluntary Income: | | | | | |
| Subscriptions receivable | | 197,002 | | 197,002 | 205,028 |
| Income tax reclaims on subscriptions | | 37,112 | | 37,112 | 37,525 |
| Grants and donations | 2 | 13,333 | 15,714 | 29,047 | 25,686 |
| Income tax reclaims on donations | 2 | 5,670 | | 5,670 | 1,162 |
| Activities for Generating Funds | 3 | 25,628 | | 25,628 | 23,266 |
| Investment Income | 3 | 185 | | 185 | 106 |
| Incoming Resources from Charitable Activities | 3 | 4,686 | | 4,686 | 3,235 |
| Total Incoming Resources | | 283,616 | 15,714 | 299,330 | 296,008 |
| Resources Expended | | | | | |
| Charitable Activities: | | | | | |
| Reform Judaism (UK) assessment | 4 | 44,828 | | 44,828 | 25,200 |
| Jewish Joint Burial society | | 26,263 | | 26,263 | 26,681 |
| Premises costs | 5 | 53,225 | | 53,225 | 47,202 |
| Services costs | 6 | 82,476 | | 82,476 | 83,678 |
| Communal expenses | 7 | 4,557 | | 4,557 | 3,420 |
| Education | 8 | 6,820 | | 6,820 | 5,710 |
| Careworker | 9 | 21,984 | | 21,984 | 21,923 |
| Office and administration costs | 10 | 3,018 | 75 | 3,093 | 6,741 |
| Grants and donations | 11 | 3,000 | 11,686 | 14,686 | 24,965 |
| MJC Costs | | 40,190 | | 40,190 | 41,234 |
| | | 286,361 | 11,761 | 298,122 | 286,754 |
| Governance costs: | | | | | |
| Audit Fee | | 2,670 | | 2,670 | 2,590 |
| Other Expenditure | 2 | | | | 88,260 |
| Total Resources Expended | | 289,031 | 11,761 | 300,792 | 377,604 |
| Net Movements in Funds before transfers | | (5,415) | 3,953 | (1,462) | (81,596) |
| Transfers between funds arising from discretionary payments | | | | | |
| | | (5,415) | 3,953 | (1,462) | (81,596) |
| Balances bought forward at 1 January 2019 | | 39,776 | 215,467 | 255,243 | 336,839 |
| Balances carried forward at 31 December 2019 | | 34,361 | 219,420 | 253,781 | 255,243 |

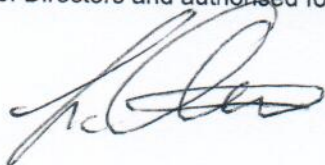
The notes on pages 12 to 21 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

| | Note | 2019 | | 2018 | |
|---|------|----------------|------------------------|----------------|------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | 15 | | 258,851 | | 259,839 |
| Current assets: | | | | | |
| Stock | | 200 | | 200 | |
| Debtors | 16 | 14,158 | | 22,421 | |
| Cash at bank and in hand | | <u>145,545</u> | | <u>142,379</u> | |
| Total current assets | | 159,903 | | 165,000 | |
| Creditors: amounts falling due within one year | 17 | (90,311) | | (128,762) | |
| Net current assets | | | <u>69,592</u> | | <u>36,238</u> |
| Total assets less current liabilities | | | <u>328,443</u> | | <u>296,077</u> |
| Creditors: amounts falling due in more than one year | 18 | | (74,662) | | (40,834) |
| Net assets | | | <u>£253,781</u> | | <u>£255,243</u> |
| Funds | | | | | |
| Unrestricted | | | 34,361 | | 39,776 |
| Restricted | | | 219,420 | | 215,467 |
| Net Reserves | | | <u>£253,781</u> | | <u>£255,243</u> |

Approved by the Board of Directors and authorised for issue on 1st July 2020

L S CHADWICK
Director



MOSAIC REFORM SYNAGOGUE
Company registration number (England and Wales) 08825271

The notes on pages 12 to 21 form part of these financial statements.

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2019

| | 2019 | 2018 |
|--|------------------------|------------------------|
| | £ | £ |
| Net cash provided by operating activities | <u>2,981</u> | <u>6,970</u> |
| Cash flows from investing activities: | | |
| Bank interest | 185 | 106 |
| Purchase of tangible fixed assets | - | - |
| Net assets introduced | - | - |
| Net cash provided by investing activities | <u>185</u> | <u>106</u> |
| Change in cash and cash equivalents in the year | 3,166 | 7,076 |
| Cash and cash equivalents brought forward | 142,379 | 135,303 |
| Cash and cash equivalents carried forward | <u><u>£145,545</u></u> | <u><u>£142,379</u></u> |

Reconciliation of Net Movement in Funds to Net Cash Flows from Operating Activities

| | | |
|--|----------------------|----------------------|
| Net movement in funds | (1,462) | (81,596) |
| Adjustments for: | | |
| Depreciation charges | 988 | 1,247 |
| Interest income shown in investing activities | (185) | (106) |
| Decrease/(increase) in debtors | 8,263 | 6,204 |
| (Decrease)/increase in creditors | (4,623) | 80,511 |
| Decrease/(increase) in stock | 0 | 710 |
| Net cash provided by operating activities | <u><u>£2,981</u></u> | <u><u>£6,970</u></u> |

The notes on pages 12 to 21 form part of these financial statements.

NOTES TO THE ACCOUNTS

1- ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these accounts are set out below. These policies have been consistently applied unless otherwise stated.

a) Statement of Compliance

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. These set out the recommended treatment of material transactions and balances in the accounts of charities. In particular, they make a distinction between funds received and balances held for the general purposes of the charity ("Unrestricted funds") and those received or held for purposes specified by the donor ("Restricted funds").

The Synagogue constitutes a public benefit entity as defined by FRS 102.

b) Basis of Presentation

The accounts have been prepared under the historic cost convention and generally in accordance with the accruals concept, unless noted below.

c) Presentation Currency

The accounts have been prepared and are presented in pounds sterling, which is the operational currency of the Synagogue. This is consistent with previous years.

d) Funds Structure

The Synagogue has Restricted and Unrestricted funds.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or the constitution of the Synagogue. Details of these are given in Note 2 to the accounts.

Unrestricted funds comprise those funds which the Council are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where Council, at its discretion, has created funds for specific purposes.

e) Income recognition

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

Subscription income is credited on a receipts basis, with the exception of subscriptions received in respect of future periods, which are accounted for on an accruals basis. Tax reclaims are accounted for on an accruals basis, based on the period in which the relevant subscription income was accounted for.

Donations and legacies are recognised when the synagogue has been informed both of the amount and settlement date. In the event that conditions apply before the Synagogue will become entitled to the funds, the income is deferred until the conditions are fully met.

All other income is credited on a receipts basis except where it relates to future events.

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f) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Irrecoverable VAT is included in the expenditure heading to which it relates to.

Resources expended are included within the appropriate heading to which they relate. Direct costs relating to activities in furtherance of the Synagogue's charitable objects are included as costs of those activities. General office administration costs are shown separately as such and are not apportioned across costs of activities in any way. Governance costs comprise all costs involving the public accountability of the synagogue and its compliance with regulation and good practice.

Donations and grants are payments made to third parties in the furtherance of the charitable objects of the Synagogue. Council makes donations and grants from funds held and available for such purposes. They are accounted for when the payment falls due to be made.

g) Tangible fixed assets

Tangible fixed assets are held at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided at the following rates in order to write off each asset over its estimated useful life;

| | |
|---------------------------------------|----------------------|
| Motor vehicles | 25% reducing balance |
| Computers | 33% reducing balance |
| Scrolls and Siddurim | 20% reducing balance |
| Furniture, fittings & other equipment | 25% reducing balance |
| Land and buildings | not depreciated |

h) Stocks

Stocks of goods and publications held for resale are valued at the lower of cost and net realisable value

i) Taxation

The synagogue is a registered charity and therefore not liable for income or corporation taxes on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

j) Pensions

The Synagogue does not operate a pension scheme for its employees. It contributes to the personal pension arrangements of certain employees and the costs are charged to general funds as they arise.

2 - MOVEMENTS ON RESTRICTED FUNDS

| | Balance at 1 January £ | Income £ | Transfers In/(Out) £ | Outgoing £ | Balance at 31 December £ |
|---------------------------------|------------------------------|----------------|----------------------------|---------------|--------------------------------|
| High Holy Day appeals | (183) | 10,420 | (6,150) | 250 | 3,837 |
| Board of Deputies contributions | 6,354 | 3,855 | 0 | 2,865 | 7,344 |
| Building fund | 180,096 | 1,000 | 0 | 0 | 181,096 |
| Other funds | 29,199 | 439 | 0 | 2,496 | 27,142 |
| Total Restricted Funds | £215,467 | £15,714 | (£6,150) | £5,611 | £219,420 |

Income and outgoing amounts include both donations and the income tax reclaimable on those donations.

ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Fixed assets £ | Net current assets £ | Deferred creditors £ | Total £ |
|--------------------|----------------------|----------------------------|----------------------------|-----------------|
| Restricted funds | 181,403 | 38,017 | 0 | 219,420 |
| Unrestricted funds | 77,448 | 31,575 | (74,662) | 34,361 |
| | £258,851 | £69,592 | (£74,662) | £253,781 |

SIMON LEVI FUND

During 2008 the Simon Levi Foundation was formally wound up and the balance of the fund consolidated into the finances of the Synagogue. It is held within unrestricted funds as part of the overall funds of the Synagogue and the original objectives of the trust will continue to be observed. It is only being used for these purposes and not for any of the general running of the Synagogue.

Movements on the fund during the year were as follows:

| | 2019 £ | 2018 £ |
|----------------------------------|----------------|----------------|
| Balance at 1 January | 39,251 | 41,951 |
| Grants paid to Rabbinic trainees | (3,000) | (2,700) |
| Balance at 31 December | £36,251 | £39,251 |

3 - INCOMING RESOURCES

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Activities for Generating Funds: | | |
| Hall hire revenue | 25,628 | 23,266 |
| Wedding fees | 850 | 625 |
| Surplus/(deficit) from Judaica shop | (4) | (360) |
| | 26,474 | 23,531 |
| Investment Income: | | |
| Interest Receivable | 185 | 106 |
| Charitable Activities: | | |
| Fees and donations for Religion School and related activities | 3,640 | 1,715 |
| Kiddushim charges | 200 | 1,255 |
| | 3,840 | 2,970 |
| Total Other Income | £30,499 | £26,607 |

4 - REFORM JUDAISM (UK) ASSESSMENT AND CONTINGENT LIABILITY

Mosaic Reform Synagogue (MRS) incurs a levy payable to Reform Judaism (UK) (RJ(UK)). This is calculated by RJ(UK) as a percentage of the Synagogue's net subscription income (subscriptions and associated income tax recovery less the amount payable to the Burial Society). This levy used to be assessed at a rate of 20% but the assessment has previously been reduced in stages of 0.5% per year from 20% under an agreement by which MRS has provided its membership list to enable RJ(UK) to carry out its own direct fund raising.

For 2019 the percentage is 16.5% (2018:- 16.5%) and it is expected to remain at a level of 16.5% in the future. For 2018 we therefore anticipated that RJ(UK) would ask for £35,619. However, for a number of years it has accepted lower amounts than the full levy. RJ(UK) had previously agreed that any arrears in payment of the levy incurred prior to 2018 would not fall due to be paid in less than 12 months from the year-end. They are therefore regarded as long-term liabilities and treated as such in the Balance Sheet.

During 2018 an agreement was reached with RJ(UK) to enable it to assist MRS to maintain sufficient cash flow to meet the significant professional fee expenditure required in connection with the proposed relocation to Stanmore. Under this arrangement MRS paid RJ(UK) £25,200 for 2018, which represented a shortfall of £10,419 on the amount calculated using the levy percentage. In addition RJ(UK) agreed that for the whole of 2019 it would accept payments of £1,000 per month from MRS in place of the estimated monthly payments that would have been due when calculated at 16.5%. This is anticipated to lead to a further shortfall of £22,409 compared with the full amount that would be assessed using the percentage calculation.

RJ(UK) expressly stated that it would allow MRS to regard these shortfalls arising in 2018 and 2019 as contingent liabilities. The implication of that is that RJ (UK) will not seek to recover the amounts of these shortfalls unless and until MRS has successfully completed the relocation to Stanmore and its financial position has recovered sufficiently to make payments to RJ(UK) in excess of the normal levied amounts.

As a consequence of this the shortfall for 2018 was not acknowledged as either a current or long-term liability in the 2018 accounts of MRS because very significant uncertainty remained as to when and if planning permission for the proposed developments would be granted. Without that planning permission it was considered highly unlikely that MRS would be able to meet the financial conditions required to allow payment of the shortfall to RJ(UK).

Planning permission was granted in January 2020 and a subsequent phase of negotiations was initiated between the Developer and London Borough of Harrow. At the date of preparation of these accounts those negotiations have not been concluded. Nevertheless the Council of MRS has taken the view that, on the balance of probabilities, the Synagogue is more likely than not to be in a position to pay some or all of the 2018 and 2019 shortfalls to RJ(UK). Therefore the full amount of the assessment for 2019 has been included in these accounts and the shortfall in payments for 2018 has also been included. The unpaid amounts for both years have been treated as long-term liabilities in the Balance Sheet and the effect of this is shown in Note 18.

4 - REFORM JUDAISM (UK) ASSESSMENT AND CONTINGENT LIABILITY - continued

This levy, together with levies from all other constituent congregations of RJ(UK), funds the activities of the Reform Movement from which all congregations benefit. Around one half of Movement's total income is raised in this way but the proportion is reducing as RJ(UK) raises larger amounts from direct fund raising and grants.

The major activities undertaken by RJ(UK) are:

- The Leo Baeck College Centre for Jewish Education (which trains rabbis and teachers and provides teaching materials and guidance), which is funded by Movement for Reform Judaism jointly with the Union of Liberal and Progressive Synagogues;
- Youth and Young Adults work;
- other activities aimed at working in partnership with synagogues in developing communities and promoting the image and growth of Reform Judaism;
- specific support services in a range of areas including Beth Din, music consultancy, help with Israel Planning and Social Action, Caring Community and the production of prayer books.

Members can obtain RJ(UK)'s own annual report and accounts from Reform Judaism or via the Synagogue Office. It is also available at the RJ(UK) website: www.reformjudaism.org.uk

5 - PREMISES COSTS

| | 2019 £ | 2018 £ |
|-----------------------------|----------------|----------------|
| Caretaking and housekeeping | 36,960 | 37,199 |
| Utilities | 12,531 | 4,594 |
| Repairs and maintenance | 3,734 | 5,409 |
| Total Premises costs | £53,225 | £47,202 |

6 - SERVICES COSTS

| | 2019 £ | 2018 £ |
|-------------------------------|----------------|----------------|
| Personnel | 82,206 | 83,318 |
| High Holy Day and other costs | 270 | 360 |
| Total Services costs | £82,476 | £83,678 |

7 - COMMUNAL EXPENSES

| | 2019 £ | 2018 £ |
|------------------------------------|---------------|---------------|
| Kiddushim costs | 1,421 | 2,867 |
| Other communal events and expenses | 3,136 | 553 |
| Total Communal expenses | £4,557 | £3,420 |

8 - EDUCATION

| | 2019 £ | 2018 £ |
|---------------------------------|---------------|---------------|
| Personnel | 6,820 | 5,710 |
| Other education expenses | - | - |
| Total Education expenses | £6,820 | £5,710 |

9 - CAREWORKER

| | 2019 £ | 2018 £ |
|-------------------------------|----------------|----------------|
| Personnel | 21,984 | 21,923 |
| Other expenses | - | - |
| Total careworker costs | £21,984 | £21,923 |

10 - OFFICE AND ADMINISTRATION COSTS

| | 2019 £ | 2018 £ |
|---|---------------|---------------|
| Personnel | - | - |
| Office running costs | 566 | 3,324 |
| Bank charges | 844 | 730 |
| Insurance premiums | 366 | 366 |
| Depreciation | 842 | 1,064 |
| General Fund | 71 | 90 |
| Restricted Fund | - | - |
| Professional Fees | - | - |
| Other expenses | 329 | 1,074 |
| Total office and administration expenses | £3,018 | £6,648 |

11 - GRANTS AND DONATIONS

Grants totalling £3,000 were made to 9 Rabbinic trainees from the Simon Levi Fund, a designated fund held within General Funds. No other donations were made out of Synagogue General Funds in 2019. For administrative reasons donations from the High Holyday Appeal to external organisations were delayed until after the balance sheet date.

12 - TRUSTEE REMUNERATION AND EXPENSES

No member of Council received any remuneration or expenses during the year in respect of their services in this capacity.

13 - TOTAL STAFF COSTS

During the year staff costs were as follows:

| | 2019 £ | 2018 £ |
|-----------------------------|-----------------|-----------------|
| Salaries and wages and fees | 133,551 | 134,290 |
| Employers' NIC | 6,769 | 7,036 |
| Pension contributions | 7,649 | 6,824 |
| | <u>£147,970</u> | <u>£148,150</u> |

During the year the Synagogue employed the following number of full-time equivalent staff

| | |
|----------|----------|
| <u>4</u> | <u>4</u> |
|----------|----------|

During the year the Synagogue had the following for staff whose emoluments (salary plus benefits) exceeded £50,000.

Number of staff whose total emoluments fell within the band
£60,001 - £70,000

| | |
|----------|----------|
| <u>1</u> | <u>1</u> |
|----------|----------|

Number of staff to whom retirement benefits are accruing under money
purchase schemes

| | |
|----------|----------|
| <u>1</u> | <u>1</u> |
|----------|----------|

Total contributions in the period for the provision of money purchase benefits

| | |
|---------------|---------------|
| <u>£6,487</u> | <u>£6,322</u> |
|---------------|---------------|

14 - RESOURCES EXPENDED

The following costs are included within the resources expended for the activities and running of the Synagogue:

Amounts payable to the auditor for auditing services

| | 2019 £ | 2018 £ |
|--|-------------------|-------------------|
| Amounts payable to the auditor for auditing services | £2,670 | £2,590 |
| | <u> </u> | <u> </u> |

Professional fees incurred in connection with the relocation project

| | |
|-------------------|-------------------|
| - | 88,260 |
| <u> </u> | <u> </u> |

15 - FIXED ASSETS

| | Freehold land & buildings £ | Scrolls, organs & books £ | Furniture, fixtures & equipment £ | TOTAL £ |
|----------------------------|--------------------------------------|------------------------------------|--|-----------------|
| Cost: | | | | |
| At 1 January 2019 | 254,990 | 12,828 | 83,486 | 351,304 |
| Assets introduced | - | - | - | 0 |
| Additions during the year | - | - | - | 0 |
| Disposals during the year | - | - | - | 0 |
| At 31 December 2019 | 254,990 | 12,828 | 83,486 | 351,304 |
| Depreciation: | | | | |
| At 1 January 2019 | - | 11,965 | 79,500 | 91,465 |
| Assets introduced | - | - | - | 0 |
| Charge for the year | - | 172 | 816 | 988 |
| Disposals during the year | - | - | - | 0 |
| At 31 December 2019 | - | 12,137 | 80,316 | 92,453 |
| Net Book Value: | | | | |
| At 31 December 2019 | 254,990 | 691 | 3,170 | £258,851 |
| At 31 December 2018 | 254,990 | 863 | 3,986 | £259,839 |

No depreciation is charged on the freehold building owned by the Synagogue.

The fabric of the building is regularly maintained to such a standard as to ensure that the value of the building is not impaired. As a result, Council believes that it would be inappropriate to charge depreciation. Also, Council considers the estimated useful life of the buildings to be so long that, if depreciation were to be charged, the amount involved would be immaterial.

The land and buildings have not been formally valued. However, Council considers the market value to be significantly higher than the value at which they are carried in the financial statements.

16 - DEBTORS

| | 2019 £ | 2018 £ |
|-------------------------------|-----------|-----------|
| Income Tax refunds | 13,548 | 21,921 |
| Other debtors and prepayments | 610 | 500 |
| | £14,158 | £22,421 |
| | £14,158 | £22,421 |

All amounts shown as debtors are due within one year.

17 - CREDITORS

| | 2019 £ | 2018 £ |
|--------------------------------------|-----------|-----------|
| Payable Less than 1 Year | | |
| Subscriptions received in advance | 42,238 | 48,838 |
| Trade creditors and accrued expenses | 48,073 | 79,924 |
| | £90,311 | £128,762 |
| | £90,311 | £128,762 |

18 - CREDITORS FALLING DUE IN MORE THAN 1 YEAR

| | 2019 £ | 2018 £ |
|------------------------------|-----------|-----------|
| Reform Judaism (UK) | 55,412 | 22,584 |
| Building Loan (from members) | 19,250 | 18,250 |
| | £74,662 | £40,834 |
| | £74,662 | £40,834 |

It was agreed in 2008 by Reform Judaism (UK) that any arrears due at each 31st December year-end would not fall due in the subsequent year. The reasons for the increase in the long-term liability to Reform Judaism (UK) are explained in Note 4.

19 - SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of accounts may require management and staff to make significant judgements and estimates. Except as explained in note 4, Council confirms that no significant judgments or estimates were required in preparing these accounts.

20 - GOING CONCERN

Council consider that there are no material uncertainties about the Synagogue's ability to continue as a going concern. In looking at this they have considered a period of at least a further 12 months into the future.