

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

Company No 00707087

FINANCIAL STATEMENTS

for the year ended

31 MARCH 2011



COHEN ARNOLD
CHARTERED ACCOUNTANTS
STATUTORY AUDITOR
LONDON NW11 0PU

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

FOR THE YEAR ENDED 31 MARCH 2011

INDEX TO THE FINANCIAL STATEMENTS

Page	
1	Reference and Administrative Details
2 - 6	Governors' (Trustees') Report
7 - 8	Auditor's Report
9	Consolidated Statement of Financial Activities
10	Consolidated Statement of Total Recognised Gains and Losses
11	Consolidated Balance Sheet
12	Company Balance Sheet
13	Consolidated Cash Flow Statement
14 - 37	Notes to the Financial Statements

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2011

Name: Keren Association Limited

Status Incorporated 1st November 1961
Registered Charity Number: 313119
Company Registration Number 00707087

Principal Office: 129 Stamford Hill
London N16 5TW

Registered Office New Burlington House
1075 Finchley Road
London NW11 0PU

Charity Trustees Mr E Englander (Chairman)
Mrs S Englander
Mr P N Englander
Mr S Z Englander
Mr B Englander
Mr J S Englander
Mrs H Z Weiss
Mrs N Weiss

Secretary: Mrs S Englander

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

Bankers: Barclays Bank Plc
Mile End & Bow Branch
240 Whitechapel Road
London E1 1BS

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2011

The Trustees, who are also directors for the purposes of Company law, have pleasure in presenting their report and the Financial Statements of the Charity for the year ended 31 March 2011

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and Administrative details of the Company are shown on Page 1 of the Financial Statements and forms part of this report

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Keren Association Limited is a Company limited by guarantee governed by its Memorandum and Articles of Association.

Organisation

The Charity is administered by the Governors who are the Trustees Every Governor (Trustee) holds office until he/she shall die or shall cease to hold office by virtue of the Articles of Association.

The day-to-day affairs of the Company are administered by the Governors (Trustees) whose Chairman is Mr E Englander

Where there is a requirement for new Trustees, these would be identified and appointed by the remaining Trustees The Chairman of the Trustees would be responsible for the induction of any new Trustee, which involves awareness of a Trustee's responsibilities, the governing document, administrative procedures, the history and philosophical approach of the Charity. A new Trustee would receive copies of the previous year's annual report and accounts with detailed explanation thereof

All Trustees give their time voluntarily and no benefit or expenses were paid to them in the year

Group Structure and Relationships

The Charity has the following non-charitable operating subsidiaries:

<u>Company</u>	<u>Nature of Business</u>	<u>Percentage Holding</u>
Blustart Co Limited	Property Investment	100%
Caneprop Limited	Property Trading	100%
E & S Property Trading Co Limited	Property Trading	100%
Englander Co Limited	Property Investment	50.45%
Gerrone ¹ Properties Limited	Property Trading	100%

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2011

Group Structure and Relationships (Continued)

<u>Company</u>	<u>Nature of Business</u>	<u>Percentage Holding</u>
Grangepoint Limited	Property Trading	100%
Hollow-ware Products Limited	Property Investment	100%
Lester Estates Limited	Property Trading	100%
Manhill Co Limited	Property Trading	100%
Woodstock Court (Lee) Limited	Property Management	100%

The Charity owns 12.2% of The Development & Property Holding Company Limited (a Holding Company). The Development & Property Holding Company Limited owns 100% of Better Properties Limited (a Property Trading Company) and Rimex Investments Limited (a Property Investment Company). Rimex Investments Limited owns 100% of Lionmates Limited (a Property Investment Company). The Directors of these Companies are also Governors (Trustees) of the Charity

Related Parties

Details of transactions with Related Parties are disclosed in Note 18 to the Financial Statements

Risk Management

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 Company, and are satisfied that systems are in place to manage those risks

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

OBJECTIVES AND ACTIVITIES FOR THE BENEFIT OF THE PUBLIC

The Company is established to further those purposes both in the United Kingdom and abroad recognised as charitable by English Law. In furtherance of these objects, the Company receives income from its investment properties, cash deposits, fixed asset investments, subsidiary and associated undertakings and voluntary income from Companies connected with the Trustees which it utilises in the provision and distribution of grants and donations to organisations that fall within the objectives of the Charity. It has concentrated its activities in promoting charitable activities of institutions teaching the principles of traditional Judaism, and the giving of philanthropic aid to the needy.

The Trustees confirm their compliance with the duty to have due regard to the public benefit guidance published by the Charity Commission when reviewing the Charity's aims and objectives and in planning future activities.

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2011

Grant Making Policy

The Trustees are approached for donations by a wide variety of charitable institutions operating in the United Kingdom and abroad. The Trustees consider all requests which they receive and make donations based on the level of funds available.

ACHIEVEMENTS AND PERFORMANCE

During the year the Charity has continued its philanthropic activities and has maintained its support of organisations engaging in education, advancement of religion, and the giving of philanthropic aid. The reserves remain available to organisations engaging in activities compatible with the aims and objectives of the Charity. The Trustees expect such demands to increase in future years.

The financial results of the Company and its Subsidiary Undertakings for the year ended 31 March 2011 are fully reflected in the attached Financial Statements together with the Notes thereon.

Grants and donations in the year totalled £6,809,790 (2010: £6,485,496). The donations were met from the Charity's current income.

FINANCIAL REVIEW

Financial Position

The financial position of the Charity and its subsidiaries is satisfactory.

The Charity's Consolidated Statement of Financial Activities shows a net Surplus of £4,791,653 (2010: £495,694) and total reserves of £20,337,440 (2010: £15,545,787).

Reserves Policy

The Reserves Policy of the Trustees is to maintain unrestricted funds, which are the free reserves of the Charity, at a level they consider appropriate to the Charity's needs taking into account likely future requirements. A proportion of the reserves is held in readily realisable form to cover on-going grant-making activities and contingencies arising from additional calls made upon the Charity for the support of organisations in times of need. The Charity's reserves are represented by unrestricted funds arising from past operating results. The Trustees are satisfied that the present balance of distributable reserves is sufficient to support anticipated expenditure.

Principal Funding Sources

The Charity's principal funding sources in the year were its investment portfolio, together with donations received from subsidiary and related Companies.

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2011

Investment policy and objectives

Under the Memorandum and Articles of Association, the Charity has the power to make any investment which the Trustees see fit provided any moneys are not immediately required for use in connection with any of its objects. The Charity's investment policy is to maximise its income and gains so that its charitable objectives be maintained and expanded. However, having regard to liquidity requirements, the Trustees have also operated a policy of keeping available funds in interest bearing deposit accounts.

PLANS FOR FUTURE PERIODS

The Trustees plan to continue making distributions in accordance with their grant-making policy and to ensure that the ability to generate sufficient income is maintained to achieve that end.

INVESTMENTS

The movements in Investments are fully reflected in Note 10 to the Financial Statements.

The Group's investment properties are included in the Financial Statements at valuation. The properties have been valued by the Governors (Trustees). The Governors (Trustees) are of the opinion that the open market value of the properties is at least equal to the amounts stated in the Financial Statements.

The Charity's investments in subsidiary undertakings are included in the Financial Statements at valuation, based on the market value of their underlying assets less liabilities. The valuation of properties and other assets in these Companies has been made by the Governors (Trustees) of this Charity.

STATEMENT OF GOVERNORS' (TRUSTEES') RESPONSIBILITIES

The Governors (Trustees) (who are also the directors of Keren Association Limited 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 Governors (Trustees) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2011

STATEMENT OF GOVERNORS' (TRUSTEES)' RESPONSIBILITIES (Continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation

The Governors (Trustees) are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Governors (Trustees) are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

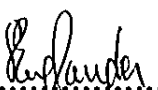
The Governors (Trustees) who held office at the date of approval of this annual report confirm that

- so far as they are aware, there is no relevant audit information, needed by the Company's auditors in connection with preparing their report, of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Governors (Trustees) in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

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

By Order of the Trustees

.....
Mrs S Englander (Secretary)

..3!:.!..... 2012

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 MARCH 2011

We have audited the Financial Statements of Keren Association Limited for the year ended 31 March 2011 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity'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 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 GOVERNORS (TRUSTEES) AND AUDITORS

As explained more fully in the Governors' (Trustees') Responsibilities Statement (set out on page 5 & 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.

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [(APB's)] Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

FOR THE YEAR ENDED 31 MARCH 2011

OPINION ON FINANCIAL STATEMENTS

In our opinion the Financial Statements

- give a true and fair view of the state of the Group's and Parent Charitable Company's affairs as at 31 March 2011 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies act 2006 and the Charities Act 1993 requires us to report to you if, in our opinion:

- the Parent Charitable Company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Charitable Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' (Trustees') remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Asher Sternlicht
(Senior Statutory Auditor)
For and on behalf of
COHEN ARNOLD
Chartered Accountants
& Statutory Auditor

New Burlington House
1075 Finchley Road
London NW11 0PU

Our audit was completed on . . . 31 . . . January . . . 2012 . . . and our opinion was expressed at that date.

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS
CONSOLIDATED INCOME & EXPENDITURE ACCOUNT
(STATEMENT OF FINANCIAL ACTIVITIES)
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	<u>2011</u>		<u>2010</u>	
		<u>Unrestricted Funds</u>		<u>Unrestricted Funds</u>	
		£	£	£	£
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Voluntary Income		8,021,600		4,684,548	
Activities for generating funds	3	2,014,798		1,843,731	
Investment Income	4	924,512		1,002,509	
Total Incoming Resources		10,960,910		7,530,788	
RESOURCES EXPENDED					
Costs of Generating Funds	5	(566,574)		(989,495)	
Investment Management Costs	6	(438,624)		(326,031)	
Charitable Activities	7	(6,809,790)		(6,485,496)	
Governance Costs	8	(96,034)		(93,824)	
Total Resources Expended		(7,911,022)		(7,894,846)	
Net Incoming / (Outgoing) Resources Before					
Other Recognised Gains and Losses			3,049,888		(364,058)
Other Recognised Gains/Losses					
Surplus on Revaluation of Investments	10		2,347,545		1,514,834
Loss on Disposal of Investments			(24,947)		-
Net Incoming Resources after					
Other Recognised Gains and Losses			5,372,486		1,150,776
Taxation			(713)		(19,412)
Attributable to Minority Interest			(580,120)		(635,670)
Net Movement in Funds	11		4,791,653		495,694
Total Unrestricted Funds Brought Forward			15,545,787		15,050,093
Total Unrestricted Funds Carried Forward			£20,337,440		£15,545,787

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

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

The related notes form part of these Financial Statements

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED STATEMENT OF
TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	<u>2011</u> £	<u>2010</u> £
Net Income / (Expenditure) for the Year		3,049,888	(364,058)
Surplus on Revaluation of Investments	10	2,347,545	1,514,834
Loss on Disposal of Investments		(24,947)	-
Taxation		(713)	(19,412)
Attributable to Minority Interest		(580,120)	(635,670)
Total Recognised Profit for the Year		£4,791,653	£495,694

The Historical Cost Profit and Losses for the year are the same as the Net Income and Expenditure for the year

None of the Group's activities was initiated or discontinued during the financial year.

The Statement of Financial Activities includes all gains and losses recognised in the year

The related notes form part of these Financial Statements.

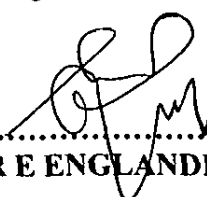
KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2011

Company No 00707087

		<u>2011</u>		<u>2010</u>	
	Notes	£	£	£	£
FIXED ASSETS					
Investments	10		20,919,348		19,715,661
CURRENT ASSETS					
Trading Stock	12	1,852,539		1,817,324	
Debtors	13	7,597,491		9,192,776	
Cash at Bank and on Deposit		8,392,592		3,388,944	
			17,842,622		14,399,044
CREDITORS: Amounts falling due within one year	14	(3,111,552)		(3,452,381)	
NET CURRENT ASSETS			14,731,070		10,946,663
TOTAL ASSETS LESS CURRENT LIABILITIES			35,650,418		30,662,324
CREDITORS: Amounts falling due after more than one year	15	(11,630,119)		(12,013,799)	
MINORITY INTEREST			(3,682,859)		(3,102,738)
NET ASSETS			£20,337,440		£15,545,787
UNRESTRICTED FUNDS	16		£20,337,440		£15,545,787

The Financial Statements were approved by the Council on 31.1.2012 and signed on its behalf by


.....
MR E ENGLANDER

GOVERNORS


.....
MRS S ENGLANDER

The related notes form part of these Financial Statements

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

BALANCE SHEET AS AT 31 MARCH 2011

Company No 00707087

	Notes	<u>2011</u>		<u>2010</u>	
		£	£	£	£
FIXED ASSETS					
Investments	10		37,857,328		35,756,878
CURRENT ASSETS					
Debtors	13	239,347		187,707	
Cash at Bank and on Deposit		8,320,502		3,329,905	
		<hr/>		<hr/>	
		8,559,849		3,517,612	
CREDITORS: Amounts falling due within one year	14	(3,775,149)		(3,792,617)	
		<hr/>		<hr/>	
NET CURRENT ASSETS / (LIABILITIES)			4,784,700		(275,005)
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			42,642,028		35,481,873
CREDITORS: Amounts falling due after more than one year	15		-		-
			<hr/>		<hr/>
NET ASSETS			£42,642,028		£35,481,873
			<hr/> <hr/>		<hr/> <hr/>
UNRESTRICTED FUNDS	16		£42,642,028		£35,481,873
			<hr/> <hr/>		<hr/> <hr/>

The Financial Statements were approved by the Council on 31.1.2012 and signed on its behalf by

2012


.....
MR E ENGLANDER


.....
MRS S ENGLANDER

GOVERNORS

The related notes form part of these Financial Statements

KEREN ASSOCIATION LIMITED
(LIMITED BY GUARANTEE)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	<u>2011</u> £	<u>2010</u> £
Net cash inflow / (outflow) from operating activities	17a	3,048,338	(667,170)
Returns on investments and servicing of finance	17b	(89,887)	(54,226)
Capital expenditure and financial investment	17b	2,731,434	(1,149,908)
Taxation		(149)	(15,341)
Cash inflow / (outflow) before management of liquid resources and financing		5,689,736	(1,886,645)
Financing	17b	(612,608)	718,926
INCREASE / (DECREASE) IN CASH IN THE PERIOD		£5,077,128	£(1,167,719)
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase / (Decrease) in cash in the period		5,077,128	(1,167,719)
Cash to repay bank loans		449,191	299,014
Cash from new bank loans		-	(2,709,000)
 Movement in net debt in the period		5,526,319	(3,577,705)
Net debt brought forward		(9,002,571)	(5,424,866)
 Net debt carried forward	 17c	 £(3,476,252)	 £(9,002,571)

The related notes form part of these Financial Statements

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

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

1.1 BASIS OF ACCOUNTING

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

1.2 INCOMING RESOURCES

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

This includes income from investments and deposits, rentals from property assets, and grants and donations received by the Company and Group.

1.3 LIABILITY RECOGNITION

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

1.4 CHARITABLE ACTIVITIES

Charitable activities are only recognised in the accounts when paid. The charitable donations have been detailed in a separate publication entitled – Keren Association Limited - Schedule of Charitable Donations. Copies of this publication are available to members of the public by writing to the Trustees.

1.5 INVESTMENT MANAGEMENT COSTS

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

1.6 GOVERNANCE COSTS

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

1.7 FUND ACCOUNTING

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

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES (Continued)

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

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

1 8 GROUP FINANCIAL STATEMENTS

These Financial Statements consolidate the results of the Charity and its subsidiaries A
separate Statement of Financial Activities or income and expenditure account dealing
with the results of the Company only has not been presented, in accordance with Section
408 of the Companies Act 2006

1 9 PROPERTIES HELD FOR INVESTMENT

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

1 10 PROPERTIES HELD FOR TRADING

Properties held for trading are stated at the lower of cost and net realisable value.

1 11 ACQUISITIONS AND DISPOSALS OF PROPERTIES

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

1 12 INVESTMENT IN SUBSIDIARY AND OTHER UNDERTAKINGS

Shareholdings acquired are included at Market Value, any surplus or deficit on
revaluation is taken to Revaluation Reserve.

1 13 TAXATION

The Charity is not liable to direct taxation (Income Tax) on its income as it falls within
the various exemptions available to registered charities.

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS

A summary of turnover and expenditure and profit or loss for the year ended 31 March 2011 is shown below for each Subsidiary Undertaking, except for those of Lester Estates Limited, which are not yet available, hence the previous year's results have been used

Blustart Co. Limited

	<u>2011</u>	<u>2010</u>
	£	£
Rent Receivable	2,975	3,022
Property Outgoings	(2,307)	(2,252)
	<hr/>	<hr/>
	668	770
Commissions Receivable	461	826
Interest Receivable	6,986	3,066
	<hr/>	<hr/>
	8,115	4,662
Administrative Expenses	(1,399)	(1,320)
	<hr/>	<hr/>
NET PROFIT	6,716	3,342
Charitable Donations	(5,000)	-
	<hr/>	<hr/>
RETAINED IN SUBSIDIARY	£1,716	£3,342
	<hr/> <hr/>	<hr/> <hr/>

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Caneprop Limited

	<u>2011</u>	<u>2010</u>
	£	£
Rent Receivable	5,756	5,674
Property Outgoings	(1,399)	(1,880)
	<hr/>	<hr/>
	4,357	3,794
Commissions Receivable	73	69
	<hr/>	<hr/>
	4,430	3,863
Administrative Expenses	(1,029)	(832)
Interest Payable & Related Costs	(999)	(1,030)
	<hr/>	<hr/>
	(2,028)	(1,862)
	<hr/>	<hr/>
NET PROFIT	2,402	2,001
Charitable Donations	-	-
	<hr/>	<hr/>
RETAINED IN SUBSIDIARY	<u>£2,402</u>	<u>£2,001</u>

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

E & S Property Trading Co. Limited

	<u>£</u>	<u>2011</u>	<u>£</u>	<u>2010</u>	<u>£</u>
Sales	91,586			242,880	
Costs of Sales	(532)			(4,144)	
			91,054		238,736
Rent Receivable	133,208			133,377	
Property Outgoings	(62,693)			(70,526)	
			70,515		62,851
Commissions Receivable			10,070		17,312
Interest Receivable			764		501
			172,403		319,400
Administrative Expenses	(11,707)			(7,721)	
Interest Payable & Related Costs	(10,711)			(8,281)	
			(22,418)		(16,002)
NET PROFIT			149,985		303,398
Charitable Donations			(350,000)		(50,000)
RETAINED IN SUBSIDIARY			£(200,015)		£253,398

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Englander Co. Limited

	<u>2011</u>	<u>2010</u>
	£	£
Rent Receivable	157,925	153,241
Property Outgoings	(71,775)	(60,964)
	<hr/>	<hr/>
	86,150	92,277
Sale of Investment Properties	132,900	47,795
Cost of Properties Sold	(197)	(100)
	<hr/>	<hr/>
	132,703	47,695
Commissions Receivable	9,335	15,165
	<hr/>	<hr/>
	228,188	155,137
Administrative Expenses	(9,071)	(10,459)
Interest Payable & Related Costs	(42,259)	(63,187)
	<hr/>	<hr/>
	(51,330)	(73,646)
	<hr/>	<hr/>
	176,858	81,491
Taxation	75	100
	<hr/>	<hr/>
NET PROFIT	176,933	81,591
Charitable Donations	(200,000)	-
	<hr/>	<hr/>
RETAINED IN SUBSIDIARY	£(23,067)	£81,591
	<hr/> <hr/>	<hr/> <hr/>

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Gerrone Properties Limited	<u>2011</u>		<u>2010</u>	
	£	£	£	£
Sales	30,950		-	
Costs of Sales	-		-	
	<hr/>		<hr/>	
		30,950		-
Rent Receivable	67,406		62,858	
Property Outgoings	(17,071)		(9,898)	
	<hr/>		<hr/>	
		50,335		52,960
Commissions Receivable		2,134		3,600
Interest Receivable		19,023		20,440
		<hr/>		<hr/>
		102,442		77,000
Administrative Expenses	(2,043)		(2,084)	
Interest Payable & Related Costs	(7,498)		(10,762)	
	<hr/>		<hr/>	
		(9,541)		(12,846)
		<hr/>		<hr/>
NET PROFIT		92,901		64,154
Charitable Donations		(50,000)		(100,000)
		<hr/>		<hr/>
RETAINED IN SUBSIDIARY		£42,901		£(35,846)
		<hr/> <hr/>		<hr/> <hr/>

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Grangepoint Limited

		<u>2011</u>		<u>2010</u>	
	£		£		£
Sales	127,300			-	
Costs of Sales	(9,624)			-	
		117,676			-
Rent Receivable	463,427			405,037	
Property Outgoings	(105,234)			(161,538)	
		358,193		243,499	
Commissions Receivable		9,700		14,650	
Interest Receivable		4,525		3,576	
		490,094		261,725	
Administrative Expenses	(3,348)			(3,723)	
Interest Payable & Related Costs	(75,895)			(79,507)	
		(79,243)		(83,230)	
NET PROFIT		410,851		178,495	
Charitable Donations		(200,000)		(150,000)	
RETAINED IN SUBSIDIARY		£210,851		£28,495	

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Hollow-Ware Products Limited

	<u>£</u>	<u>2011</u>	<u>£</u>	<u>2010</u>	<u>£</u>
Rent Receivable	289,356			279,749	
Property Outgoings	(104,297)			(71,804)	
		185,059		207,945	
Commissions Receivable		1,792		2,862	
		186,851		210,807	
Administrative Expenses	(2,518)			(2,618)	
Interest Payable & Related Costs	(129,473)			(76,839)	
		(131,991)		(79,457)	
		54,860		131,350	
Taxation		(458)		(15,442)	
NET PROFIT		54,402		115,908	
Charitable Donations		(60,000)		(150,000)	
RETAINED IN SUBSIDIARY		£(5,598)		£(34,092)	

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Manhill Co. Limited

	£	<u>2011</u>	£	£	<u>2010</u>	£
Sales	605,950			127,000		
Costs of Sales	(28,185)			(4,202)		
			577,765			122,798
Rent Receivable	398,879			369,428		
Property Outgoings	(118,053)			(161,791)		
			280,826			207,637
Commissions Receivable			6,595			11,104
Interest Receivable			169,334			167,000
			1,034,520			508,539
Administrative Expenses	(5,365)			(16,669)		
Interest Payable & Related Costs	(69,026)			(53,098)		
			(74,391)			(69,767)
NET PROFIT			960,129			438,772
Charitable Donations			(522,500)			(813,000)
RETAINED IN SUBSIDIARY			<u>£437,629</u>			<u>£(374,228)</u>

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Woodstock Court (Lee) Limited

	<u>2011</u>	<u>2010</u>
	£	£
Rent Receivable	52,564	50,742
Property Outgoings	(52,564)	(50,742)
	-	-
Administrative Expenses	(830)	(820)
NET LOSS	(830)	(820)
Charitable Donations	-	-
RETAINED IN SUBSIDIARY	£(830)	£(820)

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

Lester Estates Limited

	<u>2010</u>		<u>2009</u>	
	£	£	£	£
Sales	-		400,000	
Costs of Sales	-		(371,715)	
		-		28,285
Rent Receivable	9,200		-	
Property Outgoings	(6,792)		-	
		2,408		-
Interest Receivable		34,500		10,295
		36,908		38,580
Administrative Expenses	(3,043)		(12,576)	
Interest Payable & Related Costs	(298)		(18)	
		(3,341)		(12,594)
		33,567		25,986
Taxation		(330)		(4,070)
NET PROFIT		33,237		21,916
Charitable Donations		(32,000)		(5,000)
RETAINED IN SUBSIDIARY		£1,237		£16,916

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. SUBSIDIARY UNDERTAKINGS (Continued)

The assets, liabilities and funds of the Subsidiary Undertakings as at 31 March 2011 (Lester Estates Limited - 31 March 2010) are as follows -

	<u>Assets</u>	<u>Liabilities</u>	<u>Capital & Reserves</u>
	£	£	£
Blustart Co Limited	955,582	(62,404)	893,178
Caneprop Limited	175,656	(60,604)	115,052
E & S Property Trading Co Limited	3,979,403	(562,676)	3,416,727
Englander Co Limited	8,964,876	(1,532,265)	7,432,611
Gerrone Properties Limited	2,245,823	(424,437)	1,821,386
Grangepoint Limited	12,609,876	(5,288,976)	7,320,900
Hollow-ware Products Limited	10,234,938	(4,389,429)	5,845,509
Lester Estates Limited	788,087	(751,209)	36,878
Manhill Co. Limited	13,455,796	(2,941,923)	10,513,873
Woodstock Court (Lee) Limited	42,032	(59,829)	(17,797)

3. ACTIVITIES FOR GENERATING FUNDS

	<u>2011</u>	<u>2010</u>
	£	£
Income from Trading Properties		
Sales	855,786	769,880
Rents Receivable	1,130,440	1,027,116
Commissions Receivable	28,572	46,735
	-----	-----
	£2,014,798	£1,843,731
	=====	=====

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

4. INVESTMENT INCOME

	<u>2011</u>	<u>2010</u>
	£	£
Rents Receivable from Investment Properties	660,615	741,262
Interest Receivable	250,045	241,953
Commissions Receivable	13,852	19,294
	<hr/>	<hr/>
	£924,512	£1,002,509
	<hr/> <hr/>	<hr/> <hr/>

5. COST OF GENERATING FUNDS

	<u>2011</u>	<u>2010</u>
	£	£
Costs of Trading Property Sales	38,341	380,061
Property Outgoings	363,806	456,738
Interest Payable	164,427	152,696
	<hr/>	<hr/>
	£566,574	£989,495
	<hr/> <hr/>	<hr/> <hr/>

6. INVESTMENT MANAGEMENT COSTS

	<u>2011</u>	<u>2010</u>
	£	£
Property Outgoings	264,036	175,123
Interest Payable	174,588	150,908
	<hr/>	<hr/>
	£438,624	£326,031
	<hr/> <hr/>	<hr/> <hr/>

No commission has been paid in connection with management of the properties.

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

7. CHARITABLE ACTIVITIES

	<u>2011</u>	<u>2010</u>
Alleviation of Poverty, Education and Furtherance of Jewish Religion (see Note 1 4)	£6,809,790	£6,485,496
	<u> </u>	<u> </u>

8. GOVERNANCE COSTS

	<u>2011</u>	<u>2010</u>
	£	£
Auditor's Remuneration	58,338	62,980
General Expenses	37,696	30,844
	<u> </u>	<u> </u>
	£96,034	£93,824
	<u> </u>	<u> </u>

9. STAFF COSTS AND EMOLUMENTS

No salaries or wages have been paid to any employee or Trustee of the Charity. Salaries paid by the Subsidiary Undertakings in the year amounted to £5,700 which is included in General Expenses (Note 8)

10. INVESTMENTS

	<u>Properties</u>	<u>Related Companies</u>	<u>Life Policies</u>	<u>Total</u>
	£	£	£	£
<u>Group</u>				
Market Value at 1 April 2010	16,611,000	2,018,425	1,086,236	19,715,661
Additions	368,352	-	990,690	1,359,042
Disposals	(2,502,900)	-	-	(2,502,900)
Revaluations	2,355,548	(8,003)	-	2,347,545
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Market Value at 31 March 2011	£16,832,000	£2,010,422	£2,076,926	£20,919,348
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Historical Costs at 31 March 2011	£5,920,017	£232,531	£2,076,926	£8,229,474
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

10. INVESTMENTS (Continued)

<u>Company</u>	<u>Properties</u> £	<u>Subsidiary</u> <u>Undertakings</u> £	<u>Related</u> <u>Companies</u> £	<u>Total</u> £
Market Value at 1 April 2010	5,001,000	29,222,930	1,532,948	35,756,878
Disposals	(2,370,000)	-	-	(2,370,000)
Revaluations	4,000	4,472,528	(6,078)	4,470,450
Market Value at 31 March 2011	<u>£2,635,000</u>	<u>£33,695,458</u>	<u>£1,526,870</u>	<u>£37,857,328</u>
Historical Costs at 31 March 2011	<u>£1,870,192</u>	<u>£2,852,771</u>	<u>£61,148</u>	<u>£4,784,111</u>

- a. The investments are stated at Governors' (Trustees') valuation at 31 March 2011
- b. The market value at 31 March 2011 of the Investments in Subsidiary Undertakings and unquoted Companies is based on the underlying value of assets less liabilities of these Companies. The valuation of properties and other assets in these Companies has been made by the Governors (Trustees) of this Company
- c. No Provision has been made for any latent liability to Corporation Tax on unrealised surpluses on revaluation of investments as it is anticipated that all realised surpluses will be applied for the benefit of this Company's charitable purposes and that no tax liability will arise.

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

10. INVESTMENTS (Continued)

The Subsidiary Undertakings of the Company, all of which are incorporated in Great Britain and registered in England, are as follows -

<u>Company</u>	<u>Nature of Business</u>	<u>Percentage Holding</u>
Blustart Co Limited	Property Investment	100%
Caneprop Limited	Property Trading	100%
E & S Property Trading Co. Limited	Property Trading	100%
Englander Co Limited	Property Investment	50 45%
Gerrone Properties Limited	Property Trading	100%
Grangepoint Limited	Property Trading	100%
Hollow-ware Products Limited	Property Investment	100%
Lester Estates Limited	Property Trading	100%
Manhill Co Limited	Property Trading	100%
Woodstock Court (Lee) Limited	Property Management	100%

The Charity owns 12.2% of The Development & Property Holding Company Limited (a Holding Company) The Development & Property Holding Company Limited owns 100% of Better Properties Limited (a Property Trading Company) and Rimex Investments Limited (a Property Investment Company) Rimex Investments Limited owns 100% of Lionmates Limited (a Property Investment Company) The Directors of these Companies are also Governors (Trustees) of the Charity

11. NET MOVEMENT IN FUNDS

Of this amount £7,160,155 (2010 £1,324,510) is dealt with in the accounts of the holding Company

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

12. STOCK

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Properties	1,512,412	1,531,414	-	-
Other	340,127	285,910	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£1,852,539	£1,817,324	£ -	£ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Stock comprises properties and other assets held for trading purposes and are stated at the lower of cost and net realisable value

13. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Rent and Service Charges	332,250	295,882	19,514	16,959
Other Debtors and Prepayments	281,747	301,795	19,512	9,324
Amounts due from				
Connected Companies	5,134,144	6,893,698		1,103
Loan Debtors	1,653,672	1,506,640	193,000	153,000
Tax Recoverable	7,321	7,321	7,321	7,321
Interest Receivable	188,357	187,440	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£7,597,491	£9,192,776	£239,347	£187,707
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Amounts due from connected Companies represents amount due from Better Properties Limited, the Directors of which include Governors (Trustees) of the Charity. The amounts due from Better Properties Limited are repayable at any time after 31 March 2012. Better Properties Limited has advanced monies to other Companies which are engaged in property investment and trading activities (the Directors of which also include Governors (Trustees) of the Charity).

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

13. DEBTORS (Continued)

The Governors (Trustees) are satisfied that Better Properties Limited will maintain continuity of its business activities and satisfy its obligations relating to Bank and other loan facilities. Accordingly, in the opinion of the Governors (Trustees), the amount of £5.13m is fully recoverable.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	£	£	£	£
Current Instalments of				
Long Term Loans	465,000	505,000	-	-
Bank Loans and Overdrafts	269,186	342,866	13,373	-
Rent and Service Charges				
Charged in Advance	249,471	269,186	36,423	66,729
Amounts due to				
Connected Companies	245,803	240,000	243,961	240,000
Amounts due to				
Subsidiary Undertakings	-	-	2,994,395	2,994,395
Loan Creditors	1,498,275	1,692,806	442,052	453,052
Taxation	13,905	12,261	8,155	8,191
Other Creditors				
and Accruals	369,912	390,262	36,790	30,250
	<u>£3,111,552</u>	<u>£3,452,381</u>	<u>£3,775,149</u>	<u>£3,792,617</u>

The Bank Loans and Overdrafts are secured on certain of the Group's properties.

Amounts due to connected Companies represent amounts due to Companies of which certain Directors are also Governors (Trustees) of this Company.

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

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

	Interest Rate	<u>The Group</u>		<u>The Company</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
		£	£	£	£
<u>Bank Loans and Mortgages:</u>					
Amounts repayable within 5 years					
Instalments terminating in 2013	Variable	3,202,500	3,267,500	-	-
Instalments terminating in 2015	Variable	2,604,583	2,709,000	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		5,807,083	5,976,500	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Amounts repayable after 5 years					
Instalments terminating in 2025	Variable	508,692	538,169	-	-
Instalments terminating in 2028	Variable	521,948	542,628	-	-
Instalments terminating in 2029	Variable	4,761,935	4,991,552	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		5,792,575	6,072,349	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<u>Amounts due to Connected Company:</u>					
Amounts repayable within 5 years		495,461	469,950	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		12,095,119	12,518,799	-	-
Less Amounts repayable within one year		(465,000)	(505,000)	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		£11,630,119	£12,013,799	£ -	£ -
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Bank Loans and Mortgages are secured by legal charges over certain of the Group's properties

Mr E Englander, a Governor (Trustee) has given guarantees in respect of the Bank Loans advanced to the Group, amounting to £9m

Amounts due to connected Companies represents amount due to Better Properties Limited

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

16. UNRESTRICTED FUNDS

The Group	Revaluation Reserve £	Charitable Funds £	Non- Charitable Funds £	Total £
Balance at 1 April 2010	9,607,233	5,585,757	352,797	15,545,787
Surplus for the Year	-	2,714,652	334,523	3,049,175
Loss on Disposal of Investments	-	(24,947)	-	(24,947)
Revaluation Reserve Realised on Disposals	(1,426,052)	1,293,349	132,703	-
Surplus on Revaluation	2,347,545	-	-	2,347,545
Attributable to Minority Interest	(591,550)	-	11,430	(580,120)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2011	£9,937,176	£9,568,811	£831,453	£20,337,440
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company	Revaluation Reserve £	Charitable Funds £	Total £
Balance at 1 April 2010	29,896,116	5,585,757	35,481,873
Surplus for the Year	4,470,450	2,714,652	7,185,102
Loss on Disposal of Investments	-	(24,947)	(24,947)
Revaluation Reserve Realised on Disposals	(1,293,349)	1,293,349	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2011	£33,073,217	£9,568,811	£42,642,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There are no Restricted Funds

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

17. NOTES TO THE CASH FLOW STATEMENT

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

	<u>2011</u> £	<u>2010</u> £
Net Incoming / (Outgoing) resources before other recognised gains & losses	3,049,888	(364,058)
Interest receivable	(250,045)	(241,953)
Interest payable	339,015	303,604
Increase in stocks	(35,215)	(383,246)
(Increase) / Decrease in operating debtors	(16,320)	35,140
Decrease in operating creditors	(38,985)	(16,657)
Net Cash Inflow / (Outflow) from Operating Activities	£3,048,338	£(667,170)

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

Returns on Investments and Servicing of Finance

Interest received	249,128	249,378
Interest paid	(339,015)	(303,604)
Net Cash Outflow from Returns on Investments and Servicing of Finance	£(89,887)	£(54,226)

Capital Expenditure and financial investment

Payments to acquire investment properties	(368,352)	(24,878)
Payments to acquire investment policies	(990,690)	(67,786)
Receipts from sales of investments	2,477,954	47,795
Decrease / (Increase) in loan debtors	1,612,522	(1,105,039)
Net Cash Inflow / (Outflow) from Capital Expenditure and Financial Investment	£2,731,434	£(1,149,908)

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

17. NOTES TO THE CASH FLOW STATEMENT (Continued)

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

Financing

Decrease in loan creditors	(163,417)	(1,691,060)
Capital element of bank loans repaid	(449,191)	(299,014)
New bank loans raised	-	2,709,000
	-----	-----
Net Cash (Outflow) / Inflow from Financing	£(612,608)	£718,926
	=====	=====

c. Analysis of changes in net debt

	<u>At 31.03.10</u>	<u>Cash Flows</u>	<u>At 31.03.11</u>
	£	£	£
Cash at Bank	3,388,944	5,003,648	8,392,592
Overdrafts	(342,666)	73,480	(269,186)
	-----	-----	-----
	3,046,278	5,077,128	8,123,406
Debt due within one year	(505,000)	40,000	(465,000)
Debt due after one year	(11,543,849)	409,191	(11,134,658)
	-----	-----	-----
Total	£(9,002,571)	£5,526,319	£(3,476,252)
	=====	=====	=====

KEREN ASSOCIATION LIMITED
AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

18. RELATED PARTY TRANSACTIONS

The Charity received donations from the following related companies

	<u>2011</u>	<u>2010</u>
Gainhold Limited	£250,000	£350,000
Grandprop Limited	£250,000	-
Marine Limited	£6,700,000	£350,000
Multistates Limited	£250,000	-
Pagecolt Limited	£250,000	£150,000
Ridgesave Limited	£122,000	£110,000
Tokenstar Limited	£150,000	-

Additional Related Party information is given in Note 13, 14 & 15

19. CONTINGENT LIABILITY

The Charity has charged a property and guaranteed a bank loan to one of its Subsidiary Companies amounting to £3,202,500 at 31 March 2011. Having regard to the Governors' (Trustees') Valuations of the properties owned by the Subsidiary Company which secure the loan, the Governors (Trustees) are of the opinion that the Company's maximum exposure would not exceed £522,500. Under advice and in order to safeguard the Charity's reserves a Connected Company, Holborn Links Limited, has undertaken to donate an equivalent amount to the Charity in the event of any amount becoming payable under the Guarantee.