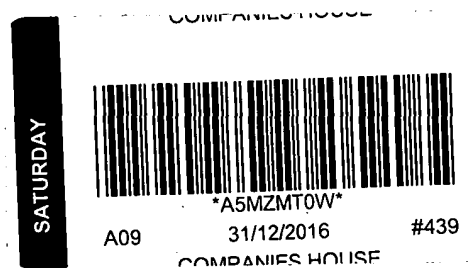


Company Registration No. 943938
Registered Charity No. 258721

**ALLIANCE FAMILY FOUNDATION
LIMITED**

Trustees' Report and Financial Statements
Year ended 31 March 2016



ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS 2016

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ALLIANCE FAMILY FOUNDATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS AND TRUSTEES

Lord David Alliance CBE
Hon G N Alliance
Hon Mrs S D Esterkin
Hon J J M Alliance

PRINCIPAL OFFICE

Spencer House
27 St James's Place
London
SW1A 1NR

REGISTERED OFFICE

4th Floor
Faulkner House
Faulkner Street
Manchester
M1 4DY

BANKERS

The Royal Bank of Scotland plc
38 Mosley Street
Manchester
M60 2BE

SOLICITORS

Bootes
7 St James Square
Manchester
M2 6XX

LAND AGENTS

Ingham & Yorke
Littlemoor
Clitheroe
Lancashire
BB7 1HG

STOCKBROKERS

J M Finn & Co
4 Coleman Street
London
EC2R 5TA

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds
United Kingdom

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT

The directors and trustees are pleased to present their annual report on the affairs of Alliance Family Foundation Limited, company number 943938 and charity number 258721, together with the financial statements and auditor's report, for the year ended 31 March 2016.

They confirm that the financial statements have been prepared in accordance with new statutory requirements and with the Memorandum and Articles of Association.

This Trustees' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. Accordingly, no Strategic Report has been presented.

DIRECTORS, TRUSTEES AND MANAGEMENT PERSONNEL

Alliance Family Foundation Limited is hereafter referred to as the charity, and its directors are its charity trustees for the purpose of charity law. The trustees have no employees or personnel others to whom they delegate day to day management. Throughout this report, the directors are collectively referred to as the trustees.

The charity is exclusively grant making and, apart from the trustees, there are no key management personnel.

The trustees who served during the year and thereafter are listed on page 1 together with the charity's principal and registered offices and its professional advisers.

Trustees hold appointment in accordance with the Memorandum and Articles of Association but there have been no recent changes nor are any anticipated currently. As and when a new trustee is appointed, arrangements will be made to explain the legal duties and responsibilities placed upon charity trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is registered with the Charity Commission and was formed as a company limited by shares in 1968. It is governed by its Memorandum and Articles of Association within the framework laid down by charity law.

Investment powers

The Memorandum and Articles of Association of the charity impose no restrictions on the investment powers of the trustees.

Principal risks and their mitigation

The trustees have considered the operational and business risks the charity faces and have confirmed that they are satisfied with the arrangements in place to mitigate them. The trustees personally conduct the business of the charity and therefore have the opportunity to validate all its transactions.

As shown by the fluctuations in investment values reflected in the annual accounts, the main financial risks faced by the charity are exposure to falls in the value of and income from the listed investments held as market and economic conditions change. The trustees take advice from stockbrokers on the management of their investments and in general regard the investments as held for the long term in order to generate annual income to fund donations rather than for their capital value as such, fluctuations in which they expect to even out over time.

Investments policy

Details of the investments are given in note 10 to the financial statements. The Trustees policy is to retain their existing investments for the income they generate each year. Advice on the investments is taken from the charity's stockbrokers from time to time.

Recent market fluctuations have meant that the charity's assets may not be sufficient available to fulfil its obligations as they fall due. However, whilst this pertains, it has written confirmation of the intention of Lord David Alliance CBE to enable it so to do. It is the charity's continuing policy to retain the fixed asset investments to generate resources for its charitable expenditure.

Reserves policy

It is the policy of the charity to maintain the level of its funds, which are unrestricted, to ensure sufficient income is generated to cover donations payable and its costs for the foreseeable future.

As at 31 March 2016, as a result of the commitment made to the University of Manchester in respect of Manchester Business School and fluctuation in the value of investments, total free reserves stood at £3,444,338 (2015 as restated: £3,812,817), all of which (2015: all of which) corresponded to the overall excess of the market value of the

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT (continued)

Reserves policy, continued

charity's investments over original cost. As explained in note 16 to the financial statement, and in the Financial Review below, there has been a substantial further fall in the value of the investments but necessary support has been received from Lord David Alliance CBE.

Related parties

As described in note 10, the trustees each have personal shareholding interests in N Brown Group plc and Lord David Alliance CBE is a director of that company. That company is a fully listed company and the charity has no dealings with it other than to receive income on its investment in its shares.

OBJECTIVES AND ACTIVITIES

The objectives of the charity, as set out in the Memorandum and Articles of Association, are to further the relief of poverty, advancement of education, advancement of religion and any other charitable purpose according to the law of England and Wales.

The charity was formed by the Alliance family in 1968 as a means to help meet the financial, educational or religious needs of those less fortunate or less able to help themselves in times or circumstances of difficulty. This remains its purpose and the trustees continue to carry this out for the public benefit by utilising the annual income of the charity in making donations they consider fulfil the objectives of the charity.

The trustees' policy is to review requests for financial support and make donations at their discretion. In some cases, they will give a formal or informal commitment to make an allocation available from annual income over a number of years.

During the previous year, over and above their programme of such donations from annual income, the charity also entered into a Gift Agreement with the University of Manchester to donate £15m over a number of years to support the strategic development of Manchester Business School and so help economic development of the region.

The trustees confirm that they have given careful consideration to the guidance contained in the Charity Commission's guidance on public benefit when reviewing the donation policy for the year and their future plans.

ACHIEVEMENTS AND PERFORMANCE

The charity undertakes no charitable work of its own directly. Its achievements in the year were to provide substantial support to charity through its donations to UK and foreign educational, religious and welfare charities and also make donations for the educational, medical and general benefit of individuals where considered appropriate. The charity does not seek to raise funds from the public, employs no staff, its administrative expenses are kept to a minimum and the trustees receive neither salary nor expenses.

Details of the most substantial institutional donations during the year are shown in note 6. The trustees were also able to provide funds for a wide variety of other educational, religious and welfare organisations.

In addition, the charity met the educational, medical and care costs of a number of individuals directly, the largest of which is referred to in note 6.

Overall, the charity fully expended its available income for the year in making donations totalling £663,884 to 90 institutions, organisations and individuals for charitable purposes (2015 as restated: £14,527,864 to 109 recipients, including the £15m Gift Agreement with the University of Manchester as discounted to present value) and further financial information about donations is given in notes 5, 6, 11 and 13 to the financial statements.

FINANCIAL REVIEW

The results for the year ended 31 March 2016 are set out in the Statement of Financial Activities on page 7.

Income from listed investments was £693,389 (2015: £694,746), principally from the core strategic investment held in N Brown Group plc.

Although the charity saw a modest unrealised loss overall of £27,520 (2015: loss of £11,005,054) in relation to its investments, the value of its holding in N Brown Group plc experienced a substantial fall after the balance sheet date from which it is yet to recover. Until it does, this has meant that the charity will need new support from its sponsoring family in order to meet its full commitment to the University of Manchester and Lord David Alliance CBE has confirmed that this will be provided. Towards this end, he has already made a cash, gift aided donation of £3m, inclusive of tax repaid to the charity, to fund the payment of the second instalment due to the University.

Further details of this post balance sheet development are given in note 14 to the financial statements.

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT (continued)

FINANCIAL REVIEW, continued

The trustees expect the charity to retain its investments, and continue to use the annual investment income they generate to make donations in furtherance of their objectives.

The overall net expenditure for the year of £368,479 (2015 as restated: overall net expenditure £24,967,233) has been charged (2015: charged) to reserves.

PLANS FOR THE FUTURE

Notwithstanding the major commitment made to Manchester Business School, the charity also intends to continue its donations to institutions, charitable organisations and individuals in line with the guidelines issued by the Charities Commission applicable from 1 April 2008.

GOING CONCERN

After making enquiries, in particular in light of the confirmation of support by Lord David Alliance CBE, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

AUDITOR

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the Trustees



Lord David Alliance

Trustee

Date: 30 December 2016

ALLIANCE FAMILY FOUNDATION LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Alliance Family Foundation 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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. They 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. The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE FAMILY FOUNDATION LIMITED

We have audited the financial statements of Alliance Family Foundation Limited for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 16. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 and the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its Income and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

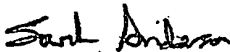
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLIANCE FAMILY FOUNDATION LIMITED (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for the audit; or
- the trustees were not entitled to take advantage of the small companies exemption from preparing a Strategic Report.



Sarah Anderson FCCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

30 March 2016

ALLIANCE FAMILY FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2016

	Note	2016 Unrestricted £	2015 As restated Unrestricted £
INCOME FROM			
Donations, legacies and similar activities	3	578	6,000
Income from listed fixed asset investments	3	693,389	694,746
Bank deposit and other income	3	6,264	12,484
TOTAL INCOME		<u>700,231</u>	<u>713,230</u>
EXPENDITURE ON			
Raising funds	4	74,735	23,796
Charitable activities	5	963,897	14,658,353
TOTAL EXPENDITURE		<u>1,038,632</u>	<u>14,682,149</u>
NET EXPENDITURE FOR THE YEAR BEFORE INVESTMENT GAINS		<u>(338,401)</u>	<u>(13,968,919)</u>
Realised gains/ (losses) on sale of investments	9	(2,558)	6,750
Unrealised (losses) from investments	9	(27,520)	(11,005,054)
NET(EXPENDITURE) FOR THE YEAR AND NET MOVEMENT IN FUNDS	7	<u>(368,479)</u>	<u>(24,967,223)</u>
RECONCILIATION OF FUNDS:			
Total funds brought forward as previously reported		2,813,337	28,780,040
Prior year adjustment	16	999,480	-
Total funds brought forward as restated		<u>3,812,817</u>	<u>28,780,040</u>
Net movement in funds for the year		<u>(368,479)</u>	<u>(24,967,223)</u>
Total funds carried forward	13	<u>3,444,338</u>	<u>3,812,817</u>

The above results are derived from continuing operations (2015: same). There are no recognised gains and losses for the current or prior financial year other than as stated above. Accordingly, a separate statement of other comprehensive income has therefore not been presented.

See note 16 for details of restatement of the prior year.

ALLIANCE FAMILY FOUNDATION LIMITED

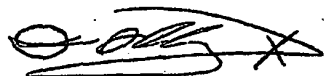
BALANCE SHEET As at 31 March 2016

	Note	2016 £	2015 As restated £
FIXED ASSETS			
Investments	9	17,213,962	17,335,143
CURRENT ASSETS			
Debtors	10	40,231	40,641
Cash at bank and in hand		-	50,465
		<u>40,231</u>	<u>91,106</u>
CREDITORS: amounts falling due within one year	11	<u>(4,484,461)</u>	<u>(1,612,912)</u>
NET CURRENT (LIABILITIES)		<u>(4,444,230)</u>	<u>(1,521,806)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,769,732	15,813,337
CREDITORS: amounts falling due after more than one year	12	<u>(9,325,394)</u>	<u>(12,000,520)</u>
NET ASSETS		<u><u>3,444,338</u></u>	<u><u>3,812,817</u></u>
FUNDS			
Unrestricted funds:			
Called up share capital	13	2	2
Revaluation reserve	13	10,629,157	10,872,024
Accumulated (deficit)	13	<u>(7,184,821)</u>	<u>(7,059,209)</u>
TOTAL FUNDS		<u><u>3,444,338</u></u>	<u><u>3,812,817</u></u>

See note 16 for details of restatement of the prior year.

The financial statements of Alliance Family Foundation Limited, company number 943938 and charity number 258721, were approved by the Trustees and authorised for issue on 30 December 2016.

Signed on behalf of the Trustees



Lord David Alliance
Trustee

ALLIANCE FAMILY FOUNDATION LIMITED

CASH FLOW STATEMENT For the year ended 31 March 2016

Note	2016 Unrestricted £	2015 Unrestricted £
Reconciliation of net movement in funds to net cash flows from operating activities		
Net movement in funds	(368,479)	(24,967,223)
Adjustments for:		
Income from investments, interest and other income	(699,653)	(707,230)
Realised and unrealised (gains)/losses on investments	30,078	10,998,304
Decrease/(increase) in debtors	410	833
Increase/(decrease) in creditors due within one year	3,011,366	8,645
Increase/(decrease) in creditors due after more than one year	(2,675,126)	12,000,520
Net cash flows from operating activities	(701,404)	(2,666,151)
Cash flows from investing activities		
Income from investments, interest and other income	699,653	707,230
Proceeds from sale of investments	443,702	6,750
Purchase of investments	(352,599)	(91,746)
Net cash flows from investing activities	790,756	622,234
Net increase/(decrease) in cash and cash equivalents	89,352	(2,043,917)
Cash and cash equivalents at beginning of year	(1,458,546)	585,371
Cash and cash equivalents at the end of the year	(1,369,194)	(1,458,546)
Being:		
Cash at bank and in hand	-	50,465
Bank overdrafts (secured)	(1,369,194)	(1,509,011)
	(1,369,194)	(1,458,546)

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES

Company and charitable status

Alliance Family Foundation Limited, a public benefit entity, is incorporated in England and Wales as a company limited by shares. There are currently four directors, two of whom hold the £1 shares in issue. The company is a registered charity and the address of the registered office is given on page 1 together with other relevant information.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2015)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015; and the Companies Act 2006.

The prior year financial statements have been restated in relation to the presentation of governance costs and of the cumulative surplus on revaluing investment properties on adoption of FRS 102 as described in note 16. The transition date to FRS 102 was 1 April 2014.

The principal accounting policies are set out below and have been consistently applied in the year and previous year's comparatives presented.

Going concern

The charity's activities and future plans are set out in the trustees' report which also describes the financial position of the charity including its fixed asset investment and reserves policies.

Since the year end, there has been a significant fall in the value of the charity's fixed asset investments and it currently has insufficient cash and other reserves to meet the schedule of donations described in note 13 in full. Nevertheless, the senior trustee, Lord David Alliance CBE, has confirmed that he will arrange the necessary support to enable the charity to meet its commitments in full and, since the balance sheet date, he has made a cash, gift aided donation of £3m, inclusive of tax repayable to the charity, to fund the £3m payment which fell due to the University of Manchester on 31 July 2016.

On the above basis, the trustees have a reasonable expectation that the charity has adequate resources available to it for a period of at least 12 months from the date of approval of the financial statements, and accordingly continue to adopt the going concern basis in preparing these financial statements.

Investment income

Investment income is accounted for when receivable and includes related tax recoverable if any.

Interest receivable

Interest is included when receivable by the charity.

Raising funds

Expenditure on raising funds comprises the incidental costs of operation which are recognised as they are incurred.

Charitable activity

The charity's activity is charitable giving in pursuit of the charity's objects. Donations payable are accounted for when the trustees have accepted a legal obligation and treated as Expenditure in the Statement of Financial Activities accordingly. Informal pledges that are to be funded from future income are disclosed as commitments in note 14 to the accounts. Amounts payable under the Gift Agreement with Manchester University are recognised at the present value of contributions payable under the agreement. The present value is calculated using a discount rate equivalent to the charity's effective borrowing rate.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange ruling at that date. Exchange differences resulting are shown in the Statement of Financial Activities.

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Taxation

As the company is a registered charity, it has no liability to corporation tax provided its income and gains are applied to its charitable purposes.

Investment properties

Investment properties for which fair value can be measured reliably without undue costs or effort on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Financial Activities.

Investments

Investments in shares and securities are measured at fair value through the Statement of Financial Activities. Realised and unrealised gains and losses are shown separately.

Fair value for listed shares and securities is established by reference to the mid-market value of stock exchange quotations. Fair value for other unlisted investments is established by reference to latest available financial information.

Fund accounting

The funds of the charity are unrestricted and are expendable at the discretion of the trustees in the furtherance of the objects of the charity. There are no designated or restricted funds.

Revaluation reserve

The revaluation reserve represents unrealised gains and losses arising on the fair valuation of investments in shares and securities.

Charitable commitments

Commitments which are legally binding on the trustees are accounted for as expenditure in the Statement of Financial Activities. Activities that are to be wholly financed from future income are disclosed in note 16 to the accounts.

Financial instruments

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs).

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

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

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2016

Financial assets and liabilities, continued

obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the charity's accounting policies, which are described above, the trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

2. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

No remuneration was paid to the trustees who were the only employees of the charity (2015: same). The trustees were not paid nor reimbursed for any expenses incurred during the year (2015: same).

3. INCOME

Investment income of £693,389 (2015: £694,746) relates to dividends and equivalents received from investment in UK and foreign listed companies.

Bank interest of £2,559 (2015: £1,415) was received during the year together with rent of £3,705 (2015: £11,069) relating to investment property.

Donations of £578 (2015: £6,000) were received from an individual whom the charity had assisted in the past but had no obligation to make these payments. The donations ceased in the year.

4. EXPENDITURE ON RAISING FUNDS

	2016 £	2015 £
Bank interest and charges	30,024	16,637
Exchange loss/(gain)	16,034	584
Expenses relating to investment property	16,677	575
Fees payable to the charitable company's auditor for the audit of the charitable company's annual financial statements	12,000	6,000
	<u>74,735</u>	<u>23,796</u>

The expenses relating to the investment property include a provision of £15,000 in relation to a liability for repairs to a reservoir contained within it and to neighbouring land.

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2016

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	2016 £	2015 As restated £
Donations to institutions	409,341	14,176,821
Donations for education to individuals	94,101	115,856
Donations for medical and care costs to individuals	26,878	86,260
Sundry general charitable donations	133,564	148,927
	<u>663,884</u>	<u>14,527,864</u>
Unwinding of discounting of future payments of contracted donations	300,013	130,489
	<u>963,897</u>	<u>14,658,353</u>

The charity undertakes no activities beyond donation and is personally administered by its trustees without support by way of personnel or office overhead. Consequently, the charity has no support costs. The costs of external audit are categorised as part of the expenditure of raising funds and included at note 4.

The unwinding of discounting relates to the Gift Agreement with Manchester University which is further described in note 12. The schedule of payments due under that agreement have been recognised on a discounted basis, discounting future amounts back to present value at each successive accounting date using the rate of interest on the charity's bank borrowing. The reduction in the level of discounting each year has been recognised as further expenditure of the year on charitable activities.

6. DONATIONS

The charity meets its objectives by making donations for purposes which match those of the charity. During the year, donations have been made to 90 (2015: 109) institutions, organisations and individuals worldwide. Donations representing 4% (2015: 4%) or more of the total expended for the year (excluding for the purpose, in relation to 2015, the amount for Manchester Business School) were:

	2016 £	2015 As restated £
Donations to institutions		
University of Manchester – links with Weizmann Institute and other	86,085	-
Weizmann Institute, Israel – links with University of Manchester	70,000	-
Shaare Hayim	45,446	-
Fariborz Fred Matloob Foundation	35,878	29,675
Tel Aviv University - Alzheimer's Research*	32,285	44,627
Tel Aviv University – Institute of Strategic Studies*	26,293	-
University of Manchester – Manchester Business School	-	13,870,031
Yahad in Unum	-	50,000
University of Manchester – Alzheimer's Research	-	40,000
Tel Aviv University – Parkinson's Research	-	36,944
	<u>295,987</u>	<u>14,071,277</u>
Total disclosed above	295,987	14,071,277
Other donations to institutions	113,354	105,544
	<u>409,341</u>	<u>14,176,821</u>

* Informal pledges for additional donations out of future income are included in Note 16.

Donations for individuals		
Educational costs	25,340	35,030

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2016

7. RECONCILIATION OF NET EXPENDITURE FOR THE YEAR FOR THE PURPOSES OF THE COMPANIES ACT 2006

	2016	2015
	£	As restated £
Net (expenditure) per the Statement of Financial Activities	(368,479)	(24,967,223)
Less: unrealised loss on investments	27,520	11,005,054
Net (expenditure) for the year for purposes of the Companies Act 2006	<u>(340,959)</u>	<u>(13,962,169)</u>

8. INVESTMENTS HELD AS FIXED ASSETS

	Investment property £	Listed investments £	Other investments £	Total £
Valuation				
At 1 April 2015	900,000	15,804,500	630,643	17,335,143
Additions	-	-	352,599	352,599
Disposal proceeds	-	(443,702)	-	(443,702)
Net realised investment (loss)	-	(2,558)	-	(2,558)
Net unrealised investment gain/(loss)	-	314,867	(342,387)	(27,520)
At 31 March 2016	<u>900,000</u>	<u>15,673,107</u>	<u>640,855</u>	<u>17,213,962</u>
Cost				
At 31 March 2016	<u>500,000</u>	<u>4,701,563</u>	<u>983,242</u>	<u>6,184,805</u>
At 31 March 2015	<u>500,000</u>	<u>4,932,476</u>	<u>630,643</u>	<u>6,063,119</u>

The value of the investment property was reviewed by the charity's land agents, Ingham & Yorke, in 2016 and no change proposed to the valuation at which the property is currently carried.

Listed investments are listed on the London and Frankfurt Stock Exchanges. The other investments consist of investments in unlisted UK, US and Israeli companies.

Material investment

Included within listed investments is a holding of 4,517,237 ordinary shares in N Brown Group plc which makes up 94% (2015: 91%) of the listed investment portfolio. Lord David Alliance CBE, a trustee, is a director of N Brown Group plc and both he and the other trustees also have personal interests in shares in that company. During the year, £644,341 (2015: £644,341) of investment income was received on the holding.

The share price at which this investment is reflected at the balance sheet date was £3.27 (2015: £3.18). As at 7 December 2016, the closing share price was substantially lower at £2.08.

10. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other debtors	<u>40,231</u>	<u>40,641</u>

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2016

11. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2016	2015
	£	£
Bank overdrafts (secured)	1,369,194	1,509,011
Accruals and other creditors	3,115,267	103,901
	<u>4,484,461</u>	<u>1,612,912</u>

The bank overdrafts are secured on certain listed investments of the charity.

Accruals and other creditors include £2,975,139 (2015: £nil) in respect of £3m (2015: £nil) due under the charity's Gift Agreement with the University of Manchester further described in note 12.

12. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	As restated £
Other creditors	<u>9,325,394</u>	<u>12,000,520</u>

During the previous year, the charity entered into a Gift Agreement with the University of Manchester to support the strategic development of Manchester Business School within the University's Faculty of Humanities. The total donation provided under the agreement was £15m and that amount as discounted for delay in payment is included in Donations to institutions within Charitable Activities under Expenditure for that year.

In accordance with the schedule of payment in the agreement, no amount was paid in the current year (2015: £2m) and a further £13m (2015: £13m) remained to be paid to the University at the year end.

Of that balance remaining, £3m (2015: £nil) was due within one year and is accordingly included in Accruals and other creditors in note 11 at £2,975,139 (2015: £nil) after discounting for delay in payment.

The following time discounted amounts are recognised as amounts payable after more than one year in respect of the further amounts to be paid subsequently totalling £10m (2015: £13m):

	2016	2015
	£	As restated £
Payable within:		
1 – 2 years	£4,837,625	£2,902,575
2 – 5 years	£2,760,819	£6,538,981
More than 5 years	£1,726,950	£2,558,964

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2016

13. STATEMENT ON UNRESTRICTED FUNDS

	Revaluation reserve As restated £	Accumulated surplus/ (deficit) As restated £	Total unrestricted funds As restated £
Balance at 1 April 2015	10,872,024	(7,059,209)	3,812,815
Net expenditure before investment gains	-	(338,401)	(338,401)
Realised gains/(losses) on sale of investments	-	(2,558)	(2,558)
Unrealised (losses) from investments	(27,520)	-	(27,520)
Transfer of realised revaluation gain	(215,347)	215,347	-
NET MOVEMENT IN FUNDS	(242,867)	(125,612)	(368,479)
Balance at 31 March 2016	10,629,157	(7,184,821)	3,444,336

There are no designated or restricted funds. The above statement excludes the company's £2 share capital.

ANALYSIS OF ASSETS AND LIABILITIES BETWEEN UNRESTRICTED FUNDS

	Share capital and revaluation reserve 2016 £	Accumulated surplus/ (deficit) 2016 £	Total 2016 £	Share capital and revaluation reserve 2015 As restated £	Accumulated Surplus 2015 As restated £	Total 2015 As restated £
Fixed assets						
investments	10,629,157	6,584,805	17,213,962	10,872,024	6,463,119	17,335,143
Current assets	2	40,229	40,231	2	91,104	91,106
Current liabilities	-	(4,484,461)	(4,494,793)	-	(1,612,912)	(1,612,912)
Non-current liabilities	-	(9,325,394)	(9,325,394)	-	(12,000,520)	(12,000,520)
	10,629,159	(7,184,821)	3,444,338	10,872,026	(7,059,209)	3,812,817

14. COMMITMENTS

As part of its activities, the charity in some instances gives informal pledges or otherwise informally agrees to make donations over a number of years to be met out of its future annual income. As no contractually specific arrangements are entered into between the parties concerned, the charity does not consider such commitments as constructive or legal obligations for the purposes of its accounts but instead discloses them below as charitable commitments agreed but not yet provided in its annual accounts.

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2016

14. COMMITMENTS, continued

Charitable commitments

	2016 £	2015 £
Agreed but not yet provided	<u>70,000</u>	<u>105,000</u>

In addition to the commitments agreed but not yet provided, and so not included in the amounts disclosed as such in previous years, the charity indicated it would give its support annually for costs of a joint life sciences research programme of Weizmann Institute and the University of Manchester with a proposed budget in total of £400,000. During the current year, the final balances of £70,000 each were paid towards that joint programme.

15. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, as mentioned in note 9, the value of the charity's holding in N Brown Group plc has fallen substantially. At the most recent value therein referred to, total funds at the balance sheet date would be reduced by £5,375,512.

However, since the balance sheet date, Lord David Alliance CBE has made a cash, gift aided donation of £3m, inclusive of tax repayable to the charity which has since been received. This has increased the charity's total funds by £3,000,000.

16. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Charity has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition:

The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, the following changes have been made to comply with that standard.

Governance costs - these relate only to costs of external audit and have been reclassified within costs of raising funds (see note 4). The impact of this is not material, being £12,000 (2015: £6,000).

Expenditure on Charitable activities and Creditors – the Gift Agreement with Manchester University entered into in November 2014 to donate a total of £15m provided for a schedule of payments extending through to July 2022. The charity's liability under this agreement has been restated as an arrangement constituting a finance transaction (see notes 5, 11 and 12).

The impact of this is material, impacting both the level of expenditure reported on Charitable activities and the level of Creditors reported due within and after more than one year. Restatement of the former has resulted in an increase of £300,013 (2015: a reduction of £999,480) and in a reduction of £699,467 (2015: a reduction of £999,480) in the total of latter. These amounts correspond to the effect of discounting future payments under the agreement to present value at the date of the contract and subsequently at each accounting date, with the unwinding of this discounting as the due dates draw nearer being reported within expenditure on Charitable activities.

Investment property – the cumulative surplus on revaluations to fair value has been restated as a credit to accumulated (deficit) rather than revaluation reserve. The impact has been to reduce the balance of the revaluation reserve (note 13) by £400,000 (2015: £400,000) and reduce the balance of accumulated (deficit) down by £400,000.