

**ALLIANCE FAMILY FOUNDATION LIMITED**

**Trustees' Report and Financial Statements**  
**Year ended 31 March 2021**



# **ALLIANCE FAMILY FOUNDATION LIMITED**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS 2021**

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# **ALLIANCE FAMILY FOUNDATION LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS AND TRUSTEES**

Lord David Alliance CBE  
Hon G N Alliance (resigned 21 August 2020)  
Hon Mrs S D Esterkin  
Hon J J M Alliance

### **PRINCIPAL OFFICE**

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

### **REGISTERED OFFICE**

Suite 1B  
Maclaren House  
Lancastrian Office Centre  
Talbot Road  
Manchester  
M32 0FP

### **BANKERS**

The Royal Bank of Scotland plc  
Drummond House Customer Service Centre  
1 Redheughs Avenue  
Edinburgh  
EH12 9JN

### **SOLICITORS**

Bootes  
7 St James Square  
Manchester  
M2 6XX

### **LAND AGENTS**

Ingham & Yorke  
Huntroyde Estate Office  
Padiham  
Lancashire  
BB12 7QX

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
Leeds,  
LS1 2AL  
United Kingdom

## **ALLIANCE FAMILY FOUNDATION LIMITED**

### **TRUSTEES' REPORT (incorporating a Directors' Report)**

The trustees, who are also the directors of the company, present their annual report on the affairs of Alliance Family Foundation Limited, company number 00943938 and charity number 258721, together with the audited financial statements and auditor's report, for the year ended 31 March 2021.

They confirm that the financial statements have been prepared in accordance with 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 or others to whom they delegate day to day management. Throughout this report, the directors are collectively referred to as the trustees.

The activity of the charity is exclusively the making of donations 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. One of the trustees ceased to hold office on 21 August 2020. There have been no other recent changes, nor are any further changes anticipated currently. The trustees have power to appoint new trustees subject to a maximum of five in total and when a new trustee is appointed, arrangements will be made to explain their legal duties and responsibilities.

### **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 and income from the listed investment held as market and economic conditions change. This had particular impact following the onset of the Covid-19 pandemic in March 2020 when dividends were suspended until further notice and the value of the investment fell substantially though it has since to an extent recovered. The trustees hold that investment for its long term potential to generate annual income to fund donations. However, the level of grant making remains restricted in the absence to date of the restoration of dividends.

#### **Investments policy**

Details of the investments are given in note 8 to the financial statements. The Trustees' policy is to retain their main listed investment in N Brown Group plc for the income it generates each year. This remains the case notwithstanding the suspension of dividends from that company whose directors have indicated that they will consider the dividend position in 2022. In addition, selected limited other investments are made as opportunity arises where they are aligned with the charity's purposes or for their growth potential.

In the event of market fluctuations which might mean that the charity's assets would not be sufficient to fulfil its obligations as they fall due, it is the intention of the senior trustee, Lord David Alliance CBE, to arrange for it to be able to do so. It is the charity's continuing policy to retain the fixed asset investments to generate resources for its charitable expenditure.

## ALLIANCE FAMILY FOUNDATION LIMITED

### TRUSTEES' REPORT (incorporating a Directors' Report)

#### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

##### Reserves policy

It is the policy of the charity to maintain the level of its funds, which are unrestricted, at a level sufficient to ensure income is generated to cover its donations and costs for the ensuing 12 months. Reserves have come under pressure as a result of the drop in the share price of the company's listed investment. That resulted at the previous accounting date in a deficit in the balance sheet, but the share price subsequently recovered and, even allowing for its fall back since the year end, restored positive reserves to in excess of £1,000,000.

During the year under review, the charity received a gift aided donation of £1m from Lord Alliance related to the funding of the year's commitment to the University of Manchester in respect of Manchester Business School. Lord Alliance remains committed to ensuring the charity meets its charitable commitments and continues with its charitable activities, even though the company's dividend income from its listed investment is suspended currently.

Consequently, he has reconfirmed his financial support, if needed, to enable the charity to meet its obligations. To that end, since the balance sheet date, Lord Alliance's company, The Anglo-Eastern Trust Limited, has additionally donated \$1m to assist the charity's finances.

The charity has also received a donation of £1.05m since the year end in honour of the late Mr Yousef Tishbi.

##### Related parties

As described in note 8, the trustees each have personal shareholding interests in N Brown Group plc and Lord David Alliance CBE and Hon J J M Alliance are directors of that company. N Brown Group plc was fully listed on the London Stock Exchange until 23 December 2020 and subsequently on the Alternative Investment Market, 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.

In 2014, 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 makes donations rather than undertaking activities 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 welfare costs of a number of individuals directly, the largest of which are referred to in note 6.

## ALLIANCE FAMILY FOUNDATION LIMITED

### TRUSTEES' REPORT (incorporating a Directors' Report)

#### ACHIEVEMENTS AND PERFORMANCE (continued)

Overall, despite the loss of income in the year, the charity continued in making donations totalling £213,079 to 53 institutions, organisations and individuals for charitable purposes (2020: £218,651 to 59 recipients) and further financial information about donations is given in notes 5, 6, 10 and 11 to the financial statements.

#### FINANCIAL REVIEW

The results for the year ended 31 March 2021 are set out in the Statement of Financial Activities on page 9.

Income from listed investments was £Nil (2020: £320,724) in respect of the core strategic investment held in N Brown Group plc. Following a substantial reduction in its annual dividends pending future growth in its earnings, a full suspension of dividends was announced in March 2020 as a result of which no dividends were received during the year, a position which is also expected to apply during the charity's new financial year which began on 1 April 2021.

Nevertheless, the charity received a donation in the year under review from the senior trustee, Lord David Alliance CBE, to facilitate its charitable activities and saw an unrealised gain on its investments overall in the year of £2,403,286 (2020: loss of £3,259,182).

With financial support available from the senior trustee, Lord David Alliance CBE, the trustees expect the charity to retain its investments and continue to make donations in furtherance of their objectives.

The overall Net Income for the year of £3,398,180 has been credited to (2020: overall Net Expenditure of £2,288,816 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 other institutions, charitable organisations and individuals.

#### GOING CONCERN

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of the financial statements. Those resources importantly include the benefit of the reconfirmation of financial support from the senior trustee, Lord David Alliance CBE, if needed, to enable the charity to meet its obligations.

Thus, the trustees 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 on page 12 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.

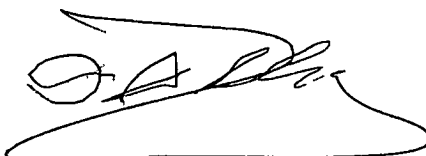
This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

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.

Authorised for issue by the board of trustees and approved on their behalf by

Lord David Alliance CBE, Trustee

Date: 28 January 2022



## **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' Annual 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 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 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 adequate 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.

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.

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

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Alliance Family Foundation Limited (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities (incorporating the income and expenditure account);
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.



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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the charitable company's and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Charity Commission for England and Wales (Charity Commission) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- completeness of revenue recognition. To address this risk, we reviewed the Board minutes, and reviewed all bank statements in the period, and post year end statements for a month to test whether income had been appropriately included in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Sarah Anderson*

Sarah Anderson FCCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

28<sup>th</sup> January 2022

# ALLIANCE FAMILY FOUNDATION LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (incorporating the income and expenditure statement) For the year ended 31 March 2021

	Note	2021 Unrestricted £	2020 Unrestricted £
<b>INCOME FROM</b>			
Donations, legacies and similar activities	3	1,250,000	1,000,000
Listed fixed asset investments	3	-	320,724
Bank deposit and other income	3	10,686	11,017
<b>TOTAL INCOME</b>		<u>1,260,686</u>	<u>1,331,741</u>
<b>EXPENDITURE ON</b>			
Raising funds	4	4,039	63,637
Charitable activities	5	269,348	297,738
<b>TOTAL EXPENDITURE</b>		<u>273,387</u>	<u>361,375</u>
<b>NET INCOME FOR THE YEAR BEFORE INVESTMENT GAINS/(LOSSES)</b>		<u>987,299</u>	<u>970,366</u>
Realised gains on sale of investments	8	7,595	-
Unrealised gains/(losses) from investments	8	2,403,286	(3,259,182)
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR AND NET MOVEMENT IN FUNDS</b>	7	<u><u>3,398,180</u></u>	<u><u>(2,288,816)</u></u>
<b>RECONCILIATION OF FUNDS:</b>			
Total (deficit)/funds brought forward		(964,723)	1,324,093
Net movement in funds for the year		<u>3,398,180</u>	<u>(2,288,816)</u>
Total funds/(deficit) carried forward	12	<u><u>2,433,457</u></u>	<u><u>(964,723)</u></u>

The above results are derived from continuing operations. 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 not been presented.

# ALLIANCE FAMILY FOUNDATION LIMITED

## BALANCE SHEET As at 31 March 2021

	Note	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Investments	8		5,042,518		2,649,137
<b>CURRENT ASSETS</b>					
Debtors	9	21,334		11,851	
Cash at bank and in hand		-		-	
		21,334		11,851	
<b>CREDITORS: amounts falling due within one year</b>	10	(1,662,871)		(1,714,389)	
<b>NET CURRENT LIABILITIES</b>			(1,641,537)		(1,702,538)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,400,981		946,599
<b>CREDITORS: amounts falling due after more than one year</b>	11		(967,524)		(1,911,322)
<b>NET ASSETS/(LIABILITIES)</b>			2,433,457		(964,723)
<b>FUNDS</b>					
Unrestricted funds:					
Called up share capital	12		2		2
Revaluation reserve	12		-		-
Accumulated (deficit)/surplus	12		2,433,455		(964,725)
<b>TOTAL FUNDS</b>			2,433,457		(964,723)

The financial statements of Alliance Family Foundation Limited, company number 00943938 and charity number 258721, were approved by the Trustees and authorised for issue on 28 January 2022.

Signed on behalf of the Trustees



Lord David Alliance CBE  
Trustee

# ALLIANCE FAMILY FOUNDATION LIMITED

## CASH FLOW STATEMENT

For the year ended 31 March 2021

	2021 Unrestricted £	2020 Unrestricted £
<b>Reconciliation of net movement in funds to net cash flows from operating activities</b>		
Net movement in funds	3,398,180	(2,288,816)
Adjustments for:		
Income from investments, interest and other income	(10,686)	(331,741)
Realised and unrealised (gains)/losses on investments	(2,410,881)	3,259,182
(Increase) in debtors	(9,483)	(2,400)
(Decrease)/increase in creditors due within one year	(12,519)	5,903
(Decrease) in creditors due after more than one year	(943,798)	(920,846)
<b>Net cash flows from operating activities</b>	<u>10,813</u>	<u>(278,718)</u>
<b>Cash flows from investing activities</b>		
Income from investments, interest and other income	10,686	331,741
Proceeds from sale of investments	17,500	-
Purchase of investments	-	-
<b>Net cash flows from investing activities</b>	<u>28,186</u>	<u>331,741</u>
<b>Net increase in cash and cash equivalents</b>	<u>38,999</u>	<u>53,023</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>(575,200)</u>	<u>(628,223)</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>(536,201)</u></u>	<u><u>(575,200)</u></u>
<b>Being:</b>		
Cash at bank and in hand	-	-
Bank overdrafts (secured)	(536,201)	(575,200)
	<u><u>(536,201)</u></u>	<u><u>(575,200)</u></u>

## ALLIANCE FAMILY FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

#### 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 three 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 2019)" 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 2019 and the Companies Act 2006.

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.

During the previous year, there was a significant decrease in the value of the charity's fixed asset investments and the future income they will generate. However, the senior trustee, Lord David Alliance CBE, has reconfirmed his financial support, if needed, to enable the charity to meet its obligations.

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.

##### Donation, legacy and investment income

Donation, legacy and investment income is accounted for when the charity has entitlement to it and includes related tax recoverable if any.

##### Interest receivable

Interest is included when the charity is entitled to it.

##### 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 13 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) For the year ended 31 March 2021

#### 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 charitable purposes as specified by applicable tax legislation.

##### **Investment properties**

Investment properties are measured initially at cost and subsequently at fair value at the reporting date, with any change recognised in the Statement of Financial Activities.

##### **Investments**

Where possible, 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 market value of stock exchange quotations. Fair value for other investments is established by reference to latest available financial information, although it is subject to inevitable uncertainty as a result of their unlisted character. Where fair value of unlisted investments cannot be measured reliably, these are measured at cost less impairment.

##### **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. Informal or conditional commitments that are to be wholly financed from future income are disclosed instead as charitable commitments in note 13 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.

# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2021

### 1. ACCOUNTING POLICIES (continued)

#### Financial assets and liabilities (continued)

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 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.

In particular, investments in unlisted entities are measured at cost less impairment involving judgements made on the carrying amounts of those assets at each reporting date.

The trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure other than the above

### 2. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

No remuneration was paid to the trustees who were the only employees of the charity (2020: none). The trustees were not paid nor reimbursed for any expenses incurred during the year (2020: none). The total amount of donations received from the trustees without conditions during the year was £1.25m (2020: £1m), inclusive of deducted tax also recovered.

### 3. INCOME

Investment income of £nil (2020: £320,724) relates to dividends and equivalents received from investment in UK and foreign listed companies.

Bank interest of £6 (2020: £24) was received during the year together with rent of £10,680 (2020: £10,993) relating to investment property.

A donation of £1,250,000 (2020: £1,000,000) was received from Lord David Alliance CBE, one of the Trustees, during the year under Gift Aid, inclusive of deducted tax also recovered.

### 4. EXPENDITURE ON RAISING FUNDS

	2021 £	2020 £
Bank interest and charges	16,794	22,480
Exchange (gain)/loss	(41,608)	15,840
Expenses relating to investment property	1,741	4,281
Legal fees re investment property	7,840	3,036
Fees payable to the charitable company's auditor:		
- for the audit of the charitable company's annual financial statements	17,472	16,800
- for taxation compliance services	1,800	1,200
	<u>4,039</u>	<u>63,637</u>



# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2021

### 5. EXPENDITURE ON CHARITABLE ACTIVITIES

	2021 £	2020 £
Donations to institutions	104,810	86,261
Donations for education to individuals	14,522	35,257
Donations for medical and care costs to individuals	34,140	30,763
Other charitable donations	59,607	66,370
	<u>213,079</u>	<u>218,651</u>
Unwinding of discounting of future payments of contracted donations	56,269	79,087
	<u>269,348</u>	<u>297,738</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 11. The schedule of payments due under that agreement has 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 53 (2020: 59) institutions, organisations and individuals worldwide. Donations representing 5 % (2020: 5%) or more of the total expended for the year (excluding for the purpose the contracted amounts for Manchester Business School) were:

	2021 £	2020 £
<b>Donations to institutions</b>		
Community Security Trust	50,000	25,000
University of Manchester – stroke research*	25,000	-
Spanish & Portuguese Sephardi Community Synagogue*	10,000	14,910
Sheffield Children's Hospital Charity	-	11,000
	<u>85,000</u>	<u>50,910</u>
Total disclosed above	85,000	50,910
Other donations to institutions	19,810	35,351
	<u>104,810</u>	<u>86,261</u>
Total of donations to institutions		

\* Informal pledge for additional donation out of future income included in Note 13.

#### Donations for individuals

Accommodation costs	21,054	21,405
Educational costs	12,000	12,000
Educational costs	-	20,723
Welfare costs	-	11,996
Welfare costs	-	11,000
	<u></u>	<u></u>

# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

### 7. RECONCILIATION OF NET INCOME/(EXPENDITURE) FOR THE YEAR FOR THE PURPOSES OF THE COMPANIES ACT 2006

	2021 £	2020 £
Net Income/(Expenditure) per the Statement of Financial Activities	3,398,180	(2,288,816)
(Deduct)/Add: unrealised (gain)/loss on investments	(2,403,286)	3,259,182
Net Income for the year for purposes of the Companies Act 2006	<u>994,894</u>	<u>970,366</u>

### 8. INVESTMENTS HELD AS FIXED ASSETS

	Investment property £	Listed investments £	Other investments £	Total £
<b>Valuation</b>				
At 1 April 2020	1,500,000	796,538	352,599	2,649,137
Additions	-	-	-	-
Disposal proceeds	(17,500)	-	-	(17,500)
Net realised investment gain	7,595	-	-	7,595
Net unrealised investment gain	-	2,403,286	-	2,403,286
At 31 March 2021	<u>1,490,095</u>	<u>3,199,824</u>	<u>352,599</u>	<u>5,042,518</u>
<b>Cost</b>				
At 31 March 2021	<u>496,700</u>	<u>3,681,990</u>	<u>392,806</u>	<u>4,571,496</u>
At 31 March 2020	<u>500,000</u>	<u>3,681,990</u>	<u>392,806</u>	<u>4,574,796</u>

The overall value of the investment property was last adjusted at 31 March 2020. The charity's land agents, Ingham & Yorke, have reappraised the detailed holdings making up the property in the light of current day circumstances and opportunities and proposed no change at 31 March 2021. The carrying value represents the agents' professional estimate as chartered surveyors of market value on sale with vacant possession of the individual holdings based on their ongoing knowledge and experience of the local area concerned. There are no protected tenancies.

Listed investments are listed on the London Stock Exchange and NASDAQ. The other investments consist of investments in unlisted Israeli and Luxemburg companies.

#### Material investment

Included within listed investments is a holding of 4,517,237 ordinary shares in N Brown Group plc which makes up 93% (2020: 83%) of the listed investment portfolio. Both Lord David Alliance CBE and Hon J J M Alliance, trustees, are directors of N Brown Group plc and both they and the other trustee also have personal interests in shares in that company. During the year, £nil (2020: £320,724) of investment income was received on the holding.

The share price at which this investment is reflected at the balance sheet date is 65.8p (2020: 14.7p). As at 24 January 2022, the closing share price was 39.8p, representing a reduction since the year end of £1,174,482.

### 9. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2021 £	2020 £
Other debtors	<u>21,334</u>	<u>11,851</u>

# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2021

### 10. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank overdrafts (secured)	536,201	575,200
Accruals and other creditors	1,126,670	1,139,189
	<u>1,662,871</u>	<u>1,714,389</u>

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

Accruals and other creditors include £991,713 (2020: £991,646) in respect of £1m (2020: £1m) due under the charity's Gift Agreement with the University of Manchester further described in note 11.

### 11. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Other creditors	<u>967,524</u>	<u>1,911,322</u>

In November 2014, 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 to the present value of the future cash flows involved was included in Donations to institutions within Charitable Activities under Expenditure for the year ended 31 March 2015.

In accordance with the schedule of payment in the agreement, £1m was paid in the current year (2020: £1m) and a further £2m (2020: £3m) remained to be paid to the University at the year end.

Of that balance remaining, £1m (2020: £1m) was due within one year and is accordingly included in Accruals and other creditors in note 10 at £991,713 (2020: £991,646) after discounting to present value at the year end.

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 £1m (2020: £2m):

	2021 £	2020 £
<b>Payable within:</b>		
1 – 2 years	967,524	967,459
2 – 5 years	-	943,863
More than 5 years	-	-
	<u>-</u>	<u>-</u>

# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2021

### 12. STATEMENT ON UNRESTRICTED FUNDS

	Share capital: 2 shares of £1 nominal £	Revaluation reserve £	Accumulated surplus/ (deficit) £	Total unrestricted funds £
<b>Balance at 1 April 2019</b>	2	933,533	390,558	1,324,093
Net income before investment gains	-	-	970,366	970,366
Realised (losses) on sale of investments	-	-	-	-
Unrealised (losses) from investments	-	(933,533)	(2,325,649)	(3,259,182)
Transfer of realised revaluation losses	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>	-	(933,533)	(1,355,283)	(2,288,816)
<b>Balance at 31 March 2020</b>	2	-	(964,725)	(964,723)
Net income before investment gains	-	-	987,299	987,299
Realised gains on sale of investments	-	-	7,595	7,595
Unrealised gains from investments	-	-	2,403,286	2,403,286
Transfer of realised revaluation gains	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>	-	-	3,398,180	3,398,180
<b>Balance at 31 March 2021</b>	2	-	2,433,455	2,433,457

There are no designated or restricted funds.

### ANALYSIS OF ASSETS AND LIABILITIES BETWEEN UNRESTRICTED FUNDS

	Share capital and revaluation reserve 2021 £	Accumulated surplus/ (deficit) 2021 £	Total 2021 £	Share capital and revaluation reserve 2020 £	Accumulated Surplus 2020 £	Total 2020 £
Fixed assets	-	5,042,518	5,042,518	-	2,649,137	2,649,137
investments	-	5,042,518	5,042,518	-	2,649,137	2,649,137
Current assets	2	21,332	21,334	2	11,849	11,851
Current liabilities	-	(1,662,871)	(1,662,871)	-	(1,714,389)	(1,714,389)
Non-current liabilities	-	(967,524)	(967,524)	-	(1,911,322)	(1,911,322)
	2	2,433,455	2,433,457	2	(964,725)	(964,723)

# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

### 13. 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.

Charitable commitments	2021 £	2020 £
<b>Agreed but not yet provided</b>		
Brought forward	165,072	32,358
Additional commitments	2,500	140,072
Amounts charged against commitments	(35,000)	(7,358)
Amounts reversed unused	(1,953)	-
	<hr/>	<hr/>
Closing balance	<u>130,619</u>	<u>165,072</u>