

Foundation of Light (a Company Limited by Guarantee)
Consolidated Annual Report and Financial Statements
for the year ended 31 August 2022

Registered Charity Number: 1089333

Registered Company Number: 04243171

Foundation of Light

Annual Report and Consolidated Financial Statements for the year ended 31 August 2022

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Trustees and Advisers for the year ended 31 August 2022

Trustees

Sir Robert Sydney Murray CBE - Chair of Trustees

The Rt Hon. The Baroness Estelle Morris of Yardley, PC - Vice Chair of Trustees

Kathryn Adie CBE, DL

George Clarke

Paul Collingwood (resigned 13th December 2021)

Stephen Cram CBE - Treasurer

Kyril Robert Leonid Louis-Dreyfus

Martin James Hibbert (appointed 9th December 2021)

Nathan O'Brien (resigned 20th October 2021)

Col. The Hon. James David Alexander Ramsbotham CBE, DL

Sir Timothy Miles Bindon Rice

The Rt Hon. The Baroness Tanni Carys Davina Grey-Thompson DBE, DL

Key Management

Lesley Spuhler OBE DL

Chief Executive

James Wright

Managing Director

Ciaron Brunning

Financial Controller

Clare Wilson

Assistant Director of Development (As of 13th July 2022)

Registered Office

Beacon of Light

Stadium Park

Sunderland

SR5 1SN

Banker

Barclays Bank PLC

53 Fawcett Street

Sunderland

SR1 1SD

Independent Auditor

RSM UK Audit LLP

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

Legal Advisor

Ward Hadaway

102 Quayside

Newcastle upon Tyne

NE1 3DX

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Chairman's Statement

I am pleased to share this year's Annual Report in our 21st birthday year.

Whilst life has returned to normal for many of us since the peak of the pandemic, many others within our community find themselves in further difficult times because of the significant impacts of the war in Ukraine and the cost-of-living crisis. For those who were already living in difficult circumstances, their need is far greater than ever before and that is why we must do more to support them.

The last twelve months has seen the Foundation of Light continue to support the most vulnerable in our society, bridging the gap between our communities and front-line services, which are subject to increasingly difficult challenges in the current economic climate. The economic outlook continues to look very challenging with shrinking economy and recession predicted.

This year, we have also seen the North East sadly top the table across the UK for child poverty, with one in three children living in poverty, one of the highest rates in Europe. This unwelcome title is truly shocking and its impact devastating to families in our region.

The current cost-of-living crisis is set to continue and the financial outlook for many vulnerable individuals and families is frightening and stressing. The economic uncertainty many in our community face will have a demoralising and destructive impact on them and on communities as a whole. It will not discriminate and will make an impact for generations.

Every day we hear and see the real-life effect of rocketing inflation and soaring fuel costs on the hard-working people of our region; one in four families have already fallen into fuel poverty this winter, with thousands turning to food banks and public buildings for basic necessities such as food and warmth. These statistics are heart-breaking. They are why our Foundation matters now more than ever before.

At the core of our ethos is to continually innovate and develop our services to align with the current and specific needs of our community. With this in mind, we have developed several new initiatives this year to tackle the cost-of-living crisis and introduced new programmes in health and social care, Esports, and history and heritage.

Of course, although we work outreach across communities, the Beacon of Light is central to our work and it's amazing to have welcomed over 200,000 people through the doors this year. The building has further demonstrated the crucial role it plays, at the heart of our community and turning dreams into reality. In addition to the people visiting every day, 2022 also saw the Beacon play host to the ultimate free summer holiday activity experience as over 1,500 families attended the Foundation's Community Fun Day featuring a range of inclusive and family friendly activities.

The hard work and dedication of our staff really inspires me as they deliver ground-breaking sports, health, community, and education programmes. Through their commitment to and passion for making a difference, every day we continue to embed ourselves into the fabric and heart of the North East community.

Our financial performance for the year reflects the challenge of adapting to the new world and challenging economic environment but still paints a positive picture, despite the unprecedented trading position that we and many other charities and small businesses find ourselves in, the Group reported a trading EBITDA of £200,879 for the year.

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Chairman's Statement (continued)

The Group's net assets are £17,390,161 in 2022 of which unrestricted reserves are £190,164 and the Charity reserve funds have risen to £1,342,835 in 2022, of which £1,182,256 is unrestricted, compared to £1,081,600 in 2021 thereby retaining a position ahead of the £750,000 unrestricted policy that we adopted for the charity.

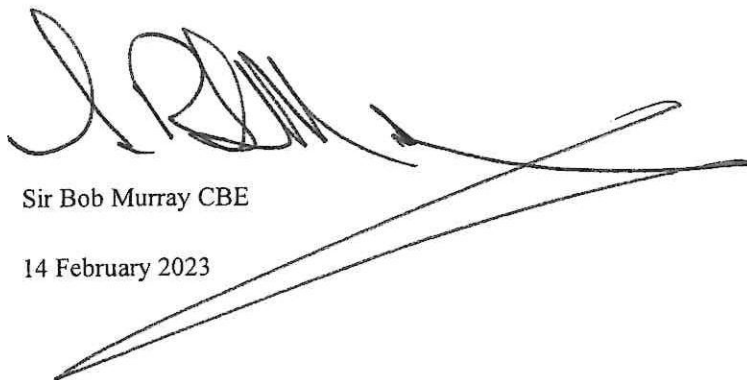
Intercompany debt has been reviewed during the period and a deed of variation has been agreed that the debt will be repaid over seven years with an interest charge attached.

We are proud to have made some significant enhancements in areas of compliance and governance by undertaking a review that has seen Trustees agree on forthcoming priority areas; committees and boards have been strengthened; and a Governance Manual with comprehensive scheme of delegation created. We have also adopted the Premier League Capability Code of Practice as our compliance standard and this has accelerated major improvements in areas of risk management, streamlining of policies and procedures, and developing management information systems.

There are undoubtedly more challenging times to come, but the North East is a resilient, compassionate and caring place, and it is heartening to see what can be achieved when people unite together in a common cause and help one another.

So, I would like to thank all our partners; I would particularly like to thank Sunderland AFC Chairman Kyril Louis-Dreyfus and all the team at Sunderland AFC for their continued commitment and support. Since Kyril joined the Board of Trustees last year, he has brought the Club and Foundation closer together, ensuring that the needs of the community are at the heart of the Club's long-term vision.

The North East is a beautiful and incredible region, with remarkable and generous people who continuously stand together when it matters the most. Your support is humbling and inspiring and I would like to thank all our funders and supporters for everything you have done and continue to do to help our communities. Your support is truly life changing to so many and truly does light up the lives of every generation every single day.



Sir Bob Murray CBE

14 February 2023

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Trustees' Report for the year ended 31 August 2022

The Trustees are pleased to present their annual report together with the audited financial statements of the Charity and Group for the year ended 31 August 2022. This report includes the information required to satisfy the company law requirements to present a Strategic Report and a Directors' Report.

Structure, Governance and Management

Governing Document

Foundation of Light is a company limited by guarantee, governed by its Memorandum and Articles of Association dated November 2001. The liability of the Trustees for the debts and liabilities of the company is limited, and in the event of the company being wound up, would not exceed £1. It is registered as a charity with the Charity Commission (registered number 1089333), with two subsidiaries - Altruism Limited (registered number 04303983) date of incorporation 12th Oct 2001 which is governed by its memorandum and articles dated 12th Oct 2001 and updated on the 24th Oct 2014 and also Beacon of Light (registered number 09221229) date of incorporation 16th Sept 2014 which is governed by its memorandum and articles dated 16th Sept 2014.

Appointment of Trustees

As set out in the Articles of Association, Trustees are invited to join the Board, however full-time/part time staff members of Foundation of Light are not eligible. From time-to-time nominees may be invited to become friends of the Foundation or honorary members. Sunderland AFC Limited ('the Club') can appoint one Trustee. At the Annual General Meeting one third of Trustees shall resign by rotation and are then eligible to be re-appointed if nominated.

Trustee Induction and Training

New Trustees receive an induction pack that includes the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the Charity. Trustees are encouraged to attend appropriate external training events to assist them in the undertaking of their role.

Organisation

The Board of Trustees, which shall include no less than six members and not more than twelve, administers the Charity. The Board meets at least four times a year and there are sub-committees covering Finance, Audit and Risk (comprises four committee members, including three independent members to review the integrity of the financial statements, advise on and oversee risk, and appoint external audit; where appropriate making recommendations to the Trustees), Nominations and Remuneration, and Programmes Committee which meet more regularly. A Chief Executive is appointed by the Trustees to manage the day-to-day operations of the Charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment, education, skills and sport related activity. Administrative details for the Charity, its Trustees, and advisors, are detailed on page 1.

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Trustees' Report for the year ended 31 August 2022 (continued)

Related Parties

Although Foundation of Light is structurally and financially independent from Sunderland AFC ("the Club"), the Club supports its own registered Charity in many ways, not least through its gifts in kind such as match day tickets, prime accommodation, and auction prizes. The Foundation continues to sponsor an Alternative Provision Free School, Beacon of Light School, which resides as a tenant of the Beacon of Light facility in Sunderland.

Key Management Pay

The pay of all staff including key management is banded in salary grades dependent on their role. Each grade is reviewed regularly and compared to similar roles in the sector. Revisions to pay grades are included in the annual budget setting process and a recommendation is made to Trustees on the level of pay increases to be awarded. The Trustees delegate the approval process to the Nominations and Remunerations Committee who have the final say in the pay awards granted for the year.

Risk Management

The Trustees have a risk management strategy which comprises:

- An annual review of the risks the Group may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan; and
- The implementation of procedures designed to minimise any potential impact on the Charity should those risks materialise.

This work has identified a few major risks which has resulted in improved procedures and contingency plans and has given the impetus for better planning. Particular attention is focused on non-financial risks arising from working with young people such as safeguarding and health and safety. A key element in the management of financial risk is the setting of a regular review through the Audit and Risk Committee and Executive Team. Changes in both the political and economic climate are identified as major risks in this risk assessment.

Principal Risks and Uncertainties

The Foundation will always face business risks; however, the Trustees have taken steps to mitigate these as far as possible. The Finance, Audit and Risk Committee and the Board of Trustees undertake reviews. The CEO along with the Assistant Director (Compliance) have delegated responsibility for the day-to-day management of risk through business continuity strategies that support a flexible approach to adapting and surviving. Risks identified include:

Cost-of-Living Crisis

With inflation now at an all-time high and the cost of everyday essentials rising the current crisis is taking a toll on everyone's finances. The Foundation is likely to experience increased demand especially on health and wellbeing programmes as people struggle to meet the cost of everyday life.

Running costs increasing and concerns over income as people have less to give further increase the vulnerability of a decrease in donations and declining government funding.

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Trustees' Report for the year ended 31 August 2022 (continued)

COVID-19 Pandemic

The impact of COVID-19 continues to impact all our lives and major risks continue to include the health and safety of staff and participants along with financial and physical resource loss and disruption to services and programmes due to staff absence should a future pandemic occur. As a result, business continuity plans and Covid-19 operational risk assessments remain on our risk agenda, aligned to an alert system for legislation and guidance changes.

Financial Risks

With continued success comes the pressure for growth and expansion. In developing the Beacon of Light facility space has been provided for Sport and Play facilities, World of Work delivery and an Alternative Provision Free School. With such a level of expansion comes the risk of being unable to raise adequate funds to run the building and turn an operating profit. Current actions to help manage these risks include new Assistant Director appointments to the Group of Companies, the execution of a new business plan and the recruitment of experienced staff and consultants to support activities.

Generating income and achieving financial sustainability remains a challenge with income from both local and central government, as well as income from grants and government contracts declining and therefore, increasing financial resilience and closely monitoring income levels will be vital going forward. This makes the trading company's success particularly important.

Compliance Risks

Delivery teams, due to the nature of the Foundation's mission, work within the disadvantaged communities which we aim to help. The compliance risks have increased due to the operation of the Beacon of Light facility and an increase in number of staff and volunteers. Risks are in the areas of Health and Safety, Safeguarding and Data Protection and Privacy.

Comprehensive health and safety policies are in place to protect staff; regular safety audits are conducted, and expert consultants are used where needed. Regular training is in place for staff and a Health and Safety Committee is in operation.

Whilst the Foundation has always been mindful of data protection legislation, changes in regulations due to GDPR (General Data Protection Regulation) and further proposed changes mean more robust policies and procedures are required and the need for software that meets the very latest cybersecurity standards. Action plans have been developed, policies reviewed, and a new training programme put in place.

The Foundation has robust Safeguarding procedures to ensure compliance with local and national agendas. Policies and procedures are in place alongside a Safeguarding assurance framework which is quality checked by the Programmes Committee and reported to the Trustees by the Committee Chair, Baroness Estelle Morris. A safeguarding audit is currently underway.

Human Resources and Key Personnel

The Foundation recognises that a combination of increased workloads, pressure at home, health concerns, and money worries, could lead to burnout in the workplace and further recognises that the delivery of its health and wellbeing programmes and sustainability initiatives could provide valuable information and support to the wider stakeholders. The Foundation currently offers a diverse programme of health and wellbeing for staff and strives to seek other ways to support staff and volunteers through advice, information, and benefits

The threat of losing key people with specialist knowledge, skills, history, and expertise is a risk. Staff turnover has increased, and a study taken place designed to improve recruitment and retention. Benefits and training opportunities have been reviewed, annual staff surveys conducted, an active

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culture working group (represented by staff) meets regularly; whilst requiring staff to give adequate notice periods to ensure there are no gaps in the Foundation's ability to deliver services. In addition, new and improved dashboard reporting is being developed for human resource management decision making. The Trustees have almost concluded a Governance review that includes succession planning for Board members.

Workforce Diversity

The Foundation has drawn up plans to address issues of equality, diversity and inclusion in the workplace which includes improved human resources skills, knowledge, and capacity along with equality, diversity and inclusion knowledge, skills, and training. An equality, diversity and inclusion working group has been established.

Achievements and Performance

Headlines

Not only has this last year seen some amazing success stories for the people who have accessed our services with improved life chances, better lifestyle choices and increased equality but we have also developed new initiatives to tackle the cost-of-living crisis and introduced new programmes in health and social care, Esports and history and heritage.

2021/2022 has seen:

- Almost half a million hours of meaningful engagement with 14,000 participants of all ages and backgrounds in addition to those attending the Beacon of Light weekly
- Over 1,000 young people making safer and healthier choices through our youth intervention programmes
- Over 250 over 55s in weekly social activities' and over 1,200 activity bags distributed to help combat loneliness
- Specialist sport and education provision for over 2,000 people with disabilities
- Over 1,500 improving life and employability skills' and over 10,000 improving health and wellbeing
- Working with almost 200 families in family learning courses
- 280 teenagers completing 7,820 hours of social action projects in the community
- 332 meals given to young people as part of our holiday hunger programmes
- Over 12,000 volunteering hours

Strategic Overview

We have continued to work not only in the Beacon of Light, but outreach in schools, community centres and playing fields in some of the most deprived communities, delivering over 40 programmes in areas of education and skills, health and wellbeing, inclusion, and sport and play.

Every contact will count with three million hours of meaningful engagement over five years

Almost half a million hours have been delivered this year alone and this has included over 2,000 participants with a disability, 41% girls and women, 100 plus veterans and over 1,800 socially isolated people.

Post Covid we have been dealing with the cost-of-living crisis and as a result have grown our over 55s programme, continued to deliver holiday hunger play schemes, developed new family learning initiatives and in partnership with the Violence Reduction Unit, further developed our diversionary offer for young people who need our support most.

Continuing to provide long-standing and proven programmes remains important to us but new innovations are also important. This year we are especially proud of increasing our vocational skills

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Trustees' Report for the year ended 31 August 2022 (continued)

programmes to a portfolio of seven; being recognised for outstanding youth diversionary and mentoring projects; the growth of our health interventions to include social prescribing, quit smoking campaigns, slips, trips and falls, and suicide prevention programmes, and the roll out of our Impact Framework that will now enable us to better tell our stories around six key outcomes such as 'being the best me' and 'having a role in life'.

Vibrant and sustainable Beacon of Light

Football continues to increase post pandemic and the Beacon of Light has welcomed not only thousands of participants but also event attendees, fans in the SAFC Fan Zones, and exhibitors.

Customer satisfaction surveys have given testimony to the quality of what we offer with 92% willing to recommend us to a friend and through our work with MMC Research, positive perception and greater awareness has increased to 84%.

Best in our field

Over £3.6 million was raised from valued partners and supporters including grants from all three local authorities, trusts and foundations, and gifts from individuals.

We were delighted to continue our partnerships with the Harrison Centre for Social Mobility, the Vardy Foundation, the NHS, Roseline Foundation, Sir Tom Cowie Trust, ScS and Northumbrian Water. Whilst exciting new relationships were entered into with Helen McArdle and family, the Suicide Prevention Network, and the Heritage Lottery.

A new strategic agreement has been signed with Education Partnership North East, the Military Preparation College partnership continues, and a new service level agreement was signed with the Club.

This year the Foundation supported a variety of campaigns including Rainbow Laces; World Suicide Prevention Day; World Mental Health Day; LGBTQ+ History Month; Black History Month; South Asian Heritage Month; World Book Day and International Women's Day. Fundraising campaigns have included Small Change, Big Difference and we are careful to monitor such campaigns, and ensure that the public, including vulnerable people, are protected through our fundraising standards.

We have worked alongside over 250 businesses in our network to provide opportunities such as real-life learning and work experience for participants. A new partnership with Vantec has seen successful employment of several of our learners.

Our new websites went live; we embarked upon a data warehouse project; our new people strategy was published; and 92% of our employees feel proud to work for the Foundation.

Investment Procedures and Policy

At the present time, the reserves of Foundation of Light are held on interest bearing cash deposits in order to meet on-going liquidity requirements. The Trustees have powers to invest the funds as they see fit, as set out in the Memorandum and Articles of Association.

Reserves Policy

The total annual running costs of Foundation of Light (Group), assuming current programmes continue, are expected to be £5.1 million (excluding Gift in Kind). A substantial proportion of the running costs will be met by future grants and contracts which are expected to be received, subject to

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Trustees' Report for the year ended 31 August 2022 (continued)

certain conditions of performance in addition to fundraising activities. The aim is to sustain enough unrestricted reserves to meet three months running costs of the Charity estimated at £0.75million. As at the 31 August 2022 the Group unrestricted reserves are £190,164, including £50,362 of designated funds. A robust business plan has been put in place and now COVID restrictions have lifted trading as normal can recommence. Charity unrestricted reserves as of 31 August 2022 are £1,182,256 of which £50,362 are designated funds therefore free reserves are £1,131,894 retaining a position ahead of target.

Plans for Future Years

Our history, tradition and culture provide an important platform to future development and the continuation of current priorities in physical and mental health, first steps learning and young people.

Over the forthcoming year we look forward to:

- Our cost-of- living projects making a real difference, including being a warm space, so that critical needs can be met now, but also long term changes made to improve participants circumstances.
- Working with Education Partnership North East and the University of Sunderland to deliver first step courses that will lead to tangible further education progression, and with our businesses that will build on the success of the Vantec Scheme.
- Formalising our youth voice and other user feedback systems and analysis.
- Expanding on our work alongside the Twinning Project to pilot a new Probation Service programme
- Relaunching traineeships, apprenticeships and a football-related degree offer and continuing the delivery of our historically first-class girls football programme.
- Excelling in our Capability Code of Practice grading demonstrating excellent governance, compliance and management including improvements in EDI and environmental sustainability.
- Further development and reporting on our Impact Strategy, data management and Social Value including mapping our youth curriculum to outcomes.
- Seeking partners to support a re-development of the front of the Beacon, creating a new experiential space for the local community to exercise, play, learn and develop.
- Concluding the governance review and starting to plan for beyond five years.

In the meantime, we continue to monitor key performance indicators that deliver upon our current strategy to 2025.

Results for the Year

The Group results for the year ended 31 August 2022 show net expenditure of £543,508 including an exceptional item of £179,905, against net expenditure of £322,936 for the previous year. The exceptional item arises from an agreement reached with the council in the current financial year for rate relief available to the Charity in respect of previous financial years.

Whilst the depreciation charge for the Beacon is included in the Group accounts, the annual release of capital grants received to support the building of the Beacon of £410,834 in 2022 and £377,720 in 2021 is excluded as it was recognised in full on receipt, in line with accounting standards.

The Group again produced a positive trading EBITDA (Earnings before interest, tax, depreciation and amortisation), before this exceptional item, of £200,879 compared to £234,012 in 2021.

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Income for the year was £4,385,917 (2021: £3,775,505) reflecting reductions in donations but more than offset by increases in income linked to charitable activities and other trading activities. The Group expenditure rose to £4,929,425 (2021: £4,098,441) reflecting increases in delivery costs as sessions have returned to “in person” following the lift of Covid restrictions.

The reserves of the Group remain strong with funds carried forward of £17,390,161 (2021: £17,933,669) of which unrestricted funds represent £190,164 (2021: £244,728). The reserves for the Charity have increased over the year to £1,342,835 (2021: £1,340,209) of which £1,182,256 are unrestricted and comfortably exceeding the minimum target of £750,000 set out in the reserves policy.

The Group’s cash outflow from operating activities was £131,255 (2021: £145,481 generated), £118,899 was invested on new computer systems and software to strengthen operational and financial controls and reporting. After interest on loans of £39,023 and the purchase of fixtures and fittings of £24,076, the Group’s cash and cash equivalents reduced by £313,253 over the year to £1,292,286, a healthy financial position to carry forward into 2023.

During the year a deed of variation was signed formalising the repayment of intercompany loans between Group companies, including setting a repayment term of seven years, and interest rate of 3%.

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Group has reported 2022 net expenditure of £543,508 (2021: £322,936) and 2022 net cash outflows of £313,253 (2021: £76,057). The Group year-end balance sheet for 2022 has net current assets of £1,101,783 (2021: net current assets of £1,288,406) including cash at bank of £1,292,286 (2021: £1,605,539).

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,100,000 as of 31 August 2022. The loan agreement has been updated post year-end and monthly capital and interest repayments commence February 2023 with the final repayment due January 2038. This loan now only has one covenant attached which is a cash covenant in comparison to the previous three covenants.

Management have prepared a cash flow forecast for the period ending 29 February 2024 which has been used as their basis of assessing the going concern basis of preparation.

The Trustees are confident that the company and Group will have sufficient funds to continue to meet its liabilities as they fall due and for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

RSM UK Audit LLP were appointed as auditor to the company and a resolution proposing that they be re-appointed will be put at a General Meeting.

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

On behalf of the Trustees



Sir Robert Sydney Murray CBE
14 February 2023

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Statement of Responsibilities of the Trustees of Foundation of Light in respect of the Trustees' Annual Report and the Financial Statements

The Trustees, who are also the Directors of Foundation of Light for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the 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 the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that year.

In preparing these financial statements, the Trustees are required to:

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

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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent auditor's report to the members of Foundation of Light Limited

Opinion

We have audited the financial statements of Foundation of Light Limited (the 'parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 August 2022 which comprise the Group and Company Statement of Financial Activities, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Groups and the parent charitable company's affairs as of 31 August 2022 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 Groups or parent 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 Trustees' Report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Trustees' 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

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Independent auditor's report to the members of Foundation of Light Limited

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.

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 and the Strategic 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 and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report, or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Groups and parent 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 Group or parent 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

Foundation of Light

Independent auditor's report to the members of Foundation of Light Limited

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the Group and parent charitable company operates in and how the Group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the parent charitable company's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, evaluating advice received from external advisors and inspecting correspondence and minutes.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety, UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the Group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

Foundation of Light

Independent auditor's report to the members of Foundation of Light Limited

The Group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and reviewing transactions around the year-end to consider if the income is recorded in the correct period.

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

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.

LUCY ROBSON (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Date

Foundation of Light

Company Statement of Financial Activities for the year ended 31 August 2022 (including Income and Expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds 31 August 2022	Total funds 31 August 2021
		£	£	£	£
Income from:					
Donations and legacies	1a	200,124	33,704	233,828	452,244
Charitable activities	1b	728,135	2,270,849	2,998,984	2,686,607
Other trading activities	1c	405,149	-	405,149	196,684
Job Retention Grant from Government	1d	-	-	-	170,131
Total Income		1,333,408	2,304,553	3,637,961	3,505,666
Expenditure on:					
Raising funds	2a	379,145	-	379,145	282,794
Charitable activities	2b	520,227	2,633,662	3,153,889	2,845,395
Exceptional item	2e	102,301	-	102,301	-
Total Expenditure		1,001,673	2,633,662	3,635,335	3,128,189
Net (expenditure)/income		331,735	(329,109)	2,626	377,477
Transfers between funds	11	(231,079)	231,079	-	-
Net movement in funds		100,656	(98,030)	2,626	377,477
Total funds brought forward		1,081,600	258,609	1,340,209	962,732
Total funds carried forward		1,182,256	160,579	1,342,835	1,340,209

All gains and losses recognised in the year are included in the Statement of Financial Activities.

All income and expenditure are derived from continuing activities.

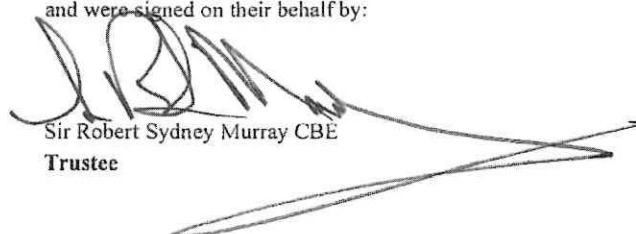
There is no difference between the net incoming resources shown above and their historical cost equivalents.

Foundation of Light

Company Balance Sheet as at 31 August 2022

	Note	31 August 2022 £	31 August 2021 £
Fixed assets			
Intangible assets	5	51,013	19,444
Property, Plant and Equipment	6	92,364	64,399
Investments	7	2	2
Total fixed assets		143,379	83,845
Current assets			
Debtors	8	2,134,419	1,865,041
Cash at bank and in hand		931,035	1,275,967
Total current assets		3,065,454	3,141,008
Creditors: amounts falling due within one year	9	(791,598)	(784,644)
Net current assets		2,273,856	2,356,364
Total assets less current liabilities		2,417,235	2,440,209
Creditors: amounts falling due after more than one year	10	(1,074,400)	(1,100,000)
Net assets		1,342,835	1,340,209
The funds of the charity:			
Restricted income funds	11	160,579	258,609
Unrestricted income funds			
General funds	11	1,131,894	1,031,238
Designated funds	11	50,362	50,362
Total unrestricted income funds		1,182,256	1,081,600
Total charity funds		1,342,835	1,340,209

The financial statements on pages 16 to 43 were approved by the Trustees on 14th February 2023 and were signed on their behalf by:


 Sir Robert Sydney Murray CBE
 Trustee

Foundation of Light

Consolidated Statement of Financial Activities for the year ended 31 August 2022 (including Income and Expenditure account)

	Note	Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Total funds 31 August 2022	Total funds 31 August 2021
		£	£	£	£	£
Income from:						
Donations and legacies	1a	200,124	33,704	49,999	283,827	499,244
Charitable activities	1b	728,135	2,270,849	-	2,998,984	2,686,607
Other trading activities	1c	1,103,106	-	-	1,103,106	388,023
Investments		-	-	-	-	-
Job Retention Grant from Government	1d	-	-	-	-	201,631
Total Income		2,031,365	2,304,553	49,999	4,385,917	3,775,505
Expenditure on:						
Raising funds	2a	809,670	-	-	809,670	541,012
Charitable activities	2b	1,149,172	2,349,765	440,913	3,939,850	3,557,429
Exceptional item	2e	179,905	-	-	179,905	-
Total Expenditure		2,138,747	2,349,765	440,913	4,929,425	4,098,441
Net expenditure		(107,382)	(45,212)	(390,914)	(543,508)	(322,936)
Transfers between funds	11	52,818	(52,818)	-	-	-
Net movement in funds		(54,564)	(98,030)	(390,914)	(543,508)	(322,936)
Total funds brought forward		244,728	258,609	17,430,332	17,933,669	18,256,605
Total funds carried forward		190,164	160,579	17,039,418	17,390,161	17,933,669

All gains and losses recognised in the year are included in the Statement of Financial Activities.

All income and expenditure are derived from continuing activities.

There is no difference between the net incoming resources shown above and their historical cost equivalents.

	31 August 2022 £	31 August 2021 £
Trading EBITDA		
Net expenditure	(543,508)	(322,936)
Exceptional item	179,905	-
Depreciation and amortisation charges	525,459	521,727
Interest payable	39,023	35,221
Trading EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation and Exceptional Item)	200,879	234,012

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Consolidated Balance Sheet as at 31 August 2022

	Note	31 August 2022 £	31 August 2021 £
Fixed assets			
Intangible assets	5	63,277	19,444
Property, Plant and Equipment	6	17,299,501	17,725,819
Total fixed assets		17,362,778	17,745,263
Current assets			
Debtors	8	947,730	452,352
Cash at bank and in hand		1,292,286	1,605,539
Total current assets		2,240,016	2,057,891
Creditors: amounts falling due within one year	9	(1,138,233)	(769,485)
Net current assets		1,101,783	1,288,406
Total assets less current liabilities		18,464,561	19,033,669
Creditors: amounts falling due after more than one year	10	(1,074,400)	(1,100,000)
Net assets		17,390,161	17,933,669

The funds of the group:

Restricted funds

Restricted Fixed Asset Funds	11	17,039,418	17,430,332
Restricted Income Funds	11	160,579	258,609
Total restricted funds		17,199,997	17,688,941

Unrestricted funds

General funds	11	139,802	194,366
Designated funds	11	50,362	50,362
Total unrestricted funds		190,164	244,728
Total group funds		17,390,161	17,933,669

The financial statements on pages 16 to 43 were approved by the Trustees on 14 February 2023 and were signed on their behalf by:


Sir Robert Sydney Murray CBE
Trustee

Foundation of Light

Company Cashflow for the year ended 31 August 2022

	For the year ending 31 August 2022	For the year ending 31 August 2021
	£	£
Net cashflows from by operating activities:	(183,498)	466,331
Cashflows from investing activities:		
Purchase of property, plant, equipment and intangible assets	(122,411)	(80,180)
Net cash used in investing activities	(122,411)	(80,180)
Cashflows from financing activities:		
Loan Repayments	-	(100,000)
Interest paid on borrowings	(39,023)	(35,221)
Net cash used in financing activities	(39,023)	(135,221)
Change in cash and cash equivalents in the period	(344,932)	250,930
Cash and cash equivalents at the beginning of the period	1,275,967	1,025,037
Cash and cash equivalents at the end of the period	931,035	1,275,967
Reconciliation of net movement in funds to net cashflows from operating activities:		
Net movement in funds	2,626	377,477
Adjustments for:		
Depreciation and amortisation charges	62,876	26,369
Interest payable	39,023	35,221
(Increase) in debtors	(269,378)	(225,450)
(Decrease)/increase in creditors	(120,946)	252,714
Exceptional item	102,301	-
Net cashflows from operating activities	(183,498)	466,331

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Consolidated Cashflow for the year ended 31 August 2022

	For the year ending 31 August 2022	For the year ending 31 August 2021
	£	£
Net cashflows from by operating activities:	(131,255)	145,481
Cashflows from investing activities:		
Purchase of property, plant, equipment and intangible assets	(142,975)	(86,317)
Net cash used in investing activities	(142,975)	(86,317)
Cashflows from financing activities:		
Loan Repayments	-	(100,000)
Interest paid on borrowings	(39,023)	(35,221)
Net cash used in financing activities	(39,023)	(135,221)
Change in cash and cash equivalents in the period	(313,253)	(76,057)
Cash and cash equivalents at the beginning of the period	1,605,539	1,681,596
Cash and cash equivalents at the end of the period	1,292,286	1,605,539
Reconciliation of net movement in funds to net cashflows from operating activities:		
Net movement in funds	(543,508)	(322,936)
Adjustments for:		
Depreciation and amortisation charges	525,460	521,727
Interest payable	39,023	35,221
(Increase)/decrease in debtors	(495,378)	83,229
Increase/(decrease) in creditors	163,243	(171,760)
Exceptional item	179,905	-
Net cashflows from operating activities	(131,255)	145,481

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Accounting Policies

The Group financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom, including the Statement of Recommended Practice: Accounting and Reporting by Charities 2015 (SORP) and the Charities Act 2011. The accounts have been prepared on a going concern basis and the accounting policies have been applied consistently.

Basis of Consolidation

The Group financial statements consolidate the results of the Charity and its wholly owned subsidiaries, Beacon of Light Limited and Altruism Limited using accounting policies consistently applied across the Group, and after eliminating intra-Group transactions.

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Group has reported 2022 net expenditure of £543,508 (2021: £322,936) and 2022 net cash outflows of £313,253 (2021: £76,057). The Group year-end balance sheet for 2022 has net current assets of £1,101,783 (2021: net current assets of £1,288,406) including cash at bank of £1,292,286 (2021: £1,605,539).

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,100,000 as of 31 August 2022. The loan agreement has been updated post year-end and monthly capital and interest repayments commence February 2023 with the final repayment due January 2038. This loan now only has one covenant attached which is a cash covenant in comparison to the previous three covenants.

Management have prepared a cash flow forecast for the period ending 29 February 2024 which has been used as their basis of assessing the going concern basis of preparation.

Gift in Kind

Gift in kind is received from Sunderland AFC in the form of products and services given freely and staff time donated, as well as from other sources. Where they can be quantified, gift in kind is included within the statement of financial activities as both income and expense.

Foundation of Light

Accounting Policies (continued)

Income

Voluntary income including gifts and legacies that provide core funding which are general in nature are recognised when there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis and arises from an interest-bearing deposit account. The Charity only recognise interest on bonds when it is unconditional, and hence all conditions of the bond have been met, and it has matured.

Income from charitable activities includes income received from grants and contracts. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Donations are recognised when received unless the receipt is probable, when they are recognised as accrued income. Donations and grants received for specific purposes are classed as restricted and are deferred until the Charity is entitled to the funding and has met the conditions set out in the funding agreement.

Beacon of Light capital grant income was funding received by Beacon of Light Limited toward the construction of the Beacon of Light facility. In the consolidated SOFA, capital grants were recognised upon receipt, as required by paragraph 5.27 of the SORP and held in a specific restricted fund for future depreciation charges.

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Expenditure

Expenditure is accounted for on an accruals basis as a liability is incurred and includes irrecoverable VAT as applicable. Contractual arrangements and performance-related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises resulting in the payment being unavoidable.

- Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the delivery of education activities and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated based on income.

Foundation of Light

Accounting Policies (continued)

Redundancy and Termination Benefits

Redundancy and termination benefits are accrued by the Charity when there is a constructive obligation to pay them. This is normally via a contractual, legislation or other agreement with employees and their representatives.

Intangible Fixed Assets

The Foundation of Light website and the development of an operational IT system have been classified as intangible fixed assets. Amortisation has been provided on a straight-line basis over the estimated useful life of the assets, with a full month's amortisation charge in the month of completion, at a rate of 33% per annum. The assets have been capitalised at cost, comprising all directly attributable costs required to bring them into working condition.

Tangible Fixed Assets

Individual fixed assets costing £500 or more are capitalised at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis over the estimated useful life of the asset with a full month's depreciation charged in the month of acquisition. Principal rates used are:

Land and Buildings	2%
Computer Equipment	33%
Buildings	2% - 10%
Fixtures and Fittings	25%

The Beacon is classified under Buildings, as the facility is used by the Charity as a functional property to further the charitable objectives of the Charity. The building will be depreciated over its anticipated useful economic life.

Fundraising

Fundraising income and expenditure are accounted for on an accruals basis and is classified as unrestricted.

Funds

Restricted funds are funds raised or donated for a specific purpose. All other funds are classified as unrestricted.

Surplus funds held are deposited with Barclays Bank and Nationwide to earn interest prior to utilisation by the Foundation.

There is a designated fund to build a reserve to fund the replacement of fixed assets.

Operating Leases

The Charity classifies the lease of minibuses and photocopying equipment as operating leases. Rental charges are charged on a straight-line basis over the term of the lease.

Finance Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Foundation of Light

Accounting Policies (continued)

Judgements and Key Sources of Estimation Uncertainty

In the application of the accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount 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 Directors do not consider that there are any significant judgements or estimates included in the financial statements.

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Notes to the Financial Statements for the year ended 31 August 2022

1 Group Income

(a) Donations and Legacies - Group

	Unrestricted £	Restricted £	For the year ending 31 August 2022 £	Unrestricted £	Restricted £	For the year ending 31 August 2021 £
Gifts, Donations and legacies	103,107	-	103,107	87,941	-	87,941
Capital Grants ¹	-	49,999	49,999	-	47,000	47,000
Grants of a general nature from government and Charitable Foundations	-	-	-	359,998	-	359,998
Membership, Subscriptions and Sponsorship	10,373	-	10,373	4,305	-	4,305
Donated goods and services	86,644	33,704	120,348	-	-	-
	200,124	83,703	283,827	452,244	47,000	499,244

¹ In 2014 a wholly owned subsidiary of the Foundation, Beacon of Light Limited, was established for the purpose of constructing and running a new iconic facility, the Beacon of Light. During the year £49,999 (2021: £47,000) has been received from several funders as retention to support the construction. This funding is treated as a deferred capital grant within the Beacon of Light financial statements. However, in accordance with the Charities SORP, this funding has been treated as income on consolidation. Due to the cumulative size and nature of this funding, it has been separately disclosed and is restricted, as it cannot be used for the general purposes and expenses of the Foundation.

(a) Donations and Legacies - Charity

	Unrestricted £	Restricted £	For the year ending 31 August 2022 £	Unrestricted £	Restricted £	For the year ending 31 August 2021 £
Gifts, Donations and legacies	103,107	-	103,107	87,941	-	87,941
Grants of a general nature from government and Charitable Foundations	-	-	-	359,998	-	359,998
Membership, Subscriptions and Sponsorship	10,373	-	10,373	4,305	-	4,305
Donated goods and services	86,644	33,704	120,348	-	-	-
	200,124	33,704	233,828	452,244	-	452,244

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

(b) Income from charitable activities – Group and Charity

By Source of Funding	Unrestricted	Restricted	For the year ending 31 August 2022	For the year ending 31 August 2021
	£	£	£	£
Football coaching sales	368,180	-	368,180	232,940
Sale of services as part of the direct charitable activities	135,495	-	135,495	130,105
Contractual payments from government or public authorities	166,460	867,716	1,034,176	1,214,635
Performance related grants where level of income depends on volume of service provided	58,000	1,403,133	1,461,133	1,108,927
	728,135	2,270,849	2,998,984	2,686,607

In the prior period, income from charitable activities comprised of £363,045 unrestricted funds and restricted income of £2,323,562.

By Charitable Activity	Unrestricted	Restricted	For the year ending 31 August 2022	For the year ending 31 August 2021
	£	£	£	£
Sport and Play	413,128	211,197	624,325	478,769
Education	145,421	471,185	616,606	684,967
World of Work	1,572	541,751	543,323	375,070
Community	117,616	639,547	757,163	694,412
Health	4,966	255,489	260,455	289,266
Core	45,432	151,680	197,112	164,123
	728,135	2,270,849	2,998,984	2,686,607

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Notes to the Financial Statements for the year ended 31 August 2022 (continued)

(c) Other trading activities - Group

	Unrestricted	Restricted	For the year ending 31 August 2022	For the year ending 31 August 2021
	£	£	£	£
Fundraising events	113,730	-	113,730	37,096
Sponsorships and lottery	82,820	-	82,820	33,388
Letting arrangements for Property	24,200	-	24,200	24,200
Trading activity	882,356	-	882,356	293,339
	1,103,106	-	1,103,106	388,023

In the prior year, income from other trading activities comprised solely of £388,023 unrestricted income.

Other trading activities - Charity

	Unrestricted	Restricted	For the year ending 31 August 2022	For the year ending 31 August 2021
	£	£	£	£
Fundraising events	113,730	-	113,730	37,096
Sponsorships and lottery	82,820	-	82,820	33,388
Letting arrangements for Property	24,200	-	24,200	24,200
Trading activity	184,399	-	184,399	102,000
	405,149	-	405,149	196,684

(d) Job Retention Grant from the Government

Income amount received to the Group in current financial year to 31 August 2022 was £Nil (2021: £201,631).

Income amount received to the Charity in current financial year to 31 August 2022 was £Nil (2021: £170,131).

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

2 Group Expenditure

a) Expenditure on raising funds – Group

	For the year ending 31 August 2022 £	For the year ending 31 August 2021 £
Cost of seeking donations and grants	123,013	189,751
Fundraising events	66,810	14,029
Sponsorships and lottery	37,190	30,491
Membership scheme	2,900	3,000
Other running costs	443,067	263,186
Depreciation	21,670	18,063
Marketing and publicity	28,376	22,492
Matchday tickets and stadium tours	86,644	-
	809,670	541,012

Expenditure on raising funds – Charity

	For the year ending 31 August 2022 £	For the year ending 31 August 2021 £
Cost of seeking donations and grants	123,013	189,751
Fundraising events	66,810	14,029
Sponsorships and lottery	37,190	30,491
Membership scheme	2,900	3,000
Other running costs	34,212	23,031
Marketing and publicity	28,376	22,492
Matchday tickets and stadium tours	86,644	-
	379,145	282,794

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

b) Expenditure by Charitable Activity - Group

	Sport and Play £	World of Work £	Education £	Community £	Health £	Beacon of Light £	Core £	2022 £	2021 £
Matchday tickets and stadium tours	18,102	1,040	7,744	258	6,560	-	-	33,704	-
Education	414,294	404,851	465,446	566,943	268,269	-	-	2,119,803	1,788,580
Depreciation and amortisation	12,575	12,575	12,575	12,575	12,575	440,913	-	503,788	503,666
Building ¹	141,587	119,974	137,603	166,931	58,848	-	-	624,943	503,932
Support costs (c)	102,103	83,393	98,652	124,040	30,482	-	197,112	635,782	725,951
Governance (d)	4,366	4,366	4,366	4,366	4,366	-	-	21,830	35,300
	693,027	626,199	726,386	875,113	381,100	440,913	197,112	3,939,850	3,557,429

Expenditure on charitable activities comprised of £1,149,172 unrestricted funds (2021: £945,042) and £2,790,678 restricted funds (2021: £2,612,387).

Support costs are staffing and overheads for functions such as Directors, Finance, Admin, IT and HR and are allocated based on income.

Expenditure is allocated between the restricted and unrestricted funds based on the project to which it relates; expenditure relating to the generation of unrestricted income such as the sales of sports and play coaching courses is classified as unrestricted expenditure, while expenditure relating to restricted grant funded programmes is classified as restricted expenditure.

¹ Building costs relate to the staffing and overheads associated with operating the Beacon of Light facility.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

b) Expenditure by Charitable Activity – Charity

	Sport and Play £	World of Work £	Education £	Community £	Health £	Core £	2022 £	2021 £
Matchday tickets and stadium tours	18,102	1,040	7,744	258	6,560	-	33,704	-
Education	478,620	459,353	527,956	642,776	295,003	-	2,403,708	2,064,389
Depreciation and amortisation	12,575	12,575	12,575	12,575	12,575	-	62,875	26,370
Support cost (c)	102,103	83,393	98,652	124,040	30,482	197,112	635,782	725,951
Governance (d)	3,566	3,566	3,566	3,566	3,566	-	17,830	28,685
	614,966	559,927	650,493	783,215	348,186	197,112	3,153,899	2,845,395

Expenditure on charitable activities comprised of £622,528 unrestricted this includes exceptional item (2021: £434,493) and £2,633,662 restricted funds (2021: £2,410,902).

c) Expenditure by Support Costs – Group and Charity

	Sport and Play £	World of Work £	Education £	Community £	Health £	Core £	2022 £	2021 £
Administration	36,995	28,206	35,356	47,253	3,413	96,585	247,808	313,129
Director's	28,213	23,914	27,428	33,274	11,730	43,365	167,924	202,888
Finance Dept	25,163	21,329	24,463	29,677	10,462	37,451	148,545	127,809
HR Dept	841	712	817	991	349	3,942	7,652	7,826
IT Dept	10,891	9,232	10,588	12,845	4,528	15,769	63,853	74,299
	102,103	83,393	98,652	124,040	30,482	197,112	635,782	725,951

	For the year ending 31 August 2022 £	For the year ending 31 August 2021 £
(d) Governance Costs - Group		
Audit Fees	22,050	21,000
VAT Fees	4,050	4,050
Total Costs - Group	26,100	25,050

Governance costs are charged as incurred.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

e) Exceptional item - Group

	Year ended 31 August 2022 £	Year ended 31 August 2021 £
<hr/>		
<i>Business rates</i>		
Business rates relating to the period of June 2018 – August 2021	179,905	-

e) Exceptional item – Charity

	Year ended 31 August 2022 £	Year ended 31 August 2021 £
<hr/>		
<i>Business rates</i>		
Business rates relating to the period of June 2018 – August 2021	102,301	-

Included within expenditure is an amount of £179,905 (Group) and £102,301(Charity) relating to rates costs for the period 1 June 2018 to 31 August 2021. This expenditure has arisen due to an arrangement that was agreed during the financial year in respect of previous accounting periods.

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Notes to the Financial Statements for the year ended 31 August 2022 (continued)

3 Group Staff Costs

	Year ending 31 August 2022 £	Year ending 31 August 2021 £
Staff costs:		
Wages and salaries	2,241,893	2,053,709
Social security costs	157,212	169,081
Other pension costs	54,756	72,094
Redundancy costs	-	3,000
	2,453,861	2,297,884

Two employees received total employee benefits above £60,000 for the reporting period, one at £60,000 - £70,000 & one at £90,000 - £100,000 (2021: two employees). For staff paid over £60,000 pension contributions of £8,075 were made (2021: £7,563). Key Management detailed on page 1 cumulatively received £296,066 (4 employees) in employee benefits in 2022 (2021: £230,253, 3 employees).

The Trustees are not entitled to, and did not receive, any remuneration for their services to the Charity (2021: £nil). Expenses reimbursed amounted to £nil (2021: £nil).

The Foundation has an Aviva defined contribution pension scheme which is open to all permanent employees after successful completion of their probation period. The Foundation makes a standard contribution of 3% of basic salary on behalf of the members, at a cost of £25,355 (2021: £47,233) in the year. At the year end £4,608 (2021: £4,536) in payable contributions were outstanding. The Foundation has also been required to auto-enrol all eligible employees into a pension scheme since July 2014, as such, all new employees are automatically enrolled into the NEST governmental defined contribution scheme. Employees are required to make a 5% contribution and the Foundation makes a standard contribution of 3%. The cost of the NEST scheme in 2022 was £29,816 (2021: £24,862). At the year-end there were £5,642 (2021: £5,114) payable contributions outstanding. These pension costs would be allocated as per staff costs based on project/activity allocations.

The monthly average number of persons employed by the Group and Charity during the year was 144 (2021: 127). The average number of full-time staff members was 74 (2021: 75) and those on part time and casual contracts was 70 (2021: 52). All staff are employed for the furtherance of the Charity's objectives.

Staff employed can be further analysed as follows:

	Year ending 31 August 2022 Number	Year ending 31 August 2021 Number
Delivery Staff	105	100
Support and Administration	14	9
Beacon of Light Operations	14	6
Commercial and Marketing	9	9
Directors	2	3
	144	127

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

4 Net outgoing resources before transfers

Net outgoing resources for the Group are stated after charging:

	Year ending 31 August 2022	Year ending 31 August 2021
	£	£
Audit fee	22,050	21,000
Depreciation	502,542	521,727
Amortisation	22,917	-
Operating lease costs:		
- plant and machinery	21,367	19,937
Bank Interest	39,023	35,221
Non-Audit Fees for Tax Compliance services	4,050	4,050

£Nil depreciation was charged in the year related to leased assets (2021: £Nil).

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

5 Intangible assets

Charity	Website and data warehouse £	Total £
Cost		
As at 1 September 2021	20,000	20,000
Additions	51,500	51,500
As at 31 August 2022	71,500	71,500
Accumulated Amortisation		
As at 1 September 2021	556	556
Charge for the Period	19,931	19,931
At 31 August 2022	20,487	20,487
Net book value		
At 31 August 2022	51,013	51,013
At 31 August 2021	19,444	19,444
Group		
	Website and data warehouse £	Total £
Cost		
As at 1 September 2021	20,000	20,000
Additions	66,750	66,750
As at 31 August 2022	86,750	86,750
Accumulated Amortisation		
As at 1 September 2021	556	556
Charge for the Period	22,917	22,917
At 31 August 2022	23,473	23,473
Net book value		
At 31 August 2022	63,277	63,277
At 31 August 2021	19,444	19,444

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

6 Property, Plant and Equipment

Charity	Computer Equipment £	Leasehold Buildings £	Fixtures and Fittings £	Total £
Cost				
As at 1 September 2021	333,640	75,706	208,213	617,559
Additions	52,149	-	18,762	70,911
As at 31 August 2022	385,789	75,706	226,975	688,470
Accumulated Depreciation				
As at 1 September 2021	270,507	74,668	207,986	553,161
Charge for the Period	39,418	1,038	2,489	42,945
At 31 August 2022	309,925	75,706	210,475	596,106
Net book value				
At 31 August 2022	75,864	-	16,500	92,364
At 31 August 2021	63,133	1,038	227	64,399

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

Group	Computer Equipment	Freehold Buildings	Leasehold Buildings	Fixtures and Fittings	Total
	£	£	£	£	£
Cost					
As at 1 September 2020	534,091	18,720,701	75,706	477,111	19,807,609
Additions	52,149	-	-	24,076	76,225
As at 31 August 2021	586,240	18,720,701	75,706	501,187	19,883,834
Accumulated Depreciation					
As at 1 September 2020	465,138	1,145,515	74,668	396,469	2,081,790
Charge for the Period	45,153	381,316	1,038	75,036	502,543
At 31 August 2021	510,291	1,526,831	75,706	471,505	2,584,333
Net book value					
At 31 August 2022	75,949	17,193,870	-	29,682	17,299,501
At 31 August 2021	68,953	17,575,186	1,038	80,642	17,725,819

7 Investments

The Foundation has a wholly owned subsidiary, Altruism Limited (previously SAFC Community Limited), a company incorporated in England and Wales registration number 04303983. The purpose of the company is to operate the commercial trading at the Beacon of Light, predominantly sport facility hire, meetings and events. The net liabilities of the subsidiary as of 31 August 2022 were £1,001,722 (2021: net liabilities of £783,847).

The Foundation also has a wholly owned trading subsidiary, Beacon of Light Limited registration number 09221229, which was established in September 2014. The purpose of the company is to construct and run the Beacon of Light facility. The net liabilities of the subsidiary as of 31 August 2022 were £481,517 (2021 net liabilities of: £481,688).

Both subsidiaries share the same registered address as the Foundation of Light; Beacon of Light, Stadium Way, Sunderland, SR5 1SN.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

8 Debtors

	Charity 31 August 2022 £	Charity 31 August 2021 £	Group 31 August 2022 £	Group 31 August 2021 £
Trade Debtors	169,027	176,099	260,208	239,522
Amounts due from Group undertakings	1,300,778	1,506,430	-	-
Amounts due from Sunderland AFC Ltd	1,694	-	8,334	4,295
Other Debtors	3	-	10,240	15,783
Prepayments and accrued income	662,917	182,512	668,948	192,752
	2,134,419	1,865,041	947,730	452,352

Amounts due from Group undertakings includes an intercompany loan of £1,015,840, of which £150,000 is due in less than one year, and £865,840 is due after more than one year. The loan is due for repayment by June 2029. Interest is charged at 3%. The remaining balance relates to recharges invoiced but not received as at year-end.

9 Creditors: amounts falling due within one year

	Charity 31 August 2022 £	Charity 31 August 2021 £	Group 31 August 2022 £	Group 31 August 2021 £
Trade Creditors	41,481	106,165	374,069	439,808
Amounts due to Sunderland AFC Ltd	42,969	749	42,969	749
Other Creditors	76,124	64,371	66,213	64,404
Amounts due to Group undertakings	75,624	389,508	-	-
Accruals and deferred income	529,800	223,851	629,382	264,524
Charity Bank Loan	25,600	-	25,600	-
	791,598	784,644	1,138,233	769,485

Amounts due to Group undertakings are unsecured, have no interest and are repayable on demand.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

Deferred income can be further analysed as follows:

	Charity for the year ending 31 August 2022	Charity for the year ending 31 August 2021	Group for the year ending 31 August 2022	Group for the year ending 31 August 2021
	£	£	£	£
Balance brought forward	152,293	316,816	230,734	371,618
Recognised in year	2,632,490	2,672,038	2,707,264	2,710,778
Released in year	(2,427,126)	(2,836,561)	(2,551,867)	(2,851,662)
Balance carried forward	357,657	152,293	386,131	230,734

Income is deferred based on the calendar period the activity takes place.

10 Creditors: amounts falling due after one year

	Charity 31 August 2022	Charity 31 August 2021	Group 31 August 2022	Group 31 August 2021
	£	£	£	£
Charity Bank Loan	1,074,400	1,100,000	1,074,400	1,100,000

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,100,000 as of 31 August 2022. The loan agreement has been updated post year-end and monthly capital and interest repayments commence February 2023 with the final repayment due January 2038. Interest is charged at 3% above the Bank of England rate. This loan now only has one covenant attached which is a cash covenant in comparison to the previous three covenants.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

11 Analysis of Net Assets

Charity

Fund balances at 31 August 2022 are represented by:	Unrestricted	Restricted	Total
	£	£	£
Tangible Fixed Assets	-	143,377	143,377
Investments	-	2	2
Net Current Assets	1,182,256	1,091,600	2,273,856
Creditors: amounts falling due after one year	-	(1,074,400)	(1,074,400)
Total funds	1,182,256	160,579	1,342,835

The funds can be further analysed as follows:

	1 September 2021 £	Income £	Expenditure £	Transfers £	31 August 2022 £
General funds	1,031,238	1,333,408	(1,001,673)	(231,079)	1,131,894
Designated funds					
Contingency fund	50,362	-	-	-	50,362
Total designated funds	50,362	-	-	-	50,362
Total unrestricted funds	1,081,600	1,333,408	(1,001,673)	(231,079)	1,182,256
Restricted funds:					
Education	-	478,929	(549,287)	70,358	-
World of Work	-	542,791	(538,547)	(1)	4,243
Sport and Play	-	229,299	(308,491)	79,192	-
Community	258,609	639,805	(742,078)	-	156,336
Health	-	262,049	(343,579)	81,530	-
Core	-	151,680	(151,680)	-	-
Total restricted funds	258,609	2,304,553	(2,633,662)	231,079	160,579
Total funds	1,340,209	3,637,961	(3,635,335)	-	1,342,835

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

11 Analysis of net assets (continued)

Group

Fund balances at 31 August 2022 are represented by:	Unrestricted £	Restricted £	Total £
Tangible Fixed Assets	-	17,362,778	17,362,778
Net Current Assets	190,164	911,619	1,101,783
Creditors: amounts falling due after 1 year	-	(1,074,400)	(1,074,400)
Total funds	190,164	17,199,997	17,390,161

The funds can be further analysed as follows:

	31 August 2021 £	Income £	Expenditure £	Transfers £	31 August 2022 £
General funds	194,366	2,031,365	(2,138,747)	52,818	139,802
Designated funds					
Contingency fund	50,362	-	-	-	50,362
Total designated funds	50,362	-	-	-	50,362
Total unrestricted funds	244,728	2,031,365	(2,138,747)	52,818	190,164
Restricted funds:					
Education	-	478,929	(486,777)	7,848	-
World of Work	-	542,791	(484,046)	(54,502)	4,243
Sport and Play	-	229,299	(244,172)	14,873	-
Community	258,609	639,805	(666,245)	(75,833)	156,336
Health	-	262,049	(316,845)	54,796	-
Core	-	151,680	(151,680)	-	-
Beacon of Light	17,430,332	49,999	(440,913)	-	17,039,418
Total restricted funds	17,688,941	2,354,552	(2,790,678)	(52,818)	17,199,997
Total funds	17,933,669	4,385,917	(4,929,425)	-	17,390,161

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

11 Analysis of Net Assets (continued)

During the year, transfers were made between unrestricted and restricted funds to cover overspends that had occurred on certain restricted funds. Due to covid some restricted funds have been rolled forward between financial years and we have no indication of any claw backs to date. There have also been some transfers between restricted funds, the Sport and Play department are partially funded by restricted grant income from Trusts and Foundations; however, the majority of funding is from unrestricted funds, particularly trading income from the delivery of courses. Community, Core, Health, Education and World of Work projects are mainly funded by grants from Trust and Foundations, corporate funding and Public Sector contracts; the balance is funded from unrestricted funds.

A description of each restricted fund is given below:

Education	Includes Post 16 Football Scholarship and, secondary education projects.
World of Work	Family Learning programmes (based in Durham, Sunderland, and South Tyneside) and employability courses.
Sport and Play	Community football teams, the Regional Talent Club and in and out of curriculum coaching in Durham, Sunderland, and South Tyneside.
Health	Includes suicide prevention, physical and mental health projects, over 55s and veterans' delivery sessions, and the Coal to Goals project.
Community Inclusion	Youth Engagement activity and disability projects.
Beacon of Light	Grant funding received for the construction of the Beacon of light facility, funding capital expenditure on the project and the depreciation charges on the build.
Core	Digital, including the website and E-Learning platform.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2022 (continued)

12 Financial Commitments

Operating lease commitments

At 31 August the Group had total commitments under non-cancellable operating leases, as follows:

Group	31 August 2022			31 August 2021		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£	£	£	£	£	£
Within one year	-	4,784	4,784	-	13,986	13,986
Between one to five years	-	12,757	12,757	-	17,541	17,541
Total	-	17,541	17,541	-	31,527	31,527

13 Related Party Transactions

During the year the Club provided many services to the Foundation. The Foundation received quantifiable gifts in kind from Sunderland AFC Limited of £120,348 (2021: £nil). Gifts included match tickets for both staff and participants as well as use of certain areas of the Stadium for tours etc.

Details of the Foundation's relationship with the Club can be found on page 5 of the Trustees' report.

The Foundation continues to sponsor an Alternative Provision Free School, Beacon of Light School, which received its first intake of pupils in September 2017. Lesley Spuhler OBE (Chief Executive) is a Member of Beacon of Light School and James Wright (Managing Director) is a school governor. Income, being recharges of invoices and services in the year totalled £114,498 (2021: £112,874) with outstanding balances at the year end of £18,965.

The Foundation received donations from Trustee's in the year of £nil (2021: £nil).