

**ALLIANCE FAMILY FOUNDATION
LIMITED**

Trustees' Report and Financial Statements
Year ended 31 March 2018

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS 2018

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ALLIANCE FAMILY FOUNDATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS AND TRUSTEES

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

PRINCIPAL OFFICE

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

REGISTERED OFFICE

4th Floor
Faulkner House
Faulkner Street
Manchester
M1 4DY

BANKERS

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

SOLICITORS

Bootes
7 St James Square
Manchester
M2 6XX

LAND AGENTS

Ingham & Yorke
Littlemoor
Clitheroe
Lancashire
BB7 1HG

STOCKBROKERS

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

AUDITOR

Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT (incorporating a Directors' Report)

The trustees, who are also the directors of the company, are pleased to present their annual report on the affairs of Alliance Family Foundation Limited, company number 943938 and charity number 258721, together with the financial statements and auditor's report, for the year ended 31 March 2018.

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. There have been no recent changes nor are any anticipated currently. As and when a new trustee is appointed, arrangements will be made to explain the legal duties and responsibilities placed upon charity trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

Investment powers

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

Principal risks and their mitigation

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

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

Investments policy

Details of the investments are given in note 8 to the financial statements. The Trustees' policy is to retain their existing listed investments for the income they generate each year. Advice on these investments is taken from the charity's stockbrokers from time to time. In addition, selected limited unlisted 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 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.

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.

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT (continued)

Reserves policy (continued)

Following the gift aid donation by Lord Alliance which is included in unrestricted income for the year and which was used to fund the year's commitment to the University of Manchester in respect of Manchester Business School, and during a period of significant fluctuation in the value of investments, total free reserves at 31 March 2018 were £4,807,329 (2017: £1,137,494).

As referred to in note 8 to the financial statements, and in the Financial Review below, there has been a substantial fall since the year end in the value of the listed investments from their carrying value in the balance sheet at 31 March 2018. As it is in the nature of the value of the listed investments to fluctuate from year to year, their year end carrying value has not been adjusted in that regard. At closing value on 17 December 2018, the fall would result in a reduction of £3,749,307 in the reserves reported in the balance sheet at the year end. However, the senior trustee, Lord David Alliance CBE, has reconfirmed his financial support, if needed, to enable the charity to meet its obligations.

Related parties

As described in note 8, the trustees each have personal shareholding interests in N Brown Group plc and Lord David Alliance CBE is a director of that company. N Brown Group plc is listed on the London Stock Exchange 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 care costs of a number of individuals directly, the largest of which are referred to in note 6.

Overall, the charity fully expended its available income for the year in making donations totalling £354,366 to 50 institutions, organisations and individuals for charitable purposes (2017: £363,608 to 61 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 2018 are set out in the Statement of Financial Activities on page 9.

ALLIANCE FAMILY FOUNDATION LIMITED

TRUSTEES' REPORT (continued)

FINANCIAL REVIEW (continued)

Income from listed investments was £668,579 (2017: £686,320), principally from the core strategic investment held in N Brown Group plc. Since the year end, that company has announced a substantial reduction in its annual dividends commencing January 2019 pending future growth in its earnings.

The charity saw a further unrealised loss on its investments overall in the year of £1,486,471 (2017: loss of £5,326,165).

However, the charity's finances were otherwise improved by new support from Lord David Alliance CBE. As mentioned elsewhere, Lord Alliance made a gift aided donation of £5m, inclusive of tax repaid to the charity, during the year under review.

The value of its central holding in N Brown Group plc has fallen further since the year end from its carrying value in the balance sheet at 31 March 2018. As referred to earlier in relation to Reserves policy, the year end carrying value has not been adjusted and instead the further fall is noted as a post balance sheet event at note 14 to the financial statements.

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

The overall net incoming for the year of £3,669,835 has been added to (2017: overall net expenditure of £2,306,844 deducted from) reserves.

PLANS FOR THE FUTURE

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

GOING CONCERN

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Those resources 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 in the financial statements.

AUDITOR

In so far as the trustees are aware:

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

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

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

By order of the Trustees

D Alliance

Lord David Alliance

Trustee

Date: 18 December 2018

ALLIANCE FAMILY FOUNDATION LIMITED

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the 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 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.

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

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

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 2018 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 statement);
- the balance sheet;
- the cash flow statement; and
- the related notes 1 to 14.

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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

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

Other information

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

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

We have nothing to report in respect of these matters.

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. This description forms part of our auditor's report.

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 has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- 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 December 2018

ALLIANCE FAMILY FOUNDATION LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the income and expenditure statement) For the year ended 31 March 2018

	Note	2018 Unrestricted £	2017 Unrestricted £
INCOME FROM			
Donations, legacies and similar activities	3	5,000,000	3,000,000
Income from listed fixed asset investments	3	668,579	686,320
Bank deposit and other income	3	7,948	6,565
TOTAL INCOME		<u>5,676,527</u>	<u>3,692,885</u>
EXPENDITURE ON			
Raising funds	4	6,776	97,274
Charitable activities	5	510,980	628,789
TOTAL EXPENDITURE		<u>517,756</u>	<u>726,063</u>
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE INVESTMENT (LOSSES)/ GAINS		<u>5,158,771</u>	<u>2,966,822</u>
Realised (losses)/gains on sale of investments	8	(2,465)	52,499
Unrealised (losses) from investments	8	(1,486,471)	(5,326,165)
NET INCOME/(EXPENDITURE) FOR THE YEAR AND NET MOVEMENT IN FUNDS	7	<u>3,669,835</u>	<u>(2,306,844)</u>
RECONCILIATION OF FUNDS:			
Total funds brought forward as restated		1,137,494	3,444,338
Net movement in funds for the year		<u>3,669,835</u>	<u>(2,306,844)</u>
Total funds carried forward	12	<u>4,807,329</u>	<u>1,137,494</u>

The above results are derived from continuing operations (2017: same). There are no recognised gains and losses for the current or prior financial year other than as stated above. Accordingly, a separate statement of other comprehensive income has therefore not been presented.

ALLIANCE FAMILY FOUNDATION LIMITED

BALANCE SHEET As at 31 March 2018

	Note	2018	2017
		£	£
FIXED ASSETS			
Investments	8	9,757,958	11,244,429
CURRENT ASSETS			
Debtors	9	23,129	38,366
Cash at bank and in hand		-	-
		<u>23,129</u>	<u>38,366</u>
CREDITORS: amounts falling due within one year	10	<u>(1,243,143)</u>	<u>(5,538,152)</u>
NET CURRENT (LIABILITIES)		<u>(1,220,014)</u>	<u>(5,499,786)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,537,944	5,744,643
CREDITORS: amounts falling due after more than one year	11	<u>(3,730,615)</u>	<u>(4,607,149)</u>
NET ASSETS		<u><u>4,807,329</u></u>	<u><u>1,137,494</u></u>
FUNDS			
Unrestricted funds:			
Called up share capital	12	2	2
Revaluation reserve	12	4,207,218	5,547,693
Accumulated surplus/(deficit)	12	<u>600,109</u>	<u>(4,410,201)</u>
TOTAL FUNDS		<u><u>4,807,329</u></u>	<u><u>1,137,494</u></u>

The financial statements of Alliance Family Foundation Limited, company number 943938 and charity number 258721, were approved by the Trustees and authorised for issue on **18** December 2018.

Signed on behalf of the Trustees

D Alliance

Lord David Alliance

Trustee

ALLIANCE FAMILY FOUNDATION LIMITED

CASH FLOW STATEMENT For the year ended 31 March 2018

	2018 Unrestricted £	2017 Unrestricted £
Reconciliation of net movement in funds to net cash flows from operating activities		
Net movement in funds	3,669,835	(2,306,844)
Adjustments for:		
Income from investments, interest and other income	(676,527)	(692,885)
Realised and unrealised losses on investments	1,488,936	5,273,666
Decrease in debtors	15,237	1,865
(Decrease)/increase in creditors due within one year	(3,989,043)	1,996,226
(Decrease) in creditors due after more than one year	(876,534)	(4,718,245)
Net cash flows from operating activities	<u>(368,096)</u>	<u>(446,217)</u>
Cash flows from investing activities		
Income from investments, interest and other income	676,527	692,885
Proceeds from sale of investments	35,242	879,570
Purchase of investments	(37,707)	(183,703)
Net cash flows from investing activities	<u>674,062</u>	<u>1,388,752</u>
Net increase in cash and cash equivalents	305,966	942,535
Cash and cash equivalents at beginning of year	(426,659)	(1,369,194)
Cash and cash equivalents at the end of the year	<u><u>(120,693)</u></u>	<u><u>(426,659)</u></u>
Being:		
Cash at bank and in hand	-	-
Bank overdrafts (secured)	(120,693)	(426,659)
	<u><u>(120,693)</u></u>	<u><u>(426,659)</u></u>

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

1. ACCOUNTING POLICIES

Company and charitable status

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

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2015)” applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2016 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.

Since the year end, there has been 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 March 2018

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

Investments

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

Fair value for listed shares and securities is established by reference to the mid-market value of stock exchange quotations. Fair value for other investments is established by reference to latest available financial information, although it is subject to inevitable uncertainty as a result of their unlisted character.

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.

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

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

Financial assets and liabilities (continued)

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

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

The trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

2. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

No remuneration was paid to the trustees who were the only employees of the charity (2017 same). The trustees were not paid nor reimbursed for any expenses incurred during the year (2017 same). The total amount of donations received from the trustees without conditions during the year was £5m (2017: £3m), inclusive of deducted tax also recovered.

3. INCOME

Investment income of £668,579 (2017: £686,320) relates to dividends and equivalents received from investment in UK and foreign listed companies.

Bank interest of £339 (2017: £2,457) was received during the year together with rent of £7,609 (2017: £4,108) relating to investment property.

A donation of £5,000,000 (2017: £3,000,000) was received during the year under Gift Aid, inclusive of deducted tax also recovered.

4. EXPENDITURE ON RAISING FUNDS

	2018 £	2017 £
Bank interest and charges	24,696	27,536
Exchange (gain)/loss	(40,781)	49,836
Expenses relating to investment property	8,440	567
Listed investment management charges	921	1,517
Expenses relating to disposal of other investments	-	7,618
Fees payable to the charitable company's auditor:		
- for the audit of the charitable company's annual financial statements	12,300	10,200
- for taxation services	1,200	-
	<u>6,776</u>	<u>97,274</u>

The expenses for the year relating to the investment property are stated after provision of £6,708 for non-recovery of rent arrears following the death of the tenant concerned.

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2018

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	2018 £	2017 £
Donations to institutions	143,196	158,016
Donations for education to individuals	57,681	71,721
Donations for medical and care costs to individuals	65,740	33,968
Other charitable donations	87,749	99,903
	<hr/>	<hr/>
	354,366	363,608
Unwinding of discounting of future payments of contracted donations	156,614	265,181
	<hr/>	<hr/>
	510,980	628,789
	<hr/>	<hr/>

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 50 (2017: 61) institutions, organisations and individuals worldwide. Donations representing 4% (2017: 4%) or more of the total expended for the year (excluding for the purpose the contracted amounts for Manchester Business School) were:

	2018 £	2017 £
Donations to institutions		
Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry	50,000	-
Jewish Community Secondary School Trust*	30,000	40,000
Fariborz Fred Matloob Foundation	18,981	-
Tel Aviv University – Institute of Strategic Studies	-	24,737
Community Security Trust	-	45,000
	<hr/>	<hr/>
Total disclosed above	98,981	109,737
Other donations to institutions	44,215	48,279
	<hr/>	<hr/>
Total of donations to institutions	143,196	158,016
	<hr/>	<hr/>

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

Donations for individuals

Educational costs	29,723	30,141
Educational costs	14,883	18,031
Accommodation costs	19,298	18,158
Care costs	25,310	-
Medical costs	20,047	-
	<hr/>	<hr/>

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2018

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

	2018	2017
	£	£
Net income/(expenditure) per the Statement of Financial Activities	3,669,835	(2,306,844)
Add: unrealised loss on investments	1,486,471	5,326,165
Net income/(expenditure) for the year for purposes of the Companies Act 2006	<u>5,156,306</u>	<u>3,019,321</u>

8. INVESTMENTS HELD AS FIXED ASSETS

	Investment property £	Listed investments £	Other investments £	Total £
Valuation				
At 1 April 2017	900,000	9,883,872	460,557	11,244,429
Additions	-	-	37,707	37,707
Disposal proceeds	-	-	(35,242)	(35,242)
Net realised investment gain/(loss)	-	-	(2,465)	(2,465)
Net unrealised investment gain/(loss)	-	(1,488,383)	1,912	(1,486,471)
At 31 March 2018	<u>900,000</u>	<u>8,395,489</u>	<u>462,469</u>	<u>9,757,958</u>
Cost				
At 31 March 2018	<u>500,000</u>	<u>3,992,313</u>	<u>658,427</u>	<u>5,150,740</u>
At 31 March 2017	<u>500,000</u>	<u>3,992,313</u>	<u>804,423</u>	<u>5,296,736</u>

The value of the investment property was reviewed by the charity's land agents, Ingham & Yorke, in 2018 and no change proposed to the valuation at which the property is currently carried.

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

Material investment

Included within listed investments is a holding of 4,517,237 ordinary shares in N Brown Group plc which makes up 95% (2017: 96%) of the listed investment portfolio. Lord David Alliance CBE, a trustee, is a director of N Brown Group plc and both he and the other trustees also have personal interests in shares in that company. During the year, £642,803 (2017: £642,803, incorrectly shown as £644,341) of investment income was received on the holding.

The share price at which this investment is reflected at the balance sheet date was £1.765 (2017: £2.10). As at 17 December 2018, the closing share price was £0.935.

9. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	2018	2017
	£	£
Other debtors	<u>23,129</u>	<u>38,366</u>

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2018

10. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank overdrafts (secured)	120,693	426,659
Accruals and other creditors	1,122,450	5,111,493
	<u>1,243,143</u>	<u>5,538,152</u>

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

Accruals and other creditors include £991,713 (2017: £4,958,565) in respect of £1m (2017: £5m) 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

	2018	2017
	£	£
Other creditors	<u>3,730,615</u>	<u>4,607,149</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 for delay in payment 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, £5m was paid in the current year (2017: £3m) and a further £5m (2017: £10m) remained to be paid to the University at the year end.

Of that balance remaining, £1m (2017: £5m) was due within one year and is accordingly included in Accruals and other creditors in note 11 at £991,713 (2017: £4,985,565) after discounting for delay in payment.

The following time discounted amounts are recognised as amounts payable after more than one year in respect of the further amounts to be paid subsequently totalling £4m (2017: £5m):

	2018	2017
	£	£
Payable within:		
1 – 2 years	£967,525	£967,525
2 – 5 years	£2,763,090	£2,763,153
More than 5 years	-	£876,471

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2018

12. STATEMENT ON UNRESTRICTED FUNDS

	Share capital	Revaluation reserve	Accumulated surplus/ (deficit)	Total unrestricted funds
	£	£	£	£
Balance at 1 April 2016	2	10,629,157	(7,184,821)	3,444,338
Net income before investment gains	-	-	2,966,822	2,966,822
Realised gains on sale of investments	-	-	52,499	52,499
Unrealised (losses) from investments	-	(5,326,165)	-	(5,326,165)
Transfer of realised revaluation losses	-	244,701	(244,701)	-
NET MOVEMENT IN FUNDS	-	(5,081,464)	2,774,620	(2,306,844)
Balance at 31 March 2017	2	5,547,693	(4,410,201)	1,137,494
Net income before investment gains	-	-	5,158,771	5,158,771
Realised (losses) on sale of investments	-	-	(2,465)	(2,465)
Unrealised (losses) from investments	-	(1,486,471)	-	(1,486,471)
Transfer of realised revaluation losses	-	145,996	(145,996)	-
NET MOVEMENT IN FUNDS	-	(1,340,475)	5,010,310	3,669,835
Balance at 31 March 2018	2	4,207,218	600,109	4,807,329

There are no designated or restricted funds.

ANALYSIS OF ASSETS AND LIABILITIES BETWEEN UNRESTRICTED FUNDS

	Share capital and revaluation reserve 2018	Accumulated surplus/ (deficit) 2018	Total 2018	Share capital and revaluation reserve 2017	Accumulated Surplus 2017	Total 2017
	£	£	£	£	£	£
Fixed assets						
investments	4,207,218	5,550,740	9,757,958	5,547,693	5,696,736	11,244,429
Current assets	2	23,127	23,129	2	38,364	38,366
Current liabilities	-	(1,243,143)	(1,243,143)	-	(5,538,152)	(5,538,152)
Non-current						
Liabilities	-	(3,730,615)	(3,730,615)	-	(4,607,149)	(4,607,149)
	<u>4,207,220</u>	<u>600,109</u>	<u>4,807,329</u>	<u>5,547,695</u>	<u>(4,410,201)</u>	<u>1,137,494</u>

ALLIANCE FAMILY FOUNDATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2018

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

	2018 £	2017 £
Agreed but not yet provided	70,000	110,000

14. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, as mentioned in note 8, the value of the charity's holding in N Brown Group plc has fallen substantially. At the closing price of the holding on 17 December 2018, total funds at the balance sheet date would be reduced by £3,749,307. As the value of the listed holding fluctuates from year to year, the year end carrying value of the holding has not been adjusted.