

**ALLIANCE FAMILY FOUNDATION  
LIMITED**

**Trustees' Report and Financial Statements  
Year ended 31 March 2019**

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# ALLIANCE FAMILY FOUNDATION LIMITED

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS 2019

### CONTENTS

Officers and professional advisers	1
Trustees' report (incorporating a Directors' Report)	2
Statement of trustees' responsibilities	5
Independent auditor's report	6
Statement of financial activities (incorporating the income and expenditure statement)	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12

# 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

4<sup>th</sup> 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 2019.

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 investment held as market and economic conditions change. The trustees hold that investment for its long term potential to generate annual income to fund donations rather than for its capital value as such.

##### Investments policy

Details of the investments are given in note 8 to the financial statements. The Trustees' policy is to retain their main listed investment in N Brown Group plc for the income it generates each year. In addition, selected limited other investments are made as opportunity arises where they are aligned with the charity's purposes or for their growth potential.

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

##### 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)

There was no gift aid donation during the year from Lord Alliance related to the funding of the year's commitment to the University of Manchester in respect of Manchester Business School, and there was also a substantial reduction in the value of investments. Consequently, total free reserves at 31 March 2019 had reduced to £1,329,093 (2018: £4,807,329).

However, since the year end, Lord Alliance has made a further gift aid donation adding £1m to those reserves, inclusive of related tax recovery.

In addition, as referred to in note 8 to the financial statements, and in the Financial Review below, there has been some recovery in the value of the main listed investment from its carrying value in the balance sheet at 31 March 2019. As it is in the nature of the value of such an investment to fluctuate from year to year, its carrying value has not been adjusted in that regard. At closing value on 13 December 2019, the recovery in value would result in an increase of £1,777,533 on the reserves reported in the balance sheet at the year end.

Lord David Alliance has also 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 £481,225 to 59 institutions, organisations and individuals for charitable purposes (2018: £354,366 to 50 recipients) and further financial information about donations is given in notes 5, 6, 10 and 11 to the financial statements.

# ALLIANCE FAMILY FOUNDATION LIMITED

## TRUSTEES' REPORT (continued)

### FINANCIAL REVIEW

The results for the year ended 31 March 2019 are set out in the Statement of Financial Activities on page 9.

Income from listed investments was £525,318 (2018: £668,579), principally from the core strategic investment held in N Brown Group plc. During the year, 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 £3,427,073 (2018: loss of £1,486,471).

The value of the central holding in N Brown Group plc has recovered somewhat since the year end from its carrying value in the balance sheet at 31 March 2019. As referred to earlier in relation to Reserves policy, the year end carrying value has not been adjusted but the recovery in listed price is noted in note 8 to the financial statements.

With financial support available from the senior trustee, Lord David Alliance CBE, 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 outgoing for the year of £3,483,236 has been charged to (2018: overall net incoming of £3,669,835 added to) reserves.

### PLANS FOR THE FUTURE

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

### GOING CONCERN

After making enquiries, 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



Lord David Alliance CBE

Trustee

Date: 19/12/2019

## 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 company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

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 2019 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 13.

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

### **Basis for opinion**

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

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

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

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

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

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

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

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

### **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.

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.

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

### **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  
20 December 2019

## ALLIANCE FAMILY FOUNDATION LIMITED

### STATEMENT OF FINANCIAL ACTIVITIES (incorporating the income and expenditure statement) For the year ended 31 March 2019

	2019	2018
	Unrestricted	Unrestricted
Note	£	£
<b>INCOME FROM</b>		
Donations, legacies and similar activities	3 -	5,000,000
Income from listed fixed asset investments	3	668,579
Bank deposit and other income	3	7,948
	<u>531,686</u>	<u>5,676,527</u>
<b>TOTAL INCOME</b>		
<b>EXPENDITURE ON</b>		
Raising funds	4	6,776
Charitable activities	5	510,980
	<u>635,731</u>	<u>517,756</u>
<b>TOTAL EXPENDITURE</b>		
<b>NET (EXPENDITURE)/INCOME FOR THE YEAR BEFORE INVESTMENT (LOSSES)/ GAINS</b>		
	(104,045)	5,158,771
Realised gains/(losses) on sale of investments	8	(2,465)
Unrealised losses from investments	8	(1,486,471)
	<u>(3,483,236)</u>	<u>3,669,835</u>
<b>NET (EXPENDITURE)/INCOME FOR THE YEAR AND NET MOVEMENT IN FUNDS</b>		
	7	3,669,835
<b>RECONCILIATION OF FUNDS:</b>		
Total funds brought forward	4,807,329	1,137,494
Net movement in funds for the year	(3,483,236)	3,669,835
Total funds carried forward	12	4,807,329

The above results are derived from continuing operations (2018: 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.

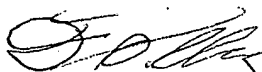
## ALLIANCE FAMILY FOUNDATION LIMITED

### BALANCE SHEET As at 31 March 2019

	Note	£	2019 £	£	2018 £
<b>FIXED ASSETS</b>					
Investments	8		5,908,319		9,757,958
<b>CURRENT ASSETS</b>					
Debtors	9	9,451		23,129	
Cash at bank and in hand		-		-	
		9,451		23,129	
<b>CREDITORS: amounts falling due within one year</b>	10	(1,761,509)		(1,243,143)	
<b>NET CURRENT (LIABILITIES)</b>			(1,752,058)		(1,220,014)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,156,261		8,537,944
<b>CREDITORS: amounts falling due after more than one year</b>	11		(2,832,168)		(3,730,615)
<b>NET ASSETS</b>			1,324,093		4,807,329
<b>FUNDS</b>					
<b>Unrestricted funds:</b>					
Called up share capital	12		2		2
Revaluation reserve	12		933,533		4,207,218
Accumulated surplus/(deficit)	12		390,558		600,109
<b>TOTAL FUNDS</b>			1,324,093		4,807,329

The financial statements of Alliance Family Foundation Limited, company number 00943938 and charity number 258721, were approved by the Trustees and authorised for issue on 19/12/2019.

Signed on behalf of the Trustees



Lord David Alliance CBE  
Trustee

**ALLIANCE FAMILY FOUNDATION LIMITED**

**CASH FLOW STATEMENT**  
**For the year ended 31 March 2019**

	2019	2018
	Unrestricted	Unrestricted
	£	£
<b>Reconciliation of net movement in funds to net cash flows from operating activities</b>		
Net movement in funds	(3,483,236)	3,669,835
Adjustments for:		
Income from investments, interest and other income	(531,686)	(676,527)
Realised and unrealised losses on investments	3,379,191	1,488,936
Decrease in debtors	13,678	15,237
Increase/(decrease) in creditors due within one year	10,836	(3,989,043)
(Decrease) in creditors due after more than one year	(898,447)	(876,534)
	<u>(1,509,664)</u>	<u>(368,096)</u>
<b>Cash flows from investing activities</b>		
Income from investments, interest and other income	531,686	676,527
Proceeds from sale of investments	474,448	35,242
Purchase of investments	(4,000)	(37,707)
	<u>1,002,134</u>	<u>674,062</u>
<b>Net cash flows from investing activities</b>	1,002,134	674,062
<b>Net (decrease)/increase in cash and cash equivalents</b>	(507,530)	305,966
<b>Cash and cash equivalents at beginning of year</b>	(120,693)	(426,659)
	<u>(628,223)</u>	<u>(120,693)</u>
<b>Cash and cash equivalents at the end of the year</b>	(628,223)	(120,693)
<b>Being:</b>		
Cash at bank and in hand	-	-
Bank overdrafts (secured)	(628,223)	(120,693)
	<u>(628,223)</u>	<u>(120,693)</u>

# ALLIANCE FAMILY FOUNDATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

### 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.

During the year, 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.

## ALLIANCE FAMILY FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2019

#### 1. ACCOUNTING POLICIES (continued)

##### **Taxation**

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

##### **Investment properties**

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

##### **Investments**

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

Fair value for listed shares and securities is established by reference to the 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. Where fair value of unlisted investments cannot be measured reliably, these are measured at cost less impairment.

##### **Fund accounting**

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

##### **Revaluation reserve**

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

##### **Charitable commitments**

Commitments which are legally binding on the trustees are accounted for as expenditure in the Statement of Financial Activities. Informal or conditional commitments that are to be wholly financed from future income are disclosed instead as charitable commitments in note 13 to the accounts.

##### **Financial instruments**

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

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

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

##### **Financial assets and liabilities**

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

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

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

## ALLIANCE FAMILY FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2019

#### 1. ACCOUNTING POLICIES (continued)

##### Financial assets and liabilities (continued)

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

##### Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

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 (2018: same). The trustees were not paid nor reimbursed for any expenses incurred during the year (2018: same). The total amount of donations received from the trustees without conditions during the year was £ nil (2018: £5m), inclusive of deducted tax also recovered.

#### 3. INCOME

Investment income of £525,318 (2018: £668,579) relates to dividends and equivalents received from investment in UK and foreign listed companies.

Bank interest of £21 (2018: £339) was received during the year together with rent of £6,347 (2018: £7,609) relating to investment property.

A donation of £ nil (2018: £5,000,000) was received during the year under Gift Aid, inclusive of deducted tax also recovered.

#### 4. EXPENDITURE ON RAISING FUNDS

	2019	2018
	£	£
Bank interest and charges	19,662	24,696
Exchange loss/(gain)	11,126	(40,781)
Expenses relating to investment property	2,408	8,440
Listed investment management charges	557	921
Fees payable to the charitable company's auditor:		
- for the audit of the charitable company's annual financial statements	18,000	12,300
- for taxation compliance services	1,200	1,200
	52,953	6,776

The expenses for the previous 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 2019

#### 5. EXPENDITURE ON CHARITABLE ACTIVITIES

	2019	2018
	£	£
Donations to institutions	348,635	143,196
Donations for education to individuals	37,220	57,681
Donations for medical and care costs to individuals	30,286	65,740
Other charitable donations	65,084	87,749
	481,225	354,366
Unwinding of discounting of future payments of contracted donations	101,553	156,614
	582,778	510,980

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 59 (2018: 50) institutions, organisations and individuals worldwide. Donations representing 4 % (2018: 4%) or more of the total expended for the year (excluding for the purpose the contracted amounts for Manchester Business School) were:

	2019	2018
	£	£
<b>Donations to institutions</b>		
Fariborz Fred Matloob Foundation	57,804	18,981
University of Manchester – links with Weizmann Institute	50,000	-
Weizmann Institute – links with University of Manchester	50,000	-
Jewish Community Secondary School Trust	30,000	30,000
University of Manchester – stroke research*	25,000	-
Community Security Trust	25,000	-
Manchester Jewish Museum	25,000	-
Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry	-	50,000
	262,804	98,981
Total disclosed above	262,804	98,981
Other donations to institutions	85,831	44,215
	348,635	143,196

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

#### Donations for individuals

Educational costs	31,041	29,723
Educational costs	-	14,883
Accommodation costs	19,313	19,298
Care costs	-	25,310
Medical costs	-	20,047
	50,354	89,261

**ALLIANCE FAMILY FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 March 2019**

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

	2019	2018
	£	£
Net (expenditure)/income per the Statement of Financial Activities	(3,483,236)	3,669,835
Add: unrealised loss on investments	3,427,073	1,486,471
	(56,163)	5,156,306

**8. INVESTMENTS HELD AS FIXED ASSETS**

	Investment property	Listed investments	Other investments	Total
	£	£	£	£
<b>Valuation</b>				
At 1 April 2018 as restated*	900,000	8,467,652	390,326	9,757,958
Additions	-	-	4,000	4,000
Disposal proceeds	-	(470,448)	(4,000)	(474,448)
Net realised investment gain	-	47,882	-	47,882
Net unrealised investment (loss)	-	(3,389,366)	(37,707)	(3,427,073)
	900,000	4,655,720	352,599	5,908,319
<b>Cost</b>				
At 31 March 2019	500,000	3,681,990	392,806	4,574,796
	500,000	4,143,688	507,052	5,150,740

The value of the investment property was reviewed by the charity's land agents, Ingham & Yorke, in 2019 and no change proposed to the valuation at which the property is currently carried. The carrying value represents their professional estimate as chartered surveyors of market value on sale with vacant possession based on their ongoing knowledge and experience of the local area concerned. There are no protected tenancies.

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

\*One investment has been reclassified from other investments to listed investments effective 1 April 2018. This resulted in a £72,163 reallocation of valuation, and £151,375 reallocation of cost, as at 1 April 2018.

**Material investment**

Included within listed investments is a holding of 4,517,237 ordinary shares in N Brown Group plc which makes up 96% (2018: 95%) 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, £514,513 (2018: £642,803) of investment income was received on the holding.

The share price at which this investment is reflected at the balance sheet date was 98.45p (2018: £1.765). As at 13 December 2019, the closing share price was £1.378.

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

	2019	2018
	£	£
Other debtors	9,451	23,129
	9,451	23,129

## ALLIANCE FAMILY FOUNDATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2019

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

	2019	2018
	£	£
Bank overdrafts (secured)	628,223	120,693
Accruals and other creditors	1,133,286	1,122,450
	<u>1,761,509</u>	<u>1,243,143</u>

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

Accruals and other creditors include £991,713 (2018: £991,713) in respect of £1m (2018: £1m) due under the charity's Gift Agreement with the University of Manchester further described in note 11.

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

	2019	2018
	£	£
Other creditors	2,832,168	3,730,615
	<u>2,832,168</u>	<u>3,730,615</u>

In November 2014, the charity entered into a Gift Agreement with the University of Manchester to support the strategic development of Manchester Business School within the University's Faculty of Humanities. The total donation provided under the agreement was £15m and that amount as discounted to the present value of the future cash flows involved was included in Donations to institutions within Charitable Activities under Expenditure for the year ended 31 March 2015.

In accordance with the schedule of payment in the agreement, £1m was paid in the current year (2018: £5m) and a further £4 m (2018: £5m) remained to be paid to the University at the year end.

Of that balance remaining, £1 m (2018: £1m) was due within one year and is accordingly included in Accruals and other creditors in note 10 at £991,713 (2018: £991,713) after discounting to present value at the year end.

The following time discounted amounts are recognised as amounts payable after more than one year in respect of the further amounts to be paid subsequently totalling £3m (2018: £4m):

	2019	2018
	£	£
<b>Payable within:</b>		
1 – 2 years	967,461	967,525
2 – 5 years	1,864,707	2,763,090
More than 5 years	-	-
	<u>2,832,168</u>	<u>3,730,615</u>

**ALLIANCE FAMILY FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2019**

**12. STATEMENT ON UNRESTRICTED FUNDS**

	Share capital	Revaluation reserve	Accumulated surplus/ (deficit)	Total unrestricted funds
	£	£	£	£
<b>Balance at 1 April 2017</b>	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)	-
<b>NET MOVEMENT IN FUNDS</b>	-	(1,340,475)	5,010,310	3,669,835
<b>Balance at 31 March 2018</b>	2	4,207,218	600,109	4,807,329
Net (expenditure) before investment gains	-	-	(104,045)	(99,045)
Realised gains on sale of investments	-	-	47,882	47,882
Unrealised (losses) from investments	-	(3,427,073)	-	(3,427,073)
Transfer of realised revaluation losses	-	153,388	(153,388)	-
<b>NET MOVEMENT IN FUNDS</b>	-	(3,273,685)	(209,551)	(3,478,236)
<b>Balance at 31 March 2019</b>	2	933,533	390,558	1,329,093

There are no designated or restricted funds.

**ANALYSIS OF ASSETS AND LIABILITIES BETWEEN UNRESTRICTED FUNDS**

	Share capital and revaluation reserve	Accumulated surplus/ (deficit)	Total	Share capital and revaluation reserve	Accumulated Surplus	Total
	2019	2019	2019	2018	2018	2018
	£	£	£	£	£	£
Fixed assets						
investments	933,533	4,974,786	5,908,319	4,207,218	5,550,740	9,757,958
Current assets	2	9,449	9,451	2	23,127	23,129
Current liabilities	-	(1,761,509)	(1,761,509)	-	(1,243,143)	(1,243,143)
Non-current liabilities	-	(2,832,168)	(2,832,168)	-	(3,730,615)	(3,730,615)
	<u>933,535</u>	<u>390,558</u>	<u>1,324,093</u>	<u>4,207,220</u>	<u>600,109</u>	<u>4,807,329</u>

**ALLIANCE FAMILY FOUNDATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 March 2019**

**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**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Agreed but not yet provided	<u>32,358</u>	<u>70,000</u>