

REGISTERED COMPANY NUMBER: 03327068 (England and Wales)
REGISTERED CHARITY NUMBER: 1068084

REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
ALLIANCE FRANCAISE DE MANCHESTER

ALLIANCE FRANCAISE DE MANCHESTER

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for the Year Ended 31 December 2020

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ALLIANCE FRANÇAISE DE MANCHESTER

REPORT OF THE TRUSTEES **for the Year Ended 31 December 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

The Charity is at present constituted as a company limited by guarantee and is therefore governed by a memorandum and articles of association although it expects that it will soon receive authorisation from the Charity Commission to become a charitable incorporated organisation. The objectives of the Charity continue to be to advance the education of the public generally but particularly within Greater Manchester and its environs concerning French language, literature, culture and associated modes of thought and to promote cultural harmony and linguistic diversity by encouraging linguistic and cultural exchanges.

A full-time managing director, whose salary is paid by the French Foreign Office, is in charge of the day-to-day administration of the Charity. He is assisted by the following members of staff: a course administrator (full-time), and a course director, an administration manager and an assistant course administrator (part-time). In addition, other part-time staff act as administrators/receptionists in evening hours during term time and over the summer period. The remaining staff are employed as teachers but also assist with other events as appropriate. Finally, during the year under review, the Alliance had the benefit of a number of French interns gaining work experience in the UK.

BUSINESS REVIEW

The year 2020 was dominated by the impact of the Covid 19 pandemic with varying national regulations restricting the ability of people to meet together and also strong encouragement for people to work from home. Many shops and offices, including the Charity, were forced to close their premises to the public. From mid-March 2020, all teaching was put on on-line, all staff were asked to work from home and cultural activities were limited to what could be provided on-line.

The staff of the Charity, both teachers and administrators, responded magnificently and all classes continued on-line with little interruption. But, inevitably, not everyone wished to study in this way and the Charity suddenly found itself with a fall in both students and in revenue. The situation varied somewhat over the year: initially numbers (compared to 2019) dropped by over 40% but, by the Autumn, the fall was of the order of 20-25%. For the short summer session, there was an actual increase in numbers. Over the year as a whole, there was a fall in registrations of 19%.

This, inevitably, had a large impact on income. Fees received from students constitute the bulk of the income of the Charity and these fell by just over £47,000 compared to 2019. At the same time there was an increase in costs as the number of students who can reasonably be accommodated in lessons on-line is smaller than the number that can be accommodated in lessons in the classroom.

There was some financial assistance from UK Government programmes: two members of the administrative staff were put on furlough (with the Government paying 80% of salary) and Manchester City Council made a grant of £10,000 as part of a scheme to assist small companies hit by the anti-Covid measures. In addition, the Charity received a payment of £10,276 in settlement of a claim on an insurance policy for business losses.

It was necessary to approach the landlord and seek a reduction in rent. The Charity was, of course, not alone in finding itself in a difficult financial position and other companies, both large and small, were seeking temporary rent reductions. The Charity conducted negotiations with their Altrincham-based landlord through a specialised intermediary and terms were agreed under which the Charity would surrender its lease on the first floor of 125 Portland Street in exchange for a lower rent. There was also an agreement that the Charity could continue to use the first floor for the time being but would have to vacate this at two week's notice if the landlord wished to retake possession. In the event, the Charity was able, throughout the year, to use the two floors originally leased.

Notwithstanding, government assistance, the payment from the insurer and reductions in rental payments, the Charity made a loss for the year of over £63,000. Fortunately, it has reserves that are fully adequate for it to continue to operate although, clearly, it will have to eliminate the loss. Apart from negotiating a reduced rent, it has been taking steps both to attract more students and to reduce costs. A wider variety of courses has been offered and staff costs have been reduced with one part-time employee leaving the Alliance and another having a cut in hours. There have also been other cost savings. But looking to the future, there are huge uncertainties both for the Charity and for the wider national economy. This is further discussed below.

The Charity maintained a strong cultural programme throughout the year. The book club and the Ciné-club had full programmes, albeit entirely on-line from March onwards, and these were well supported. In addition, there were a number of talks on a variety of topics.

The directors wish to record the appreciation of the way in which both teachers and administrators responded to the emergency situation brought about by the pandemic. The method of providing courses was changed quickly and both teachers and administrators were required to work from home. Their response showed resourcefulness and flexibility.

PLANS FOR THE FUTURE

At the time of writing this report (early May 2021) there are still significant restrictions on personal and business activity and the Charity continues to deliver all taught courses online. However, the national vaccination programme has gone well, numbers of infections from Covid 19 have fallen sharply and there is a timetable for the progressive removal of all current restrictions. Accordingly, the Charity is considering a return to classroom teaching in the Autumn or, possibly, a mixture of teaching on-line and in the classroom. There have been surveys of students' views on this but there still remains a high degree of uncertainty about how many people will enrol for courses in Autumn 2021.

A rent review is due in November 2021 and, here again, there is much uncertainty. Demand for city-centre offices fell during the pandemic but, as yet, no one can say with confidence when or how much demand will increase in the future.

The Board of directors will continue to monitor developments as the economy comes out of the pandemic and will take such actions as are necessary to promote the interests of the Charity, its customers and its staff.

FINANCIAL POSITION & RESERVES POLICY

Without the grant made by the French Government and the continued payment of the salary of the managing director, the deficit incurred would have been greater. The directors are grateful for this support but, having been aware, for a number of years, that this support had been declining and also that the costs of renting property in Central Manchester could be expected to increase, they had sought to build up solid reserves. This policy was amply justified when, in late 2016, the Alliance found itself obliged to move to new premises and was further justified when the Covid 19 pandemic occurred in 2020 with its serious financial implications. Reserves have now been depleted but remain sufficient to enable the Charity to continue its activities.

However, losses on the scale of 2019 and 2020 cannot be sustained indefinitely and the Charity will pursue a number of avenues to seek to improve its financial position. It will continue to work to promote awareness of its activities and to increase the number of students. It will continue to promote a range of cultural activities both on its own and in collaboration with others.

INVESTMENT POWERS AND POLICY

Under the Memorandum and Articles of Association, the Charity has powers to invest in any way the directors choose. This power will remain when the expected change of legal status to charitable incorporated organisation takes effect; a change that is expected to take place in 2021. Currently, we are in a period of prolonged low interest rates, but the directors continue to monitor relevant rates and remain ready to move funds in order to increase the interest earned.

ALLIANCE FRANÇAISE DE MANCHESTER

REPORT OF THE TRUSTEES

for the Year Ended 31 December 2020

DIRECTORS

All directors served throughout the year.

Xavier Lavry is also the Coordinateur des Alliances Françaises in the United Kingdom. This position has no financial implications for the Alliance in Manchester but does give him knowledge of the experience of other Alliances in the UK which can only be of benefit to Manchester.

Rodolphe Soulard acts as honorary French consul in Manchester and the Alliance provides him with office space for two periods of two hours per week, for which he pays a rent of £50 per month.

The managing director is paid by the French foreign office. All other members of the Board serve in an honorary capacity and none received any remuneration in the year under review.

RISK MANAGEMENT

The directors keep under review the risks that the Charity faces; they continue to monitor the financial systems of the Alliance and also seek, as far as they are able, to keep under consideration other operational and business risks faced by the Charity.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Alliance Française de Manchester for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

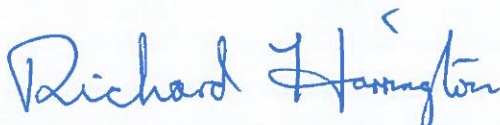
The trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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 independent examiners are unaware.

Approved by order of the board of trustees on 22 July 2021 and signed on its behalf by:

Richard Harrington
Director



ALLIANCE FRANCAISE DE MANCHESTER

REPORT OF THE TRUSTEES
for the Year Ended 31 December 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

D Hall
G R J Robson
R Harrington
Dr J McGonagle
Rodolphe Soulard
Rachel Hayward
X Lavry

Independent Examining Accountant

CHW Accounting Limited
60 Bedford House
Chorley New Road
Bolton
BL1 4DA

Bankers

Royal Bank Of Scotland
38 Morsley Street
Manchester
M60 2BE

Solicitors

Davis Blank Furniss
90 Deasngate
Manchester
M3 2QJ

INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF
ALLIANCE FRANCAISE DE MANCHESTER

I report on the company for the year ended 31 December 2020, which are set out on pages 6 to 10.

Responsibilities and basis of report

As the charity's trustees (who are also directors of the company for the purposes of company law) , you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

The trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011("the Act") and an Independent examiners report is needed.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- Examine the charities accounts carried out under section 145 of the 2011 Act
- Follow all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act and Sections 386 and 387 of the Companies act 2006 ;or
- the accounts did not accord with the accounting records complying with the accounting requirements of Sections 394 and 395 of the Companies Act 2006; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Nicola Roby ACA FCCA
for and on behalf of CHW Accounting Limited
60 Bedford House
Chorley New Road
Bolton
BL1 4DA

Date: 10.8.21

ALLIANCE FRANCAISE DE MANCHESTER**STATEMENT OF FINANCIAL ACTIVITIES**
for the Year Ended 31 December 2020

| | Notes | 31.12.20 Unrestricted Funds £ | 31.12.19 Unrestricted Funds £ |
|---|-------|--|--|
| INCOMING RESOURCES | | | |
| Incoming from activities in furtherance of the charity's objectives | | 312,401 | 359,464 |
| Bank interest received | | 394 | 1,029 |
| Grants received French government & other grants | 1 | 47,965 | <u>32,066</u> |
| Total Income | | <u>360,760</u> | <u>392,559</u> |
| RESOURCES EXPENDED | | | |
| | 2 | | |
| Cost of activities in furtherance of the Charity's Objects | | (436,835) | (451,045) |
| <u>Other expenditures:</u> | | | |
| Marketing and publicity | | (8,952) | (12,756) |
| Management and administration of the charity | | <u>(31,525)</u> | <u>(48,318)</u> |
| Total resources expended | | (477,312) | (512,119) |
| NET MOVEMENT IN FUNDS | | (116,552) | (119,560) |
| Total funds brought forward at 1 January 2020 | | <u>270,990</u> | <u>390,550</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u>154,438</u> | <u>270,990</u> |

CONTINUING OPERATIONS

All incoming resources and resources expended arise from charitable activities during the period.

ALLIANCE FRANCAISE DE MANCHESTER

BALANCE SHEET
At 31 December 2020

| | Notes | 31.12.20 £ | 31.12.19 £ |
|--|-------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Tangible assets | 3 | 15,105 | 92,051 |
| CURRENT ASSETS | | | |
| Stock | 6 | 1,280 | 2,954 |
| Debtors | 4 | 14,587 | 41,213 |
| Cash at bank and in hand | | <u>164,307</u> | <u>146,505</u> |
| | | 180,174 | 190,672 |
| CREDITORS | | | |
| Amounts falling due within one year | 5 | <u>(40,841)</u> | <u>(11,733)</u> |
| NET CURRENT ASSETS | | <u>139,333</u> | <u>178,939</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>154,438</u> | <u>270,990</u> |
| FUNDS | 7 | | |
| Unrestricted funds | | <u>154,438</u> | <u>270,990</u> |


For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees on 22 July 2021 and were signed on its behalf by:



Richard Harrington
Director



Xavier Lavry
Director

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Assessment of going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Income

Income represents enrolment and tuition fees receivable by the company for services provided unless they relate a future period in which case they are deferred.

Grant receivable

Grants are credited as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specific future period in which case they are deferred.

Expenditure

Expenditure which is charges on an accruals basis is allocated between:

- Expenditure incurred directly to the fulfilment of the charity's objectives
- Expenditure incurred directly in the effort to market the charity
- Expenditure incurred in the management and administration of the charity

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation which is provided in annual instalments over the estimated useful lives of the assets.

Small items of equipment and furniture are not capitalised but are written off on acquisition through the income and expenditure accounts.

Depreciation is provided at the following annual rates:

| | |
|------------------------|-----|
| Leasehold improvements | 10% |
| Fixture and fittings | 25% |
| Office equipment | 25% |
| Computer equipment | 33% |

Stock

Stocks are stated at the lower of cost or net realisable value.

ALLIANCE FRANCAISE DE MANCHESTER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2020

1. GRANTS RECEIVED

| | 31.12.20 £ | 31.12.19 £ |
|------------------------------------|---------------|---------------|
| French government and other grants | <u>47,965</u> | <u>32,066</u> |

2. ANALYSIS OF TOTAL RESOURCES EXPENDED

| | Staff cost £ | Other £ | Depreciation £ | Total £ |
|---|--------------------|----------------|-------------------|----------------|
| <u>Direct charitable</u> | | | | |
| Teaching | <u>221,416</u> | <u>137,350</u> | <u>78,044</u> | <u>436,810</u> |
| Cultural | | <u>25</u> | | <u>25</u> |
| <u>Other expenditure</u> | | | | |
| Marketing | | <u>8,952</u> | | <u>8,952</u> |
| Management & administration of charity | | <u>31,525</u> | | <u>31,525</u> |
| | <u>221,416</u> | <u>177,852</u> | <u>78,044</u> | <u>477,312</u> |

3. TANGIBLE FIXED ASSETS

| | Leasehold improvements £ | Fixture & Fittings £ | Computer equipment £ | Totals £ |
|-----------------------|--------------------------------|----------------------------|----------------------------|----------------|
| COST | | | | |
| At 1 January 2020 | 116,946 | 40,297 | 26,555 | 183,798 |
| Additions | | | 1,098 | 1,098 |
| At 31 December 2020 | <u>116,946</u> | <u>40,297</u> | <u>27,653</u> | <u>184,896</u> |
| DEPRECIATION | | | | |
| At 1 January 2020 | 40,112 | 28,002 | 23,632 | 91,747 |
| Charge for year | <u>62,491</u> | <u>12,295</u> | <u>3,259</u> | <u>78,044</u> |
| At 31 December 2020 | <u>102,603</u> | <u>40,297</u> | <u>26,891</u> | <u>169,791</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2020 | <u>14,343</u> | <u>-</u> | <u>763</u> | <u>15,105</u> |
| At 31 December 2019 | <u>76,834</u> | <u>12,295</u> | <u>2,923</u> | <u>92,052</u> |

ALLIANCE FRANCAISE DE MANCHESTER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2020

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.20 £ | 31.12.19 £ |
|--------------------------------|---------------|---------------|
| Prepayments and accrued income | <u>14,587</u> | <u>41,213</u> |
| | <u>14,587</u> | <u>41,213</u> |

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.20 £ | 31.12.19 £ |
|------------------------------|---------------|---------------|
| Trade creditors | 4,340 | 1,224 |
| Delegation Generale | 603 | 603 |
| Accruals and deferred income | 23,640 | 2,800 |
| Other creditors | <u>12,258</u> | <u>7,106</u> |
| | <u>40,841</u> | <u>11,733</u> |

6. STOCK

| | 31.12.20 £ | 31.12.19 £ |
|------------------------------|---------------|---------------|
| Stock of education materials | <u>1,280</u> | <u>2,954</u> |

7. UNRESTRICTED FUND

| | 31.12.20 £ | 31.12.19 £ |
|-------------------------------|-----------------|------------------|
| At 1 January 2020 | 270,990 | 390,550 |
| Profit/(Deficit) for the year | <u>(63,535)</u> | <u>(119,560)</u> |
| At 31 December 2020 | <u>207,455</u> | <u>270,990</u> |

8. RELATED PARTY DISCLOSURES

The French government which sponsors this company has made grants totalling £31,663 (2019:£32,066) towards operational costs.

ALLIANCE FRANCAISE DE MANCHESTER**INCOME & EXPENDITURE ACCOUNT**
for the Year Ended 31 December 2020

| | 31.12.20 £ | 31.12.19 £ |
|-----------------------------------|------------------|------------------|
| <u>Income</u> | | |
| Fees receivable | 312,401 | 359,464 |
| Grant receivable | 47,965 | 32,066 |
| Bank interest received | 394 | 1,029 |
| | <u>360,760</u> | <u>392,559</u> |
| <u>Cost of sales</u> | | |
| Opening stock | 2,954 | 2,476 |
| Education materials | 5,574 | 11,717 |
| Closing stock | (1,280) | (2,954) |
| | <u>7,248</u> | <u>11,239</u> |
| Gross Profit | <u>353,512</u> | <u>381,320</u> |
| <u>Expenditure</u> | | |
| Investment in cultural events | 25 | 1,742 |
| Examination fees | 5,688 | 7,357 |
| Salaries | 221,416 | 218,510 |
| Administration subsistence | 348 | 2,341 |
| Cleaning | 8,386 | 13,545 |
| Rent and service charges | 109,653 | 169,969 |
| Rates and council tax | 5,288 | 11,163 |
| Telephone | 5,005 | 4,327 |
| PPS | 3,363 | 5,663 |
| Advertising and marketing | 8,951 | 12,755 |
| Repairs and maintenance | 541 | 1,540 |
| Computer software | 3,590 | 2,212 |
| Accountancy | 2,800 | 2,800 |
| Insurance and security | 3,753 | 5,376 |
| Depreciation | 78,044 | 30,621 |
| Bank charges | 2,858 | 3,626 |
| Library | 43 | 2,547 |
| Translations | 1,445 | 1,299 |
| Hire of equipment | 2,867 | 3,487 |
| Consultancy | 6,000 | -- |
| | <u>470,064</u> | <u>500,880</u> |
| Net Profit/(Deficit) for the year | <u>(116,552)</u> | <u>(119,560)</u> |