

Foundation of Light (a Company Limited by Guarantee)
Consolidated Annual Report and Financial Statements
for the year ended 31 August 2020

Registered Charity Number: 1089333

Registered Company Number: 04243171

Foundation of Light

Annual Report and Consolidated Financial Statements for the year ended 31 August 2020

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Trustees and Advisers for the year ended 31 August 2020

Trustees

Kathryn Adie OBE
Sir Timothy Miles Bindon Rice
George Clarke
Paul David Collingwood MBE
Stephen Cram CBE - Treasurer
The Baroness Estelle Morris - Vice Chair of Trustees
Sir Robert Sydney Murray CBE - Chair of Trustees
The Hon. James Ramsbotham CBE
Stewart James Donald
Baroness Tanni Carys Davina Grey-Thompson
Nathan O'Brien (appointed 25th April 2020)

Key Management

Lesley Spuhler OBE	Chief Executive
James Wright	Managing Director
Paul Wright	Director of Finance and Support Services (resigned 9 th April 2021)
Phil King	Commercial Director (resigned 21 st February 2020)

Registered Office

Beacon of Light
Sunderland
SR5 1SN

Banker

Barclays Bank PLC
53 Fawcett Street
Sunderland
SR1 1SD

Independent Auditor

RSM UK Audit LLP
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

Legal Advisor

Ward Hadaway
102 Quayside
Newcastle upon Tyne
NE1 3DX

Foundation of Light

Chairman's Statement

I am pleased to share an outstanding 2020 Annual Report, which shows how we have dramatically adapted to, developed and performed in challenging circumstances, working tirelessly to continue to support our communities at a time when they need it most.

COVID-19 Pandemic

It's fair to say this has been a year like no other and although we entered it at full capacity delivering 20,000 sessions across a portfolio of 40 programmes – our iconic facility, the Beacon of Light, was closed in Spring of 2020.

At a time of such uncertainty, due to not only the COVID-19 pandemic, but changes in the global economy, increasing health concerns, political uncertainty, and social divisions, we believe that charity has an important role to play in creating opportunities and community spirit right across Sunderland, South Tyneside and County Durham for some of the most vulnerable people in the region.

With the Beacon eerily quiet during those periods of lockdown, we were driven to adapt our services to ensure that we continued to support those in our communities. From 'garden gate' visits and food parcels for the over 55's to delivering a virtual youth service, supporting primary and secondary schools and volunteering our time with the Sunderland Foodbank and Salvation Army, we've reached out far and wide.

The impact of the global pandemic will resonate through our lives and communities long after the vaccination has been distributed. It has touched everyone; but it has had a far greater impact on those who already live with inequality and deprivation.

Sadly now, the education and employment gap has become ever deeper, and many are further away from re-joining the workplace than ever before in many cases more likely to experience poorer mental or physical health, meaning a far greater challenge for them to get back on track. Now more than ever before, the Foundation matters.

It goes without saying that I am also so very proud of our professional, able and fully committed staff, and everything they have done, and continue to do, for our communities, despite their own personal challenges as a result of the pandemic. They are a credit to the Foundation, making a difference every day to create a safe space for positive social interaction and a true sense of belonging for all our communities.

2020 Results

By growing and sustaining an economically strong and responsible Group over the long-term, guided by a clear purpose, we continue to make a positive and significant impact not just to our participants, but to the economy and society in the North East of England.

Our financial performance for the year reflects the challenge of adapting to the new world but paints a positive picture, despite the unprecedented trading position that we and many other charities and businesses find ourselves in, and that we were unable to access any COVID-specific grants, finding ourselves falling between the funding 'cracks'.

The Group moved from a deficit of (£1,020,715) in 2019 to a surplus of £135,393 in 2020, with income increasing from £3,754,704 in 2019 to £4,374,585 in 2020 and expenditure reducing from £4,775,419 in 2019 to £4,239,192 in 2020.

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The Group's net assets have risen to £18,256,605 in 2020.

Charity reserve funds have risen to £962,732 in 2020, of which £958,284 is unrestricted, compared to £50,362 in 2019 thereby restoring to a position ahead of the £750,000 unrestricted policy that we adopted.

The intercompany debt between the Beacon and the Charity has decreased from £1,525,433 in 2019 to £1,322,550 in 2020, and a plan of action to reduce the debt further has been executed in the year to August 2021.

During the year, the Group successfully reclaimed over £900,000 of VAT previously paid on the construction of the Beacon.

The Group accessed the Government's Job Retention scheme during the financial year, providing £320,932 of funds.

We must of course also give huge thanks to those generous donors who supported us not only in replenishing our reserves but also in ensuring we could continue delivering front-line services, especially Sunderland City Council and generous private large-scale donors.

This year we welcomed Nathan O'Brien to our Board of Trustees, who brings a wealth of commercial experience and knowledge to our team as we shape our operational business model for the future; and we look forward to a full Governance review as we begin maturing as a Group of companies.

Subsequent Events

We have continued to utilise the Government's Job Retention Scheme in periods of inactivity and currently the scheme has provided funds of £173,614 to March 2021. We also received a considerable and vital grant from the Vardy Foundation, in partnership with DCMS, that contributed to our overheads whilst also encouraging £210,000 worth of match funding for COVID-related projects.

The Group made a further payment of £100,000 in December 2020 to reduce the Charity Bank loan. The Group financials currently are positive with robust cashflow.

The impact of Covid lockdowns has had a significant detrimental impact on the commercial activities undertaken within the Beacon. Over the coming months, when the full impact of the current and previous lockdowns becomes clearer, the Beacon will assess what relief it can provide to Altruism to mitigate the financial impact of reduced trading. Any relief provided will be in respect of intercompany charges only and will not have any impact on the financial standing of the Group overall.

As we adapt to a new world, it firmly remains our objective to continue to grow the Group's reach and depth in the region, at a time when our communities need us more than ever before. The larger the positive economic and social impact we can make for our participants, the stronger our region becomes. Throughout our history, we have sought to build relationships, trust and solve important problems and this has never been more vital than it is now. I vehemently believe in a successful and positive future for the Foundation, with the optimism of a brighter time ahead for all.



Sir Robert Sydney Murray CBE

7 May 2021

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Trustees' Report for the year ended 31 August 2020

The Trustees are pleased to present their annual report together with the audited financial statements of the Charity and Group for the year ended 31 August 2020. This report includes the information required to satisfy the company law requirements to present a Strategic Report and a Directors' Report.

Structure, Governance and Management

Governing Document

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

Appointment of Trustees

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

Trustee Induction and Training

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

Organisation

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

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Trustees' Report for the year ended 31 August 2020 (continued)

Related Parties

Although Foundation of Light is structurally and financially independent from Sunderland AFC ("the Club"), the Club supports its own registered charity in many ways, not least through its gifts in kind such as match day tickets, prime accommodation and auction prizes, all of which amounted to a value of £36,064 in the current period (2019: £24,580). The Foundation continues to sponsor an Alternative Provision Free School, Beacon of Light School, which resides as a tenant of the Beacon of Light facility in Sunderland.

Key Management Pay

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

Risk Management

The Trustees have a risk management strategy which comprises:

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

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

Principal Risks and Uncertainties

The Foundation will always face business risks; however, the Trustees have taken steps to mitigate these as far as possible. Reviews are undertaken by the Audit and Risk Committee and the Board of Trustees. Risks identified include:

COVID-19 Pandemic

COVID-19 was added to the Trustee risk register in January 2020 with major risks identified including health and safety of staff and participants and financial losses due to reduced programmes and potential building closure. As a result, business continuity plans were updated, policies and procedures refreshed, and a new COVID-19 specific operational risk assessment completed. All of which continue to be reviewed should there be a return of the pandemic.

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Trustees' Report for the year ended 31 August 2020 (continued)

Financial Growth of the Charity and the Beacon of Light

With continued success comes the pressure for growth and expansion. In developing the Beacon of Light facility space has been provided for Sport and Play facilities, World of Work delivery and an Alternative Provision Free School. With such a level of expansion comes the risk of being unable to raise adequate funds to run the building and turn an operating profit. Current actions to help manage these risks include the review of Directorships, the development of the trading company Business Plan and the appointment of supporting non-executives.

Compliance Risks of Employees and Participants

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

- Comprehensive health and safety policies are in place to protect staff; regular safety audits are conducted, and expert consultants are utilised where needed. Regular training is in place for staff.
- Whilst the Foundation has always been mindful of data protection legislation, changes in regulations due to GDPR (General Data Protection Regulation) mean more robust policies and procedures are required. Action plans have been developed, policies reviewed, and a new training programme put in place.
- The Foundation has robust Safeguarding procedures in place to ensure we are compliant with local and national agendas. Policies and procedures are in place alongside a Safeguarding assurance framework which is quality checked by the Education and Skills Advisory Committee which is then reported to the Trustees by the committee chair, Baroness Estelle Morris.
- The Foundation has a Business Continuity Plan should any out-of-control factors impact the business.

Loss of key staff

The threat of losing key staff with specialist knowledge, skills and expertise is a risk. Staff turnover is minimised by offering competitive benefits and training opportunities, annual staff surveys, an active culture working Group (represented by staff); whilst requiring staff to give adequate notice periods to ensure there are no gaps in the Foundation's ability to deliver services.

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Trustees' Report for the year ended 31 August 2020 (continued)

Objectives and Activities

The Foundation of Light's vision is 'Better opportunities. Better lives'. It aims to involve, educate and inspire using the power of football and the SAFC Brand and has again worked with thousands of local people during this period in education and skills programmes, health and wellbeing, and sport and leisure activities.

To do this the Foundation uses its strategic assets to work across our communities of Sunderland, South Tyneside and Durham, with all ages and abilities to:

- Raise educational attainment; inspire a love and commitment to lifelong learning;
- Increase skills and access to employment opportunities by connecting people to the world of work;
- Enable individuals and families to develop healthier and happier lives; support the development of vibrant and respectful communities and reduce inequalities;
- Provide more opportunities for inclusive sport and play, inspiring participation and achievement;
- Deliver high standards through a committed and highly skilled workforce and excellent leadership and governance.

The Board of Trustees has referred to the Charity Commission general guidance on public benefit when reviewing the aims and objectives of Foundation of Light and is satisfied that they meet the public benefit requirements. Further information within the achievements and performance section of this report provides details of the work done to meet these aims and objectives.

With a multi-skilled staff team of over 100 staff, along with over 170 volunteers and a range of excellent football related and SAFC branded resources, Foundation of Light can be a catalyst in changing the lives of young people and their families in the communities of Sunderland, South Tyneside and County Durham.

The Foundation not only contributes to the educational and skills development of communities but also makes an impact on prominent issues such as health, regeneration, crime, community cohesion and employment using football and sport as the motivator

Achievements and Performance

The year from 1st September 2019 through to 31st August 2020 was a year like no other for the Foundation of Light. The first six months of the year saw strong and sustained growth across programmes and for the Foundation of Light, with over 20,000 children, young people and families supported, and an average weekly attendance of nearly 7,000 visitors a week to our home, at the Beacon of Light, between September 2019 and February 2020.

We have continued to develop outreach in schools, community centres and playing fields in some of the most deprived communities of Sunderland, South Tyneside and Durham, working across over 40 programmes in areas of education, health and wellbeing, world of work, and sport and play. This included over 2,000 participants with a disability, 30% girls and women, and over 300 families. Over 100 schools have been supported, 280 businesses involved, and 170 volunteers contributed over 130 hours a week to charitable activity.

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Trustees' Report for the year ended 31 August 2020 (continued)

Staff are trained in areas including youthwork, primary teaching, hospitality, and ICT. New additions to the team included a Hospitality Officer, Head of Informal and Community Education and Health Coordinator. We also restructured our Marketing and Communications department with a revised forward-thinking and commercially orientated strategy, welcoming a new Head of Marketing and Communications role and a new Digital Marketing Manager.

In March when lockdown commenced, we worked hard to adapt and change to the new world, making bold and innovative decisions which ensured we continued to support our communities through challenging times. New innovations in the year included:

- **Kicks Targeted** – working in partnership with Northumbria Police and Together for Children we have worked closely with 22 families and their young people who are at risk of falling into crime and anti-social behaviour.
- **Tackling Loneliness Together** – supporting older people in our communities who have found themselves socially isolated. We have supported over 1,500 people across the region with free telephone befriending, care packages, 'garden gate visits', online activities and activity books, ensuring they stay mentally and physically healthy at home.
- **Isolation to Education** – 15 new online courses created for adults and family learning, which have been specifically created to support those who are on furlough or have been made unemployed as a result of the pandemic. Family learning courses are based on the national curriculum, whilst adult learning is accredited by Pearson and offers Level 1 and Level 2 opportunities.
- **Be a Game Changer** – commissioned by the Suicide Prevention Network, the Foundation is delivering a mental health programme in partnership with the Newcastle United Foundation. Primary objective is to use the power of football to reduce the stigma of mental health challenges within the male population and reduce the male suicide in the region.
- **The National Citizen Service (NCS)** – following a successful pilot in delivered in September 2019, the programme was fully integrated into Foundation programme delivery this year. NCS provides young people with the chance to take part in activities around adventure, discovery and social action. This year we have supported nearly 2,500 young people in Years 10 and 11 across 19 secondary schools, with 94 young people progressing to become volunteers.
- **The Scholarship Programme** - now includes Futsal alongside Coaches Academy and football (male and female) increasing its cohort to 118 post 16 young people. An OFSTED inspection for the programme as part of the Tyne Coast College inspection indicated we were graded good. Two scholars secured scholarships to study and play in America.
- **Sunderland Regional Talent Centre** (for gifted and talented young females) was attended by 67 players per week with two players from the U16s team progressing into SAFC Ladies. The Player Development Centre continued to grow supporting 400 young players throughout the year.
- The Foundation continued to deliver Premier League Primary Stars, Enterprise and Kicks with over 8,000 children taking part in PE and PHSE through Primary Stars and 847 young people took part in positive activities through Kicks, which opened a new session in Stanley, County Durham.

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Trustees' Report for the year ended 31 August 2020 (continued)

- The Beacon of Light welcomed new tenants – the NHS Veteran's Mental Health Complex Treatment Service and the NHS Norther Gambling Addiction Clinic, as well as the Military Preparation College.

The Foundation has also supported a variety of campaigns including Black History Month, World Book Day, EFL Day of Action, foodbank collections, The Salvation Army Angel Tree, Macmillan Coffee Mornings and National Hydration Week. Also, working in partnership with Sunderland AFC, the partners have signed the Armed Forces Covenant and were awarded the Silver Award in the Employer Recognition Scheme, showing our commitment to supporting those who serve, have served and their families.

Over £3.5million was raised from valued partners and supporters including grants from government, local authorities, associations and foundations, and gifts from individuals. Over £45,000 from SAFC fans was raised through our annual Foundation Match Day and through a new fundraising campaign called Sunderland Together. Thanks go to all supporters for their contribution.

Successful events included the 2.6 Virtual Challenge, inaugural E-Sports Challenge at the Beacon, North East Automotive Expo and Big Bang Stem Event for Primary and Secondary schools. The Foundation won a range of awards including being named as the Best Community Football Scheme (outside the Premier League) at the Football Business Awards; the Beacon was named in RIBA's Great British Buildings and in 2019; Sunderland Echo Portfolio Awards Social Enterprise Award; and CIPR Pride NE Award for Best Low Budget campaign for Give a Quid.

Financial Review

The results for the charity for the year ended 31 August 2020, reflect total income of £4,014,011 (31 August 2019: £3,092,083) and total expenditure of £3,101,641 (31 August 2019: £3,724,182) resulting in net income of £912,371 (31 August 2019: net expenditure £632,099). The net assets of the Charity are £962,732 (31 August 2019: £50,362).

The results for the Group for the year ended 31 August 2020 reflect total income of £4,374,585 (31 August 2019: £3,754,704) and total expenditure of £4,239,192 (31 August 2019: £4,775,419) resulting in net income of £135,393 (31 August 2019: £1,020,715 net expenditure). The Group results include £59,882 (31 August 2019: £337,569) of grants received in the year by Beacon of Light Limited (a wholly owned subsidiary of the Foundation of Light), as a funding contribution towards the construction of the Beacon of Light. In the Group accounts this grant has been recognised as income upon receipt, in accordance with the SORP 2015 section 5.27. In the Beacon of Light Limited company accounts, the grant is accounted for on an accrual basis and, as such, is held on the balance sheet as deferred income at the year-end. Associated expenditure on the project has been capitalised, and depreciation is charged over the economic useful life of the building.

During the year the Group successfully reclaimed over £900,000 of VAT previously paid on the construction of the Beacon and this was received in full in Spring 2020, thereby reducing prior years debtors.

Investment Procedures and Policy

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

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Trustees' Report for the year ended 31 August 2020 (continued)

Reserves Policy

The total annual running costs of Foundation of Light (Group), assuming current programmes continue, are expected to be £3.1 million (excluding Gift in Kind). A large proportion of the running costs will be met by future grants and contracts which are expected to be received, subject to certain conditions of performance in addition to fundraising activities. The aim is to sustain enough unrestricted reserves to meet three months running costs of Group and the Charity estimated at £1 million and £0.75million. The unrestricted reserves (adjusted for fixed assets) were £0.2million for Group and £0.9million for the Charity at 31 August 2020 with a strategy in place to continue to meet the reserve target in the subsequent financial year.

Plans for Future Years

The sole purpose of the Foundation of Light is to improve the lives of our communities. At a time when Covid-19 has affected everyone, austerity measures are impacting the most deprived areas of the North East, anti-social behaviour is on the rise and life expectancies are falling, now more than ever, Charity matters.

Not only have we had to adapt and respond quickly to the ever-changing new challenges for our communities, but we have also had to adapt our business model to ensure that we protect critical revenue streams and safeguard our frontline service provision. As we start to move forward, the various lockdowns have given us a chance to reflect on what we do and the needs of our communities as we adapt to life with COVID-19.

For the most part, we have seen a large amount of positive change within the Charity. We have explored new technology to support new ways of working, we have introduced new targeted programmes and initiatives, and we have developed a close bond with our football supporters' Groups, helping our community fundraising to grow and develop.

As we start to look forward to the next five years, we will be focusing on three main priorities:

- Every contact will count with 3 million hours of meaningful, tangible engagement – focusing on the outcomes and positive impact our work has on our communities
- Being the best in our field – by investing in staff training, digital innovation and continuing to learn from others, collaborating with key partners. We will demonstrate the impact of the work that we do so our partners, funders and communities see the real difference we make.
- Creating a vibrant and sustainable Beacon of Light - as part of this, we are focused on improving our user experience, listening to our customers, using data insights and continually improving on the great quality work we deliver through the Foundation.

Although we will continue to provide support across our four core curriculum areas, we will be increasing our focus on improving the mental health and wellbeing across a spectrum of ages. The NHS will be a primary partner going forward as we develop and lead projects that take on depression and loneliness and help prevent suicide. We will also be focusing on tackling youth issues, doing more to support those who are isolated, and championing digital innovation.

As we move into a post COVID-19 world and our 20th anniversary year, we have taken time to reflect and change to ensure we are in the best possible position to support our communities as they adapt to the new way of living.

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Trustees' Report for the year ended 31 August 2020 (continued)

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Group has reported 2020 net income of £135,393 (2019: net expenditure of £1,020,715) and 2020 net cash inflows of £1,099,090 (2019: cash outflows of £400,165). The Group year-end balance sheet for 2020 has net current assets of £1,275,932 (2019 net current liabilities of £515,556) including cash at bank of £1,681,596 (2019: £582,505).

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,200,000 as at 31 August 2020 (and reduced to £1,100,000 following a capital repayment in December 2020). Interest on the loan is payable monthly; no capital repayments are required until May 2023. This loan has two covenants attached, based on interest cover and loan to value, both measured annually at the end of the financial year.

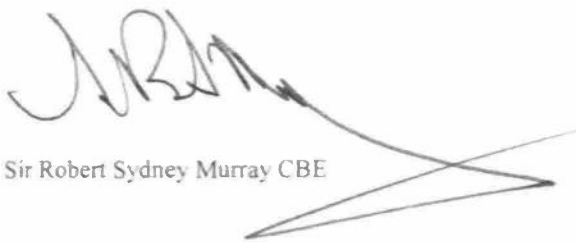
Management have prepared a base case cash flow forecast for the period ending 31 March 2022 which has been used as their basis of assessing the going concern basis of preparation. Management have also prepared a severe but plausible downside scenario forecast as part of this assessment. The assumptions in the downside scenario forecast include the following assumptions:

- Easing of lockdown restrictions within the forecast period, when it is assumed there will be a re-opening of primary and secondary schools in March 2021, a resumption of outdoor sports from April 2021, indoor sports from June 2021 and indoor events from August 2021 (during previous periods of high tier restrictions the business continued to earn commercial income from sporting and education activities);
- the use of UK Government's Job Retention Scheme through to September 2021.

Based on the more likely base forecasts to August 2021, the charity is expected to meet bank covenants. Assurance has been received of the bank's ongoing support should downward sensitivities occur.

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

On behalf of the Trustees



Sir Robert Sydney Murray CBE

7 May 2021

Foundation of Light

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

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

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that year.

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

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

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

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

Opinion

We have audited the financial statements of Foundation of Light (the 'parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 August 2020 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charitable company's affairs as at 31 August 2020 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the 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 Group's or parent 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.

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Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 13, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going

Foundation of Light

concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



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

13/05/21

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Consolidated Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure account)

	Note	Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Total funds 31 August 2020	Total funds 31 August 2019
		£	£	£	£	£
Income from:						
Donations and legacies	1a	812,607	-	59,882	872,489	533,451
Charitable activities	1b	382,299	2,322,744	-	2,705,043	2,591,820
Other trading activities	1c	476,121	-	-	476,121	626,545
Investments		-	-	-	-	2,888
Job Retention Grant from Government	1d	320,932	-	-	320,932	-
Total Income		1,991,959	2,322,744	59,882	4,374,585	3,754,704
Expenditure on:						
Raising funds	2a	598,584	-	-	598,584	665,369
Charitable activities	2b	1,011,943	2,121,300	507,365	3,640,608	4,110,050
Total Expenditure		1,610,527	2,121,300	507,365	4,239,192	4,775,419
Net expenditure/income		381,432	201,444	(447,483)	135,393	(1,020,715)
Transfers between funds	10	-	-	-	-	-
Net movement in funds		381,432	201,444	(447,483)	135,393	(1,020,715)
Total funds brought forward		(186,920)	21	18,308,111	18,121,212	19,141,927
Total funds carried forward		194,512	201,465	17,860,628	18,256,605	18,121,212

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

All income and expenditure are derived from continuing activities.

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

Outturn for year ended 31 August 2020 excluding depreciation and interest of £581,335, would give a EBITDA of £716,728 for the year.

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Consolidated Balance Sheet as at 31 August 2020

	Note	31 August 2020 £	31 August 2019 £
Fixed assets			
Property, Plant and Equipment	5	18,180,673	18,636,768
Total fixed assets		18,180,673	18,636,768
Current assets			
Debtors	7	535,581	1,402,518
Cash at bank and in hand		1,681,596	582,505
Total current assets		2,217,176	1,985,023
Creditors: amounts falling due within one year	8	(941,245)	(2,500,579)
Net current assets / (liabilities)		1,275,932	(515,556)
Total assets less current liabilities		19,456,605	18,121,212
Creditors: amounts falling due after more than one year	9	(1,200,000)	-
Net assets		18,256,605	18,121,212

The funds of the group:

Restricted funds

Restricted Fixed Asset Funds	10	17,860,628	18,308,111
Restricted Income Funds	10	201,465	21
Total restricted funds		18,062,093	18,308,132

Unrestricted income funds

General funds	10	144,150	(237,282)
Designated funds	10	50,362	50,362
Total unrestricted income funds		194,512	(186,920)
Total group funds		18,256,605	18,121,212

The financial statements on pages 16 to 38 were approved by the Trustees on 7 May 2021 and were signed on their behalf by:


Sir Robert Sydney Murray CBE
Trustee

Foundation of Light

Company Balance Sheet as at 31 August 2020

	Note	31 August 2020 £	31 August 2019 £
Fixed assets			
Property, Plant and Equipment	5	30,031	34,209
Investments	6	2	2
Total fixed assets		30,033	34,211
Current assets			
Debtors	7	1,639,591	1,906,480
Cash at bank and in hand		1,025,037	519,644
Total current assets		2,664,628	2,426,124
Creditors: amounts falling due within one year	8	(531,929)	(2,409,973)
Net current assets		2,132,699	16,151
Total assets less current liabilities		2,162,732	50,362
Creditors: amounts falling due after more than one year	9	(1,200,000)	-
Net assets		962,732	50,362
The funds of the charity:			
Restricted income funds	10	4,448	-
Unrestricted income funds			
General funds	10	907,922	-
Designated funds	10	50,362	50,362
Total unrestricted income funds		958,284	50,362
Total charity funds		962,732	50,362

The income for the Foundation is £4,014,011 giving net income after expenditure of £912,370 (2019: income of £2,129,654 and net expenditure of £632,099), net assets of the Foundation are £962,732 (31 August 2019: £50,362).

The financial statements on pages 16 to 38 were approved by the Trustees on 7 May 2021 and were signed on their behalf by:



Sir Robert Sydney Murray CBE
Trustee

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Consolidated Cashflow for the year ended 31 August 2020

	For the year ending 31 August 2020	For the year ending 31 August 2019
	£	£
Net cashflows from/(used in) by operating activities:	1,373,331	(150,919)
Cashflows from investing activities:		
Dividends, interest and rent from investments	-	2,888
Purchase of property, plant and equipment	(79,460)	(201,430)
Disposals of Property Assets	-	-
Net cash used in investing activities	(79,460)	(198,542)
Cashflows from financing activities:		
Proceeds from borrowings	-	-
Capital repayment of finance leases	-	-
Loan Repayments	(149,000)	-
Interest paid on borrowings	(45,781)	(50,725)
Net cash generated/(used) in financing activities	(194,781)	(50,725)
Change in cash and cash equivalents in the period	1,099,090	(400,165)
Cash and cash equivalents at the beginning of the period	582,505	982,670
Cash and cash equivalents at the end of the period	1,681,596	582,505
Reconciliation of net movement in funds to net cashflows from operating activities:		
Net movement in funds	135,393	(1,020,715)
Adjustments for:		
Depreciation charges	535,554	536,951
Fixed asset revision of recoverable VAT	-	921,725
Amortisation charges	-	-
Interest payable	45,781	47,837
Decrease/(increase) in debtors	866,937	(566,007)
Decrease in creditors	(210,334)	(70,710)
Net cash provided by operating activities	1,373,331	(150,919)

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Accounting Policies

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

Basis of Consolidation

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

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Group has reported 2020 net income of £135,393 (2019: net expenditure of £1,020,715) and 2020 net cash inflows of £1,099,090 (2019: cash outflows of £400,165). The Group year-end balance sheet for 2020 has net current liabilities of £1,275,932 (2019: £515,556) including cash at bank of £1,681,596 (2019: £582,505).

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,200,000 as at 31 August 2020 (and reduced to £1,100,000 following a capital repayment in December 2020). Interest on the loan is payable monthly, no capital repayments are required until May 2023. This loan has three covenants attached, based on interest cover, debt service cover and loan to value, with each measured annually at the end of the financial year.

Based on the more likely base forecasts to August 2021, the charity is expected to meet bank covenants. Assurance has been received of the bank's ongoing support should downward sensitivities occur.

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

Gift in Kind

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

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Accounting Policies (continued)

Income

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

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

Income from charitable activities includes income received under contract or, where entitlement to grant funding is subject to specific performance conditions, is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.

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

Beacon of Light capital grant income is funding received by Beacon of Light Limited toward the construction of the Beacon of Light facility. In the consolidated SOFA, capital grants are recognised upon receipt, as required by paragraph 5.27 of the SORP.

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

Expenditure

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

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

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Accounting Policies (continued)

Redundancy and Termination Benefits

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

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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

The Beacon is classified under Buildings, as the facility is used by the charity as a functional property to further the charitable objectives of the Charity. The building will be depreciated over its anticipated useful economic life. The anticipated useful economic life is 50 years.

Fundraising

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

Funds

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

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

There are two designated funds; one is to set aside funding to cover any charity wind-up costs if required, and the other is to build a reserve to fund the replacement of fixed assets.

Operating Leases

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

Finance Leases

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

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Accounting Policies (continued)

Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Directors do not consider that there are any significant judgements or estimates included in the financial statements.

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Notes to the Financial Statements for the year ended 31 August 2020

1 Group Income

(a) Donations and Legacies

	Unrestricted	Restricted	For the year ending 31 August 2020 £	Unrestricted	Restricted	For the year ending 31 August 2019 £
	£	£	£			
Gifts, Donations and legacies	561,596		561,596	80,788		80,788
Capital Grants ¹		59,882	59,882		337,569	337,569
Grants of a general nature from government and charitable foundations	240,000		240,000	85,406		85,406
Membership, Subscriptions and Sponsorship	11,011		11,011		29,688	29,688
	812,607	59,882	872,489	166,194	367,257	533,451

¹ In 2014 a wholly owned subsidiary of the Foundation, Beacon of Light Limited, was established for the purpose of constructing and running a new iconic facility, the Beacon of Light. During the year £59,882 (2019: £337,569) has been received from several funders as retention to support the construction. This funding is treated as a deferred capital grant within the Beacon of Light financial statements. However, in accordance with the Charities SORP, this funding has been treated as income on consolidation. The cumulative size and nature of this funding, it has been separately disclosed and is restricted, as it cannot be used for the general purposes and expenses of the Foundation.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

(b) Income from charitable activities

By Source of Funding	Unrestricted	Restricted	For the year ending 31 August 2020	For the year ending 31 August 2019
	£	£	£	£
Football coaching sales	243,121	-	243,121	-
Sale of services as part of the direct charitable activities	139,178	-	139,178	523,516
Contractual payments from government or public authorities	-	902,775	902,775	574,608
Performance related grants where level of income depends on volume of service provided	-	1,383,905	1,383,905	1,469,116
Gift in kind	-	36,064	36,064	24,580
	382,299	2,322,744	2,705,043	2,591,820

In the prior period, income from charitable activities received, comprised of £491,854 unrestricted funds and restricted income of £2,099,966.

By Charitable Activity	Unrestricted	Restricted	For the year ending 31 August 2020	For the year ending 31 August 2019
	£	£	£	£
Sport and Play	301,948	216,950	518,898	1,262,515
Education	-	510,778	510,778	166,128
World of Work	14,390	510,854	525,244	354,985
Community ¹	2,370	885,652	888,022	-
Health	1,439	98,920	100,359	246,026
Core	62,152	99,590	161,742	562,166
	382,299	2,322,744	2,705,043	2,591,820

¹ Community Funding was included in other categories in prior year

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

(a) Other trading activities

	Unrestricted	Restricted	For the year ending 31 August 2020	For the year ending 31 August 2019
	£	£	£	£
Fundraising events	12,230	-	12,230	74,989
Sponsorships and lottery	72,733	-	72,733	96,912
Letting arrangements for Property	10,083	-	10,083	15,000
Trading activity	379,007	-	379,007	438,604
Gift in kind	2,068	-	2,068	1,040
	476,121	-	476,121	626,545

In the prior year, income from other trading activities received, comprised solely of £626,545 unrestricted income.

(d) Job Retention Grant from the Government

Income amount received in current financial year to 31 August 2020 was £320,932.

2 Group Expenditure

a) Expenditure on raising funds

	For the year ending 31 August 2020	For the year ending 31 August 2019
	£	£
Cost of seeking donations and grants	162,997	215,517
Fundraising events	19,633	59,370
Sponsorships and lottery	29,050	32,611
Membership scheme	1,250	80
Other running costs	367,420	348,056
Marketing and publicity	16,166	8,695
Gift in kind	2,068	1,040
	598,584	665,369

All expenditure relates to raising unrestricted funds and hence all expenditure has been allocated to the unrestricted fund. This treatment is also applicable to the prior year.

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

b) Expenditure by Charitable Activity

	Sport and Play £	World of Work £	Education £	Community £	Health £	Beacon of Light £	Core £	2020 £	2019 £
Gift in kind	10,722	9,722	7,500	8,120	-	-	-	36,064	24,580
Education	472,991	353,461	529,250	240,330	97,535	-	-	1,693,567	2,890,552
Depreciation	2,645	2,645	2,645	2,645	2,645	507,364	-	520,589	526,139
Redundancy	-	26,436	-	-	-	-	-	26,436	-
Building ¹	98,706	99,914	97,162	168,922	19,090	-	-	483,794	531,477
Support cost (c)	139,411	141,116	137,229	238,582	26,963	-	161,742	845,043	106,720
Governance (d)	7,023	7,023	7,023	7,023	7,023	-	-	35,115	30,576
	731,498	640,317	780,809	665,622	153,256	507,364	161,742	3,640,608	4,110,044

Expenditure on charitable activities comprised of £1,011,943 unrestricted (year ending 31 August 2019: £721,943) and £2,628,665 restricted funds (year ending 31 August 2019: £3,388,101).

Depreciation charges represent the write down of capitalised Beacon of Light building, fit out costs and IT equipment, in addition to staff and participant IT equipment and outreach centre fixtures and fittings. Support costs are staffing and overheads for functions such as Directors, Finance, Admin, IT and HR and are allocated based on income.

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

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

² Support cost staffing and overheads in the prior year were partially absorbed into education activities.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

c) Expenditure by Support Costs

	Sport and Play £	World of Work £	Education £	Community £	Health £	Core £	2020 £	2019 £
Administration	58,801	59,520	57,881	100,630	11,373	68,220	356,425	45,014
Director's	42,016	42,530	41,358	71,904	8,126	48,746	254,680	32,163
Finance Dept	20,201	20,448	19,885	34,572	3,906	23,437	122,449	15,464
HR Dept	5,138	5,201	5,058	8,793	994	5,961	31,145	3,933
IT Dept	13,255	13,417	13,047	22,683	2,564	15,378	80,344	10,146
	139,411	141,116	137,229	238,582	26,963	161,742	845,043	106,720

Support cost staffing and overheads in the prior year were partially absorbed into education activities.

(d) Governance Costs - Group

	For the year ending 31 August 2020	For the year ending 31 August 2019
Audit Fees	22,500	20,000
UNW VAT Fees	12,617	-
Governance Meetings	-	10,576
Total Costs - group	35,117	30,576

Governance costs are allocated on a straight line basis.

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

3 Group Staff Costs

	Year ending 31 August 2020 £	Year ending 31 August 2019 £
Staff costs:		
Wages and salaries	2,194,875	2,383,513
Social security costs	170,879	188,728
Other pension costs	54,428	63,708
Redundancy costs	86,425	-
	2,506,607	2,635,949

Two employees received total employee benefits for the reporting period, one at £60,000 - £70,000 & one at £80,000 - £90,000 (31 August 2019: one employee). For staff paid over £60,000 pension contributions of £7,140 were made (31 August 2019: £5,825). Key Management detailed on page 1 cumulatively received £272,120 (4 employees) in employee benefits in 2020 (31 August 2019: £242,270 (4 employees)).

The Trustees are not entitled to, and did not receive, any remuneration for their services to the Charity (31 August 2019: £nil). Expenses reimbursed amounted to £nil (31 August 2019: £nil).

The Foundation has an Aviva defined contribution pension scheme which is open to all permanent employees after successful completion of their probation period. The Foundation makes a standard contribution of 3% of basic salary on behalf of the members, at a cost of £30,436 (2019: £48,688) in the year. At the period end £5,030 (2019: £6,862) in payable contributions were outstanding. The Foundation has also been required to auto-enrol all eligible employees into a pension scheme since July 2014, as such, all new employees are automatically enrolled into the NEST governmental defined contribution scheme. Employees are required to make a 3% contribution which is matched by the Foundation. The cost of the NEST scheme in 2020 was £23,992 (2019: £15,020). At the year end there were £4,547 (2019: £3,724) payable contributions outstanding. These pension costs would be allocated as per staff costs based on project/activity allocations.

The monthly average number of persons employed by the Group and Charity during the year was 135 (31 August 2019: 149). The average number of full-time staff members was 91 (31 August 2019: 90) and those on part time and casual contracts was 44 (31 August 2019: 59). All staff are employed for the furtherance of the Charity's objectives.

Staff employed can be further analysed as follows:

	Year ending 31 August 2020 Number	Year ending 31 August 2019 Number
Delivery Staff	105	106
Support and Administration	9	19
Beacon of Light Operations	7	12
Commercial and Marketing	10	8
Directors	4	4
	135	149

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

4 Net incoming/(outgoing) resources before transfers

Net incoming/(outgoing) resources for the parent and Group are stated after charging:

	Year ending 31 August 2020	Year ending 31 August 2019
	£	£
Audit fee	22,500	20,000
Depreciation	535,554	536,951
Amortisation	-	-
Operating lease costs:		
- plant and machinery	21,819	22,991
Bank Interest	45,781	47,837
Non Audit Fees for Tax Compliance services	4,000	4,000

£Nil depreciation charged in the year related to leased assets (31 August 2019: £Nil).

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

5 Property, Plant and Equipment

Charity	Computer Equipment £	Leasehold Buildings £	Fixtures and Fittings £	Total £
Cost				
As at 1 September 2019	264,418	75,706	208,213	548,337
Additions	9,042	-	-	9,042
As at 31 August 2020	273,460	75,706	208,213	557,379
Accumulated Depreciation				
As at 1 September 2019	237,462	72,590	204,076	514,128
Charge for the Period	8,770	1,039	3,411	13,220
At 31 August 2020	246,232	73,629	207,487	527,348
Net book value				
At 31 August 2020	27,227	2,077	727	30,031
At 31 August 2019	26,956	3,116	4,137	34,209

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

Group	Computer Equipment	Freehold Buildings	Leasehold Buildings	Fixtures and Fittings	Total
	£	£	£	£	£
Cost					
As at 1 September 2019	463,085	18,691,276	75,706	431,763	19,661,830
Additions	10,827	29,425	-	39,211	79,463
As at 31 August 2020	473,912	18,720,701	75,706	470,974	19,741,293
Accumulated					
As at 1 September 2019	303,056	391,505	72,590	257,911	1,025,062
Charge for the Period	95,379	372,696	1,039	66,440	535,554
At 31 August 2020	398,435	764,201	73,629	324,351	1,560,616
Net book value	75,476	17,956,500	2,077	146,624	18,180,677
At 31 August 2019	160,029	18,299,771	3,116	173,852	18,636,768

6 Investments

The Foundation has a wholly owned subsidiary, Altruism Limited (previously SAFC Community Limited), a company incorporated in England and Wales registration number 04303983. The purpose of the company is to operate the commercial trading at the Beacon of Light, predominantly sport facility hire, meetings and events. The net liabilities of the subsidiary as at 31 August 2020 were £630,627 (31 August 2019: net liabilities of £253,404).

The Foundation also has a wholly-owned trading subsidiary, Beacon of Light Limited registration number 09221229, which was established in September 2014. The purpose of the company is to construct and run the Beacon of Light facility. The net liabilities of the subsidiary as at 31 August 2020 were £278,016 (31 August 2019 net liabilities of: £237,605).

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

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

7 Debtors

	Charity 31 August 2020 £	Charity 31 August 2019 £	Group 31 August 2020 £	Group 31 August 2019 £
Trade Debtors	68,417	246,103	149,254	310,895
Amounts due from Group undertakings	1,322,550	1,525,433	-	-
Recoverable VAT	-	-	-	921,735
Amounts due from Sunderland AFC Ltd	12,920	27,955	17,224	27,955
Other Debtors	-	-	111,100	30,067
Prepayments and accrued income	235,704	106,989	258,003	111,866
	1,639,591	1,906,480	535,581	1,402,518

Amounts due from Group Undertakings relate to inter-company balances and loans with the Charity's two subsidiaries Beacon of Light Ltd and Altruism Ltd and bear no interest and are repayable on demand. At the date of sign off Trustees have confirmed that they will not seek to recover these amounts within the 12 months from the date of approval of the financial statements.

8 Creditors: amounts falling due within one year

	Charity 31 August 2020 £	Charity 31 August 2019 £	Group 31 August 2020 £	Group 31 August 2019 £
Trade Creditors	(51,629)	405,422	271,384	220,510
Amounts due to Sunderland AFC Ltd	61,793	46,381	61,793	46,381
Other Creditors	70,661	129,063	119,936	129,068
Amounts due to Group undertakings	67,238	-	-	-
Accruals and deferred income	383,866	480,107	488,132	755,620
Charity Bank Loan	-	1,349,000	-	1,349,000
	531,929	2,409,973	941,245	2,500,579

For the year to 31 August 2020, the Charity Bank loan has been re-classified to creditors due more than one year, as the Group remained within the covenants of the loan and it was not repayable upon demand.

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

Deferred income can be further analysed as follows:

	Charity for the year ending 31 August 2020	Group for the year ending 31 August 2020
	£	£
Balance brought forward	425,946	425,946
Recognised in year	2,194,384	2,249,186
Released in year	(2,303,514)	(2,303,514)
Balance carried forward	316,816	371,618

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

9 Creditors: amounts falling due after one year

	Charity 31 August 2020	Charity 31 August 2019	Group 31 August 2020	Group 31 August 2019
	£	£	£	£
Charity Bank Loan	1,200,000	-	1,200,000	-

The Charity Bank Loan was secured at the end of 2017. It was drawn down in January 2018 and February 2018 to pay capital construction creditors in respect of the Beacon of Light Project. Under the terms of the agreement, the loan is repayable in full, five years after the initial drawdown, in May 2023 subject to a loan covenants based on interest cover and a property loan to value. The loan carries an interest rate of 3% above the bank rate.

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Notes to the Financial Statements for the year ended 31 August 2020 (continued)

10 Analysis of Net Assets

Charity

Fund balances at 31 August 2020 are represented by:	Unrestricted	Restricted	Total
	£	£	£
Tangible Fixed Assets	-	30,031	30,031
Investments	-	2	2
Net Current Assets	958,284	1,174,415	2,132,699
Creditors: amounts falling due after one year	-	(1,200,000)	(1,200,000)
Total funds	958,284	4,448	962,732

The funds can be further analysed as follows:

	1 September 2019 £	Income £	Expenditure £	Transfers £	31 August 2020 £
General funds	-	1,691,267	(783,345)	-	907,922
Designated funds					
Contingency fund	50,362	-	-	-	50,362
Total designated funds	50,362	-	-	-	50,362
Total unrestricted funds	50,362	1,691,267	(783,345)	-	958,284
Restricted funds:					
Education	-	510,778	(707,349)	-	(196,571)
World of Work	-	510,853	(538,613)	-	(27,760)
Sport and Play	-	216,950	(296,643)	-	(79,693)
Community	-	885,653	(545,046)	-	340,607
Health	-	98,920	(131,055)	-	(32,135)
Core	-	99,590	(99,590)	-	-
Total restricted funds	-	2,322,744	(2,318,296)	-	4,448
Total funds	50,362	4,014,011	(3,101,641)	-	962,732

The General Fund are free funds, which are not designated for particular purposes. There are no transfers in the year, overspends were also due to covid which are covered by ongoing grants but due to timing issues will be covered in the next financial year, we have received no indication of any claw backs to date.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

10 Analysis of net assets (continued)

Group

Fund balances at 31 August 2020 are represented by:	Unrestricted	Restricted	Total
	£	£	£
Tangible Fixed Assets	-	18,180,673	18,180,673
Net Current Assets	194,512	1,081,420	1,275,932
Creditors: amounts falling due after 1 year	-	(1,200,000)	(1,200,000)
Total funds	194,512	18,062,093	18,256,605

The funds can be further analysed as follows:

	1 September 2019 £	Income £	Expenditure £	Transfers £	31 August 2020 £
General funds	(237,282)	1,991,959	(1,610,527)	-	144,150
Designated funds					
Contingency fund	50,362	-	-	-	50,362
Total designated funds	50,362	-	-	-	50,362
Total unrestricted funds	(186,920)	1,991,959	(1,610,527)	-	194,512
Restricted funds:					
Education	-	510,778	(662,477)	-	(151,699)
World of Work	-	510,854	(518,905)	-	(8,051)
Sport and Play	21	216,950	(251,058)	-	(34,087)
Community	-	885,653	(467,033)	-	418,620
Health	-	98,920	(122,238)	-	(23,318)
Core	-	99,590	(99,590)	-	-
Beacon of Light	18,308,111	59,882	(507,365)	-	17,860,628
Total restricted funds	18,308,132	2,382,627	(2,628,666)	-	18,062,093
Total funds	18,121,212	4,374,586	(4,239,193)	-	18,256,605

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

10 Analysis of Net Assets (continued)

During the year, transfers were not made between unrestricted and restricted funds, due to covid funds have been rolled forward between financial years and we have no indication of any claw backs to date. The Sport and Play department are partially funded by restricted grant income from Trusts and Foundations; however, the majority of funding is from unrestricted funds, particularly trading income from the delivery of courses. Community, Core, Health, Education and World of Work projects are mainly funded by grants from Trust and Foundations, Corporate funding and Public Sector contracts; the balance is funded from unrestricted funds.

A description of each restricted fund is given below:

Education	Includes Post 16 Football Scholarship and, Premier League Inspires.
World of Work	Family Learning programmes (based in Durham, Sunderland, and South Tyneside), Back on Track and Back in the Game (employability courses) and Apprenticeships.
Sport and Play	Community football teams, Premier League Primary Stars, and in and out of curriculum coaching in Durham, Sunderland, and South Tyneside.
Health	Includes Tackling Loneliness, Get Out Get Active, Extra Time Hubs (veterans and over 55's) and men's health projects
Community	Premier League Kicks (youth work provision), You Only Live Once (youth mentoring), Making Moves (Disability) and the National Citizenship Service (NCS).
Beacon of Light	Grant funding received for the construction of the Beacon of light facility, funding capital expenditure on the project and the depreciation charges on the build.
Core	Digital, including website and E-Learning platform.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

11 Financial Commitments

Operating lease commitments

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

Group	31 August 2020			31 August 2019		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£	£	£	£	£	£
Within one year	-	17,312	17,312	-	12,958	12,958
Between one to five years	-	9,202	9,202	-	32,395	32,395
Total	-	26,515	26,515	-	45,353	45,353

12 Related Party Transactions

During the year the Club provided many services to the Foundation. The Foundation received quantifiable gifts in kind from Sunderland AFC Limited of £36,064 (year ending 31 August 2019: £24,580) which has been included as income (from charitable activities) and expenditure (education and fundraising).

The Foundation did not receive donations from Sunderland AFC Limited by way of a percentage of cashback ticket sales, player fines and general donations; this amounted to £ Nil in the financial year (year ending 31 August 2019: £nil). Details of the Foundation's relationship with the Club can be found on page 4 of the Trustees' report.

The Foundation continues to sponsor an Alternative Provision Free School, Beacon of Light School, which received its first intake of pupils in September 2017. Lesley Spuhler OBE (Chief Executive) is a Member of Beacon of Light School and James Wright (Managing Director) is a school governor. Income, being recharges of invoices and services in the year totalled £102,492 (year ending 31 August 2019: £450,804).

The Foundation received donations from Trustee's in the year of £265,819 (year ending 31 August 2019: £nil).