

Foundation of Light (a Company Limited by Guarantee)
Consolidated Annual Report and Financial Statements
for the year ended 31 August 2021

Registered Charity Number: 1089333

Registered Company Number: 04243171

Foundation of Light

Annual Report and Consolidated Financial Statements for the year ended 31 August 2021

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Trustees and Advisers for the year ended 31 August 2021

Trustees

Sir Bob Murray CBE - Chair of Trustees
The Baroness Estelle Morris - Vice Chair of Trustees
Kathryn Adie OBE
Sir Timothy Miles Bindon Rice
George Clarke
Stephen Cram CBE - Treasurer
The Baroness Estelle Morris - Vice Chair of Trustees
The Hon. James Ramsbotham CBE
Baroness Tanni Carys Davina Grey-Thompson
Kyril Robert Leonid Louis-Dreyfus (appointed 20th July 2021)
Martin Hibbert (appointed 9th December 2021)
Stewart James Donald (resigned 17th May 2021)
Nathan O'Brien (resigned 20th October 2021)
Paul David Collingwood MBE (resigned 13th December 2021)

Key Management

Lesley Spuhler OBE	Chief Executive
James Wright	Managing Director
Paul Wright	Director of Finance and Support Services (resigned 9 th April 2021)
Ciaron Meik	Financial Controller (as of 1 st September 2021)

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

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Chairman's Statement

I am pleased to share another outstanding Annual Report in what has been a very special year for the Foundation of Light. 2021 saw us mark our 20th birthday, and in February we launched FoL 20 with our Royal Patron, Her Royal Highness the Countess of Wessex. It really is astonishing to see how far we have come over the last two decades, and I am so proud of everything that the team have achieved.

In 2001, I was fortunate enough to be the Chair of Sunderland Association Football Club. It is no ordinary club; it is ingrained into the region's DNA and is a huge source of pride to the people of Sunderland and beyond. This year we were delighted to welcome new owner Kyril Louis-Dreyfus to our Board of Trustees.

As a custodian of this great club, I recognised that win, lose or draw Sunderland AFC could inspire and change lives. It could make a real and positive difference to its community, using the power of football to change people's lives for the better. That platform gave us the chance to build this unique charity and do just that, creating a long-lasting legacy of opportunity.

COVID-19 Pandemic

We all hoped that COVID would not follow us into a new year and although it has deeply affected the Foundation and its community, we did not let it define our resilience or performance. We proudly still worked with almost 20,000 local people: almost 150,000 face-to-face hours alongside our online learning activities.

The pandemic has changed our society; having a far greater impact on those who live with inequality, ill health and deprivation. In response, we doubled our efforts to do more for those who needed it most across Sunderland, South Tyneside and County Durham by offering 'garden gate' visits and food parcels to over 55s, delivering a virtual youth service and creating safe spaces where people could meet.

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.

The impact of Covid lockdowns continued to have a significant detrimental impact on the commercial activities undertaken within the Beacon of Light facility but thanks to some amazing benefactors we were able to finish the financial year in a strong position and look forward to strengthening and growing in the coming months.

2021 Results

I never imagined what an amazing journey we would go on and the impact we would make, not just within our great region but across the country; our 2021 results are testament to this.

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 small businesses find ourselves in, the Group reported an EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) of £234,012 for the year.

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The Group's net assets are £17,933,669 in 2021 of which unrestricted reserves have risen to £244,728 and the Charity reserve funds have risen to £1,340,209 in 2021, of which £1,081,600 is unrestricted, compared to £958,284 in 2020 thereby retaining a position ahead of the £750,000 unrestricted policy that we adopted for the charity. The Group's unrestricted policy is set at £1,000,000 therefore still working towards the set target.

Intercompany debt has been reviewed at the end of the period and it has been agreed that this will be repaid over seven years with an interest charge attached where appropriate.

Capital repayments of £100k have been made against the Charity Bank loan that has decreased the outstanding amount to £1.1 million.

We must of course give huge thanks to those generous donors who supported us in ensuring we could continue delivering front-line services, especially our generous private large-scale donors. However, every penny counts, and I want to take this opportunity to offer gratitude to everyone who has supported us this year and over the last two decades.

It is the people that are inspiring, and I am in awe every day watching the difference the Foundation staff make. They are incredibly special people who show immense commitment and pride in their work; tackling societal issues and ensuring we continue to support those in our communities who need our help to make the most of themselves. I am proud to say, this has been recognised nationally this year through the winning of five awards including the Your Move EFL Community Club of the Year in the Northeast and Yorkshire.

Subsequent Events

Since the year end, we have secured the generous support of some new donors that will see the Foundation receive more than £1.2million additional funds in the coming years. We have strengthened our subsidiary Boards with new skills and personalities that will assist us in realising our business plan, and as the Beacon building returns to full operation, we again look forward to welcoming thousands through the doors each week. We are currently undergoing a governance review that will identify areas for improvement to help us meet our compliance and reporting requirements, while also driving strategy and performance. We are excited to strengthen our partnership with South Tyneside MBC. There is much to be optimistic about.



Sir Bob Murray CBE
5 February 2022

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Trustees' Report for the year ended 31 August 2021

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 2021. 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, three independents to review the integrity of the financial statements, advise on and oversee risk, and appoint external audit; where appropriate making recommendations to the Trustees), Nominations and Remuneration, and 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 2021 (continued)

Related Parties

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

Key Management Pay

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

Risk Management

The Trustees have a risk management strategy which comprises:

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

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

Principal Risks and Uncertainties

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

COVID-19 Pandemic

COVID-19 has impacted all our lives and major risks have included the health and safety of staff and participants and financial losses due to reduced programmes and 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 as legislation and guidance changes and should there be a return or variant of the pandemic.

Financial Risks

With continued success comes the pressure for growth and expansion. In developing the Beacon of Light facility space has been provided for Sport and Play facilities, World of Work delivery and an Alternative Provision Free School. With such a level of expansion comes the risk of being unable to raise adequate funds to run the building

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and turn an operating profit. Current actions to help manage these risks include new Director appointments to the Group of Companies, the execution of a new business plan and the recruitment of experienced staff and consultants to support activities.

Compliance Risks

Delivery teams, due to the nature of the Foundation's mission, work within the disadvantaged communities which we aim to help. The compliance risks have increased due to the operation of the Beacon of Light facility and an increase in number of 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 and a Health and Safety Committee is in operation.
- Whilst the Foundation has always been mindful of data protection legislation, changes in regulations due to GDPR (General Data Protection Regulation) 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 to ensure compliance with local and national agendas. Policies and procedures are in place alongside a Safeguarding assurance framework which is quality checked by the Education and Skills Advisory Committee and reported to the Trustees by the Committee Chair, Baroness Estelle Morris. A safeguarding audit is currently underway.
- The Foundation has a Business Continuity Plan should any out-of-control factors impact the business; this was updated in line with the pandemic.

Loss of Key Personnel

The threat of losing key people with specialist knowledge, skills, history, and expertise is a risk. Staff turnover has increased, and a new study has been commissioned to improve recruitment and retention. Benefits and training opportunities will be reviewed, annual staff surveys carried out, an active culture working Group (represented by staff) meets regularly; whilst requiring staff to give adequate notice periods to ensure there are no gaps in the Foundation's ability to deliver services. The Trustees are in the process of a Governance review that includes succession planning for Board members.

Achievements and Performance

Overview

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

This has included over 1,000 participants with a disability, 44% girls and women, 100 plus veterans and over 800 socially isolated people.

We have worked alongside over 200 businesses in our network to provide opportunities such as real-life learning and work experience for participants. We have also delivered over 4,000 volunteer hours supporting charitable causes and young people's social action projects.

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Over 2,000 befriending calls have been made, 58 vulnerable youngsters mentored, over 7,000 food parcels delivered to the elderly and through children's holiday hunger programmes, and our qualification schemes attendance rate is at 92%, whilst retention stands at 96%.

At a time when public funding is under-pressure, for every £1 spent we have saved the public purse £39, supporting critical frontline community services.

Innovation

Continuing to provide long-standing and proven programmes remains vital but new innovations are also important. This year we are especially proud of:

- The range and diversity of our new health interventions. These include tackling depression and anxiety, social prescribing, quit smoking campaigns and suicide prevention programmes through new and renewed partnerships with the Northeast Suicide Prevention Network and the NHS.
- The commencement of our National Lottery funded Heritage project 'Coals to Goals' that will use a history trail around Stadium Park and wellbeing activities to create intergenerational stimulation
- Increased education and skills activities including embedding STEAM in schools through Sphero robot coding activities, the introduction of an e-learning platform that can be used for not only learners, but also employee training, and the introduction of new qualifications in social care, hospitality, and construction.
- Our quality youth diversionary initiatives include an e-gaming suite and digital skills study programme, social action projects and a youth forum that has over 40 members
- Important behind the scenes improvements that will enable us to continue to improve, such as the partnership with MMC research designed to enhance customer engagement, and our Impact Framework that will now enable us to better tell our stories around six key outcomes such as 'being the best me' and 'having a role in life'.

Collaborations

Over £3.5 million was raised from valued partners and supporters including grants from government, local authorities, associations and foundations, and gifts from individuals.

We were delighted to continue our partnerships with the Harrison Centre for Social Mobility, the University of Sunderland, the Vardy Foundation, NHS, ScS and Northumbrian Water. Whilst exciting new relationships were entered into with the Military Preparation College, Sunderland College, Roseline Foundation, Together for Children, Barclays and New College Durham.

This year the Foundation supported a variety of campaigns including Rainbow Laces; Autism Awareness; World Suicide Prevention Day; World Mental Health Day; LGBTQ+ History Month; Black History Month; and South Asian Heritage Month

The amazing SAFC supporters 'Sunderland Together' initiative raised over £170,000 from the proceeds of virtual Wembley tickets that went on to fund four local charities.

It is important to note that the Foundation follows the Fundraising Code of Conduct that ensures professional conduct, competence, and confidentiality. We monitor fundraising campaigns, and ensure that the public, including vulnerable people, are protected through these standards.

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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Reserves Policy

The total annual running costs of Foundation of Light (Group), assuming current programmes continue, are expected to be £3.9 million (excluding Gift in Kind). A substantial proportion of the running costs will be met by future grants and contracts which are expected to be received, subject to 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. As at the 31 August 2021 the Group unrestricted reserves are £244,728, a robust business plan has been put in place to work towards building the reserves to the set target now COVID restrictions have lifted and trading as normal can recommence. Charity unrestricted reserves as of 31 August 2021 are £1,081,600 of which £50,362 are designated funds therefore free reserves are £1,031,238 retaining a position ahead of target. Free reserves for the Group as at 31 August 2021 are £194,366.

Plans for Future Years

The sole purpose of the Foundation of Light is to create better opportunities, and consequently better lives. At a time when COVID- 19 has affected everyone, austerity measures are impacting the most deprived areas of the Northeast, anti-social behaviour is on the rise and life expectancies are falling, now more than ever, the Foundation matters.

We will continue to use our position as an unparalleled route into traditionally hard to reach communities, involving, educating, and inspiring. Our history, tradition and culture provides an important platform to future development with new priorities established around health, young people, and the world of work including the care sector, manufacturing, construction and digital.

We will continue to drive positive change within the Foundation and as we look forward to the next five years, we will be focusing on:

1. Making every contact count with three million hours of meaningful engagement. We want to make a real and positive difference to the lives of thousands focusing on the outcome to the individual or family, rather than the output. We have always worked with those who have the greatest need and COVID-19 has strengthened that focus with communities across the region needing our support more than ever before.
2. Continue to create a vibrant and sustainable Beacon of Light - prior to lockdown, the Beacon of Light was a real community anchor, the heartbeat of the community with more than 7,000 people a week coming through our doors to play, learn and grow. COVID-19 has impacted our business, but it is beginning to grow again. Still too many people don't understand that the Beacon is a place for them, a place where we bring our programmes to life. It is also our engine – bringing in much needed income for the charity to plough back into meaningful engagement that improves the lives of so many across the Northeast.
3. Be the best in our field - we want to be the best we can be, and we have a rich heritage of leading the way amongst our football community peers. By delivering meaningful contact hours and engagement, putting our customers and participants at the heart of everything we do and improving the quality of our work we are well on the way to accomplishing our aim of being amongst the best football foundations across the globe.

Over the next year we are working on some key projects to support our achievement of these outcomes. We are re-vamping our whole digital estate, implementing a new data management warehouse and processes which will support refreshed websites for the Foundation and the Beacon, which have improved user journeys, to put their needs at the heart of our digital innovation.

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Over the next year we are seeking partners to support a re-development of the front of the Beacon, creating a new experiential space for the local community to exercise, play, learn and develop.

Results for the year

The Group results for the year ended 31 August 2021 show net expenditure of £322,936 against net income of £135,393 for the previous year. The performance reflects the challenges the group has faced as a result of the pandemic as well as wider economic challenges.

Income for the year was £3,775,505 (2020: £4,374,585) reflecting reductions in donations, charitable activities, government support and trading activities within the Beacon. The Group partly mitigated against the reduced income by tightly controlling expenditure on fundraising and charitable activities. The resulting expenditure for the year was £4,098,441: a reduction of £140,751 against 2020.

Despite the trading result for the year, the reserves of the Group remain strong with funds carried forward of £17,933,669 of which unrestricted funds represent £244,728 (2020: £194,512). The reserves for the charity have increased over the year to £1,340,209 (2020: £962,732) of which £1,081,600 are unrestricted and comfortably exceeding the minimum target of £750,000 set out in the reserves policy.

Adjusting for depreciation and other non-cash items, the Group generated £145,481 (2020: £1,373,331) of cashflows from operating activities in the year, of which it invested £80,179 on new computer systems and software to strengthen operational and financial controls and reporting, and voluntarily early repaid external debt of £100,000. After interest on loans of £35,221 and the purchase of fixtures and fittings of £6,137, the Group's cash and cash equivalents reduced by £76,057 over the year to £1,605,539, a healthy financial position to carry forward into 2022.

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding that the Group has reported 2021 net expenditure of £322,936 (2020: net income of £135,393) and 2021 net cash outflows of £76,057 (2020: cash inflows of £1,099,090). The Group year-end balance sheet for 2021 has net current assets of £1,288,406 (2020: net current assets of £1,275,932) including cash at bank of £1,605,539 (2020: £1,681,596).

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,100,000 as of 31 August 2021. 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 and loan to value, all measured annually at the end of the financial year.

Management have prepared a cash flow forecast for the period ending 31 January 2023 which has been used as their basis of assessing the going concern basis of preparation.

Based on the forecasts to August 2022, the Charity is expected to meet bank covenants on 31 August 2022.

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

On behalf of the Trustees

A handwritten signature in dark ink, appearing to be 'JBM', followed by a long, sweeping horizontal line that extends to the right.

Sir Bob Murray CBE

5 February 2022

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of Foundation of Light Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Group and Company Statement of Financial Activities, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the groups and the parent charitable company's affairs as of 31 August 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the groups or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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The extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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

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

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

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

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

Foundation of Light

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

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

22/02/22

Foundation of Light

Company Statement of Financial Activities for the year ended 31 August 2021 (including Income and Expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds 31 August 2021	Total funds 31 August 2020
		£	£	£	£
Income from:					
Donations and legacies	1a	452,244	-	452,244	812,607
Charitable activities	1b	363,045	2,323,562	2,686,607	2,705,043
Other trading activities	1c	196,684	-	196,684	203,026
Job Retention Grant from Government	1d	170,131	-	170,131	293,334
Total Income		1,182,104	2,323,562	3,505,666	4,014,010
Expenditure on:					
Raising funds	2a	282,794	-	282,794	249,332
Charitable activities	2b	434,493	2,410,902	2,845,395	2,852,308
Total Expenditure		717,287	2,410,902	3,128,189	3,101,641
Net (expenditure)/income		464,817	(87,340)	377,477	912,370
Transfers between funds	11	(341,501)	341,501	-	-
Net movement in funds		123,316	254,161	377,477	912,371
Total funds brought forward		958,284	4,448	962,732	50,362
Total funds carried forward		1,081,600	258,609	1,340,209	962,733

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

All income and expenditure are derived from continuing activities.

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

Foundation of Light

Company Balance Sheet as at 31 August 2021

	Note	31 August 2021 £	31 August 2020 £
Fixed assets			
Intangible assets	5	19,444	-
Property, Plant and Equipment	6	64,399	30,031
Investments	7	2	2
Total fixed assets		83,845	30,033
Current assets			
Debtors	8	1,865,041	1,639,591
Cash at bank and in hand		1,275,967	1,025,037
Total current assets		3,141,008	2,664,628
Creditors: amounts falling due within one year	9	(784,644)	(531,929)
Net current assets		2,356,364	2,132,699
Total assets less current liabilities		2,440,209	2,162,732
Creditors: amounts falling due after more than one year	10	(1,100,000)	(1,200,000)
Net assets		1,340,209	962,732
The funds of the charity:			
Restricted income funds	11	258,609	4,448
Unrestricted income funds			
General funds	11	1,031,238	907,922
Designated funds	11	50,362	50,362
Total unrestricted income funds		1,081,600	958,284
Total charity funds		1,340,209	962,732

The financial statements on pages 16 to 42 were approved by the Trustees on 5 February 2022 and were signed on their behalf by:


 Sir Bob Murray CBE
 Trustee

Foundation of Light

Consolidated Statement of Financial Activities for the year ended 31 August 2021 (including Income and Expenditure account)

	Note	Unrestricted funds	Restricted funds	Restricted Fixed Asset funds	Total funds 31 August 2021	Total funds 31 August 2020
		£	£	£	£	£
Income from:						
Donations and legacies	1a	452,244	-	47,000	499,244	872,489
Charitable activities	1b	363,045	2,323,562	-	2,686,607	2,705,043
Other trading activities	1c	388,023	-	-	388,023	476,121
Investments		-	-	-	-	-
Job Retention Grant from Government	1d	201,631	-	-	201,631	320,932
Total Income		1,404,943	2,323,562	47,000	3,775,505	4,374,585
Expenditure on:						
Raising funds	2a	541,012	-	-	541,012	598,584
Charitable activities	2b	945,042	2,135,091	477,296	3,557,429	3,640,608
Total Expenditure		1,486,054	2,135,091	477,296	4,098,441	4,239,192
Net (expenditure)/income		(81,111)	188,471	(430,296)	(322,936)	135,393
Transfers between funds	11	131,327	(131,327)	-	-	-
Net movement in funds		50,216	57,144	(430,296)	(322,936)	135,393
Total funds brought forward						
		194,512	201,465	17,860,628	18,256,605	18,121,212
Total funds carried forward						
		244,728	258,609	17,430,332	17,933,669	18,256,605

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

All income and expenditure are derived from continuing activities.

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

	31 August 2021 £	31 August 2020 £
Outturn for the year		
Net (expenditure)/income	(322,936)	135,393
Depreciation and amortisation charges	521,727	535,554
Interest payable	35,221	45,781
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation)	234,012	716,728

Foundation of Light

Consolidated Balance Sheet as at 31 August 2021

	Note	31 August 2021 £	31 August 2020 £
Fixed assets			
Intangible assets	5	19,444	-
Property, Plant and Equipment	6	17,725,819	18,180,673
Total fixed assets		17,745,263	18,180,673
Current assets			
Debtors	8	452,352	535,581
Cash at bank and in hand		1,605,539	1,681,596
Total current assets		2,057,891	2,217,176
Creditors: amounts falling due within one year	9	(769,485)	(941,245)
Net current assets		1,288,406	1,275,932
Total assets less current liabilities		19,033,669	19,456,605
Creditors: amounts falling due after more than one year	10	(1,100,000)	(1,200,000)
Net assets		17,933,669	18,256,605

The funds of the group:

Restricted funds

Restricted Fixed Asset Funds	11	17,430,332	17,860,628
Restricted Income Funds	11	258,609	201,465
Total restricted funds		17,688,941	18,062,093

Unrestricted funds

General funds	11	194,366	144,150
Designated funds	11	50,362	50,362
Total unrestricted funds		244,728	194,512
Total group funds		17,933,669	18,256,605

The financial statements on pages 16 to 42 were approved by the Trustees on 5 February 2022 and were signed on their behalf by:



Sir Bob Murray CBE
Trustee

Foundation of Light

Company Cashflow for the year ended 31 August 2021

	For the year ending 31 August 2021	For the year ending 31 August 2020
	£	£
Net cashflows from by operating activities:	466,331	663,541
Cashflows from investing activities:		
Purchase of property, plant, equipment and intangible assets	(80,180)	(9,042)
Net cash used in investing activities	(80,180)	(9,042)
Cashflows from financing activities:		
Loan Repayments	(100,000)	(149,000)
Interest paid on borrowings	(35,221)	(106)
Net cash used in financing activities	(135,221)	(149,106)
Change in cash and cash equivalents in the period	250,930	505,393
Cash and cash equivalents at the beginning of the period	1,025,037	519,644
Cash and cash equivalents at the end of the period	1,275,967	1,025,037
Reconciliation of net movement in funds to net cashflows from operating activities:		
Net movement in funds	377,477	912,371
Adjustments for:		
Depreciation and amortisation charges	26,369	13,220
Interest payable	35,221	106
(Increase)/decrease in debtors	(225,450)	266,889
Increase/(decrease) in creditors	252,714	(529,045)
Net cashflows from operating activities	466,331	663,541

Foundation of Light

Consolidated Cashflow for the year ended 31 August 2021

	For the year ending 31 August 2021	For the year ending 31 August 2020
	£	£
Net cashflows from by operating activities:	145,481	1,373,331
Cashflows from investing activities:		
Purchase of property, plant and equipment	(86,317)	(79,460)
Net cash used in investing activities	(86,317)	(79,460)
Cashflows from financing activities:		
Loan Repayments	(100,000)	(149,000)
Interest paid on borrowings	(35,221)	(45,781)
Net cash used in financing activities	(135,221)	(194,781)
Change in cash and cash equivalents in the period	(76,057)	1,099,090
Cash and cash equivalents at the beginning of the period	1,681,596	582,505
Cash and cash equivalents at the end of the period	1,605,539	1,681,596
Reconciliation of net movement in funds to net cashflows from operating activities:		
Net movement in funds	(322,936)	135,393
Adjustments for:		
Depreciation and amortisation charges	521,727	535,554
Interest payable	35,221	45,781
Decrease/(increase) in debtors	83,229	866,937
Decrease in creditors	(171,760)	(210,334)
Net cashflows from operating activities	145,481	1,373,331

Foundation of Light

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 2021 net expenditure of £322,936 (2020: net income of £135,393) and 2021 net cash outflow of £76,057 (2020: cash inflows of £1,099,090). The Group year-end balance sheet for 2021 has net current assets of £1,288,406 (2020: £1,275,932) including cash at bank of £1,605,539 (2020: £1,681,596).

The primary external finance of the Group is the loan due to the Charity Bank which has an outstanding balance of £1,100,000 as of 31 August 2021. 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.

Bank covenants set were met as of 31st August 2021 and based on forecasts to August 2022 the charity is expected to meet bank covenants once again.

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.

Foundation of Light

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.

Foundation of Light

Accounting Policies (continued)

Redundancy and Termination Benefits

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

Intangible Fixed Assets

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

Tangible Fixed Assets

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

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.

Foundation of Light

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.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021

1 Group Income

(a) Donations and Legacies - Group

	Unrestricted £	Restricted £	For the year ending 31 August 2021	Unrestricted £	Restricted £	For the year ending 31 August 2020 £
Gifts, Donations and legacies	87,941	-	87,941	561,596	-	561,596
Capital Grants ¹		47,000	47,000		59,882	59,882
Grants of a general nature from government and Charitable Foundations	359,998	-	359,998	240,000	-	240,000
Membership, Subscriptions and Sponsorship	4,305	-	4,305	11,011	-	11,011
	452,244	47,000	499,244	812,607	59,882	872,489

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 £47,000 (2020: £59,882) 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.

(a) Donations and Legacies - Charity

	Unrestricted £	Restricted £	For the year ending 31 August 2021	Unrestricted £	Restricted £	For the year ending 31 August 2020 £
Gifts, Donations and legacies	87,941	-	87,941	561,596	-	561,596
Capital Grants ¹		-	-	-	-	-
Grants of a general nature from government and Charitable Foundations	359,998	-	359,998	240,000	-	240,000
Membership, Subscriptions and Sponsorship	4,305	-	4,305	11,011	-	11,011
	452,244	-	452,244	812,607	-	812,607

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

(b) Income from charitable activities – Group and Charity

By Source of Funding	Unrestricted	Restricted	For the year ending 31 August 2021	For the year ending 31 August 2020
	£	£	£	£
Football coaching sales	232,940	-	232,940	243,121
Sale of services as part of the direct charitable activities	130,105	-	130,105	139,178
Contractual payments from government or public authorities	-	1,214,635	1,214,635	902,775
Performance related grants where level of income depends on volume of service provided	-	1,108,927	1,108,927	1,383,905
Gift in kind	-	-	-	36,064
	363,045	2,323,562	2,686,607	2,705,043

In the prior period, income from charitable activities comprised of £382,299 unrestricted funds and restricted income of £2,322,744.

By Charitable Activity	Unrestricted	Restricted	For the year ending 31 August 2021	For the year ending 31 August 2020
	£	£	£	£
Sport and Play	266,386	212,383	478,769	518,898
Education	30,388	654,579	684,967	510,778
World of Work	991	374,079	375,070	525,244
Community	2,088	692,324	694,412	888,022
Health	745	288,521	289,266	100,359
Core	62,447	101,676	164,123	161,742
	363,045	2,323,562	2,686,607	2,705,043

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

(c) Other trading activities - Group

	Unrestricted	Restricted	For the year ending 31 August 2021	For the year ending 31 August 2020
	£	£	£	£
Fundraising events	37,096	-	37,096	12,230
Sponsorships and lottery	33,388	-	33,388	72,733
Letting arrangements for Property	24,200	-	24,200	10,083
Trading activity	293,339	-	293,339	379,007
Gift in kind	-	-	-	2,068
	388,023	-	388,023	476,121

In the prior year, income from other trading activities comprised solely of £476,121 unrestricted income.

Other trading activities - Charity

	Unrestricted	Restricted	For the year ending 31 August 2021	For the year ending 31 August 2020
	£	£	£	£
Fundraising events	37,096	-	37,096	12,230
Sponsorships and lottery	33,388	-	33,388	72,733
Letting arrangements for Property	24,200	-	24,200	10,083
Trading activity	102,000	-	102,000	105,913
Gift in kind	-	-	-	2,068
	196,684	-	196,684	203,027

(d) Job Retention Grant from the Government

Income amount received to the Group in current financial year to 31 August 2021 was £201,631 (2020: £320,932). Income amount received to the Charity in current financial year to 31 August 2021 was £170,131 (2020: £293,334).

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

2 Group Expenditure

a) Expenditure on raising funds – Group

	For the year ending 31 August 2021 £	For the year ending 31 August 2020 £
Cost of seeking donations and grants	189,751	162,997
Fundraising events	14,029	19,633
Sponsorships and lottery	30,491	29,050
Membership scheme	3,000	1,250
Other running costs	263,186	352,454
Depreciation	18,063	14,966
Marketing and publicity	22,492	16,166
Gift in kind	-	2,068
	541,012	598,584

Expenditure on raising funds – Charity

	For the year ending 31 August 2021 £	For the year ending 31 August 2020 £
Cost of seeking donations and grants	189,751	162,997
Fundraising events	14,029	19,632
Sponsorships and lottery	30,491	29,050
Membership scheme	3,000	1,250
Other running costs	23,031	18,168
Marketing and publicity	22,492	16,166
Gift in kind	-	2,068
	282,794	249,331

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

b) Expenditure by Charitable Activity - Group

	Sport and Play £	World of Work £	Education £	Community £	Health £	Beacon of Light £	Core £	2021 £	2020 £
Gift in kind	-	-	-	-	-	-	-	-	36,064
Education	322,660	308,819	475,370	443,566	238,165	-	-	1,788,580	1,693,567
Depreciation and amortisation	5,274	5,274	5,274	5,274	5,274	477,296	-	503,666	520,589
Redundancy	-	-	-	-	-	-	-	-	26,436
Building ¹	95,647	74,930	136,840	138,727	57,788	-	-	503,932	483,794
Support costs (c)	106,635	83,538	152,561	154,665	64,428	-	164,124	725,951	845,043
Governance (d)	7,060	7,060	7,060	7,060	7,060	-	-	35,300	35,115
	537,276	479,621	777,105	749,292	372,715	477,296	164,124	3,557,429	3,640,608

Expenditure on charitable activities comprised of £945,042 unrestricted (2020: £1,011,943) and £2,612,387 restricted funds (2020: £2,628,665).

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

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

b) Expenditure by Charitable Activity – Charity

	Sport and Play £	World of Work £	Education £	Community £	Health £	Core £	2021 £	2020 £
Gift in kind	-	-	-	-	-	-	-	36,064
Education	375,010	349,830	550,262	519,493	269,794	-	2,064,389	1,916,997
Redundancy	-	-	-	-	-	-	-	26,436
Depreciation and amortisation	5,274	5,274	5,274	5,274	5,274	-	26,370	13,223
Support cost (c)	106,635	83,538	152,561	154,665	64,428	164,124	725,951	845,043
Governance (d)	5,737	5,737	5,737	5,737	5,737	-	28,685	14,545
	492,656	444,379	713,834	685,169	345,233	164,124	2,845,395	2,852,308

Expenditure on charitable activities comprised of £434,493 unrestricted (2020: £534,012) and £2,410,902 restricted funds (2020: £2,318,296).

c) Expenditure by Support Costs – Group and Charity

	Sport and Play £	World of Work £	Education £	Community £	Health £	Core £	2021 £	2020 £
Administration	28,622	22,422	36,581	41,513	22,312	161,679	313,129	356,425
Director's	18,684	14,637	22,363	27,099	14,565	105,540	202,888	254,680
Finance Dept	11,522	9,026	16,484	16,711	8,982	65,084	127,809	122,449
HR Dept	706	553	1,009	1,023	550	3,985	7,826	31,145
IT Dept	6,698	5,247	9,583	9,715	5,221	37,835	74,299	80,344
	66,232	51,885	86,020	96,061	51,630	374,123	725,951	845,043

	For the year ending 31 August 2021 £	For the year ending 31 August 2020 £
(d) Governance Costs - Group		
Audit Fees	21,000	22,500
VAT Fees	4,050	12,617
Total Costs - group	25,050	35,117

Governance costs are allocated on a straight-line basis.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

3 Group Staff Costs

	Year ending 31 August 2021 £	Year ending 31 August 2020 £
Staff costs:		
Wages and salaries	2,053,709	2,194,875
Social security costs	169,081	170,879
Other pension costs	72,094	54,428
Redundancy costs	3,000	86,425
	2,297,884	2,506,607

Two employees received total employee benefits for the reporting period, one at £60,000 - £70,000 & one at £80,000 - £90,000 (2020: two employees). For staff paid over £60,000 pension contributions of £7,563 were made (2020: £7,140). Key Management detailed on page 1 cumulatively received £230,253 (3 employees) in employee benefits in 2021 (2020: £272,120 4 employees).

The Trustees are not entitled to, and did not receive, any remuneration for their services to the Charity (2020: £nil). Expenses reimbursed amounted to £nil (2020: £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 £47,233 (2020: £30,436) in the year. At the period end £4,536 (2020: £5,030) in payable contributions were outstanding. The Foundation has also been required to auto-enrol all eligible employees into a pension scheme since July 2014, as such, all new employees are automatically enrolled into the NEST governmental defined contribution scheme. Employees are required to make a 5% contribution and the Foundation makes a standard contribution of 3%. The cost of the NEST scheme in 2021 was £24,862 (2020: £23,992). At the year-end there were £5,114 (2020: £4,547) 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 163 (31 August 2020: 135). The average number of full-time staff members was 100 (2020: 91) and those on part time and casual contracts was 63 (2020: 44). All staff are employed for the furtherance of the Charity's objectives.

Staff employed can be further analysed as follows:

	Year ending 31 August 2021 Number	Year ending 31 August 2020 Number
Delivery Staff	128	105
Support and Administration	11	9
Beacon of Light Operations	12	7
Commercial and Marketing	9	10
Directors	3	4
	163	135

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

4 Net outgoing resources before transfers

Net outgoing resources for the parent and Group are stated after charging:

	Year ending 31 August 2021 £	Year ending 31 August 2020 £
Audit fee	21,000	22,500
Depreciation	521,727	535,554
Amortisation	-	-
Operating lease costs:		
- plant and machinery	19,937	21,819
Bank Interest	35,221	45,781
Non-Audit Fees for Tax Compliance services	4,050	4,000

£Nil depreciation was charged in the year related to leased assets (2020: £Nil).

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

5 Intangible assets – Group and Charity

	Intangibles	Total
	£	£
Cost		
As at 1 September 2020	-	-
Additions	20,000	20,000
As at 31 August 2021	20,000	20,000
Accumulated Amortisation		
As at 1 September 2020	-	-
Charge for the Period	556	556
At 31 August 2021	556	556
Net book value		
At 31 August 2021	19,444	19,444
At 31 August 2020	-	-

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

6 Property, Plant and Equipment

Charity	Computer Equipment £	Leasehold Buildings £	Fixtures and Fittings £	Total £
Cost				
As at 1 September 2020	273,460	75,706	208,213	557,379
Additions	60,180	-	-	60,180
As at 31 August 2021	333,640	75,706	208,213	617,559
Accumulated Depreciation				
As at 1 September 2020	246,232	73,629	207,487	527,348
Charge for the Period	24,275	1,039	499	25,813
At 31 August 2021	270,507	74,668	207,986	553,161
Net book value				
At 31 August 2021	63,133	1,038	227	64,399
At 31 August 2020	27,228	2,077	727	30,031

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

Group	Computer Equipment	Freehold Buildings	Leasehold Buildings	Fixtures and Fittings	Total
	£	£	£	£	£
Cost					
As at 1 September 2020	473,912	18,720,701	75,706	470,974	19,741,293
Additions	60,179	-	-	6,137	66,316
As at 31 August 2021	534,091	18,720,701	75,706	477,111	19,807,609
Accumulated Depreciation					
As at 1 September 2020	398,435	764,201	73,629	324,351	1,560,616
Charge for the Period	66,703	381,314	1,039	72,118	521,174
At 31 August 2021	465,138	1,145,515	74,668	396,469	2,081,790
Net book value					
At 31 August 2021	68,953	17,575,186	1,038	80,642	17,725,819
At 31 August 2020	75,476	17,956,500	2,077	146,624	18,180,677

7 Investments

The Foundation has a wholly owned subsidiary, Altruism Limited (previously SAFC Community Limited), a company incorporated in England and Wales registration number 04303983. The purpose of the company is to operate the commercial trading at the Beacon of Light, predominantly sport facility hire, meetings and events. The net liabilities of the subsidiary as of 31 August 2021 were £783,847 (2020: net liabilities of £630,627).

The Foundation also has a wholly owned trading subsidiary, Beacon of Light Limited registration number 09221229, which was established in September 2014. The purpose of the company is to construct and run the Beacon of Light facility. The net liabilities of the subsidiary as of 31 August 2021 were £481,688 (2020 net liabilities of: £278,016).

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

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

8 Debtors

	Charity 31 August 2021 £	Charity 31 August 2020 £	Group 31 August 2021 £	Group 31 August 2020 £
Trade Debtors	176,099	68,417	239,522	149,254
Amounts due from Group undertakings	1,506,430	1,322,550	-	-
Amounts due from Sunderland AFC Ltd	-	12,920	4,295	17,224
Other Debtors	-	-	15,783	111,100
Prepayments and accrued income	182,512	235,704	192,752	258,003
	1,865,041	1,639,591	452,352	535,581

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.

9 Creditors: amounts falling due within one year

	Charity 31 August 2021 £	Charity 31 August 2020 £	Group 31 August 2021 £	Group 31 August 2020 £
Trade Creditors	106,165	(51,629)	439,808	271,384
Amounts due to Sunderland AFC Ltd	749	61,793	749	61,793
Other Creditors	64,372	70,661	64,404	119,936
Amounts due to Group undertakings	389,508	67,238	-	-
Accruals and deferred income	223,851	383,866	264,524	488,132
	784,644	531,929	769,485	941,245

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

Deferred income can be further analysed as follows:

	Charity for the year ending 31 August 2021	Charity for the year ending 31 August 2020	Group for the year ending 31 August 2021	Group for the year ending 31 August 2020
	£	£	£	£
Balance brought forward	316,816	425,946	371,618	425,946
Recognised in year	2,672,038	2,194,384	2,710,778	2,249,186
Released in year	(2,836,561)	(2,303,514)	(2,851,662)	(2,303,514)
Balance carried forward	152,293	316,816	230,734	371,618

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

10 Creditors: amounts falling due after one year

	Charity 31 August 2021	Charity 31 August 2020	Group 31 August 2021	Group 31 August 2020
	£	£	£	£
Charity Bank Loan	1,100,000	1,200,000	1,100,000	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 covenant based on interest cover and a property loan to value. The loan carries an interest rate of 3% above the bank rate.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

11 Analysis of Net Assets

Charity

Fund balances at 31 August 2021 are represented by:	Unrestricted	Restricted	Total
	£	£	£
Tangible Fixed Assets	-	83,843	83,843
Investments	-	2	2
Net Current Assets	1,081,600	1,274,764	2,356,364
Creditors: amounts falling due after one year	-	(1,100,000)	(1,100,000)
Total funds	1,081,600	258,609	1,340,209

The funds can be further analysed as follows:

	1 September 2020 £	Income £	Expenditure £	Transfers £	31 August 2021 £
General funds	907,922	1,182,104	(717,287)	(341,501)	1,031,238
Designated funds					
Contingency fund	50,362	-	-	-	50,362
Total designated funds	50,362	-	-	-	
Total unrestricted funds	958,284	1,182,104	(717,287)	(341,501)	1,081,600
Restricted funds:					
Education	(196,571)	654,579	(646,445)	188,437	-
World of Work	(27,760)	374,079	(405,681)	59,362	-
Sport and Play	(79,693)	212,383	(278,500)	145,810	-
Community	340,607	692,323	(653,385)	(120,936)	258,609
Health	(32,135)	288,521	(325,214)	68,828	-
Core	-	101,677	(101,677)	-	-
Total restricted funds	4,448	2,323,562	(2,410,902)	341,501	258,609
Total funds	962,732	3,505,666	(3,128,189)	-	1,340,209

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

11 Analysis of net assets (continued)

Group

Fund balances at 31 August 2021 are represented by:	Unrestricted	Restricted	Total
	£	£	£
Tangible Fixed Assets	-	17,745,263	17,745,263
Net Current Assets	244,728	1,043,678	1,288,406
Creditors: amounts falling due after 1 year	-	(1,100,000)	(1,100,000)
Total funds	244,728	17,688,941	17,933,669

The funds can be further analysed as follows:

	31 August 2020 £	Income £	Expenditure £	Transfers £	31 August 2021 £
General funds	144,150	1,404,943	(1,486,054)	131,327	194,362
Designated funds					
Contingency fund	50,362	-	-	-	50,362
Total designated funds	50,362	-	-	-	
Total unrestricted funds	194,512	1,404,943	(1,486,054)	131,327	244,728
Restricted funds:					
Education	(151,699)	654,579	(571,550)	68,670	-
World of Work	(8,051)	374,079	(364,670)	(1,358)	-
Sport and Play	(34,087)	212,383	(226,151)	47,855	-
Community	418,620	692,323	(577,458)	(274,876)	258,609
Health	(23,318)	288,521	(293,585)	28,382	-
Core	-	101,677	(101,677)	-	-
Beacon of Light	17,860,628	47,000	(477,296)	-	17,430,332
Total restricted funds	18,062,093	2,370,562	(2,612,387)	(131,327)	17,688,941
Total funds	18,256,605	3,775,505	(4,098,441)	-	17,933,669

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

11 Analysis of Net Assets (continued)

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

A description of each restricted fund is given below:

Education	Includes Post 16 Football Scholarship and, Secondary Education projects.
World of Work	Family Learning programmes (based in Durham, Sunderland, and South Tyneside), Employability courses and Apprenticeships.
Sport and Play	Community football teams, Regional Talent Club 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	Youth Engagement activity and disability projects.
Beacon of Light	Grant funding received for the construction of the Beacon of light facility, funding capital expenditure on the project and the depreciation charges on the build.
Core	Digital, including website and E-Learning platform.

Foundation of Light

Notes to the Financial Statements for the year ended 31 August 2021 (continued)

12 Financial Commitments

Operating lease commitments

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

Group	31 August 2021			31 August 2020		
	Land and buildings	Other	Total	Land and buildings	Other	Total
	£	£	£	£	£	£
Within one year	-	13,986	13,986	-	17,312	17,312
Between one to five years	-	17,541	17,541	-	9,202	9,202
Total	-	31,527	31,527	-	26,515	26,515

13 Related Party Transactions

During the year the Club provided many services to the Foundation. The Foundation received quantifiable gifts in kind from Sunderland AFC Limited of £nil (2020: £36,064).

The Foundation did not receive donations from Sunderland AFC Limited by way of a percentage of cashback ticket sales, player fines and general donations due to COVID; this amounted to £ Nil in the financial year (2020: £nil). Details of the Foundation's relationship with the Club can be found on page 5 of the Trustees' report.

The Foundation continues to sponsor an Alternative Provision Free School, Beacon of Light School, which received its first intake of pupils in September 2017. Lesley Spuhler OBE (Chief Executive) is a Member of Beacon of Light School and James Wright (Managing Director) is a school governor. Income, being recharges of invoices and services in the year totalled £112,874 (2020: £102,492).

The Foundation received donations from Trustee's in the year of £nil (2020: £265,819).