

Registered number: 06412345
Charity number: 1124896

Newcastle United Foundation

(A company limited by guarantee)

Annual report

31 July 2017

Newcastle United Foundation

(A company limited by guarantee)

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Reference and administrative details Year ended 31 July 2017

Trustees

Claire Alexander
Carole Beverley (resigned 24 July 2017)
Lee Charnley
Susan Justice (resigned 5 May 2017)
John Marshall, Chair
Brian Thorpe
Neil Winskill (resigned 21 July 2017)
Graeme Mason (appointed 21 July 2017)
Judith Doyle (appointed 11 October 2017)

Company registered number

06412345

Charity registered number

1124896

Registered office

St James' Park
Newcastle upon Tyne
NE1 4ST

Senior management team

Kate Bradley, Head of Foundation
Sarah Medcalf
David Parker
Steve Beharall

Independent auditor

UNW LLP
Chartered Accountants & Statutory Auditor
Citygate
St James ' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers

Barclays Bank PLC
Newcastle upon Tyne
NE99 1LG

Solicitors

Muckle LLP
32 Gallowgate
Newcastle upon Tyne
NE14BF

Newcastle United Foundation

(A company limited by guarantee)

Trustees' report Year ended 31 July 2017

The trustees present their annual report together with the audited financial statements of Newcastle United Foundation for the year 1 August 2016 to 31 July 2017. The trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Objectives and activities

Policies and objectives

The Foundation's mission is:

To use the local passion for football to encourage learning and promote healthy lifestyles that will make a real difference to the lives of children, young people and families in our region.

The Foundation's aims are:

- To promote active and healthy lifestyles, particularly in disadvantaged communities;
- To inspire people to learn and reach their potential;
- To help build safe, strong, active communities.

We do this by using the Newcastle United brand to engage, inspire and motivate.

The Foundation's values are:

- Put people at the heart of everything we do;
- Ensure quality and professionalism underpins our work;
- Use our charitable funds and support wisely;
- Promote equality and diversity.

We class our area of benefit as the local authority areas of Newcastle, Gateshead, Durham, North Tyneside and Northumberland.

Activities for achieving objectives

The Foundation employed 53 full time equivalent staff (2016: 49) and 5 lottery sellers (2016: 8) along with 57 sessional coaches (2016: 46) during the year to work across all its activities throughout Newcastle, Gateshead, North Tyneside and Northumberland. The Foundation plays an important role in increasing access to and encouraging active participation in football and sport, in line with the Football Association, Sport England's strategy and NHS strategies. Using the brand of Newcastle United, the Foundation's projects also make an impact on health, crime and anti-social behaviour and on raising educational standards within the local community.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

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Trustees' report (continued) Year ended 31 July 2017

Achievements and performance

Review of activities

During the year 54,230 (target 50,708) people took part in our various programmes. In the review of 2016/17 we have not just focused on who we helped and what we did but on where we worked for the public benefit. Our main method of assessing success is the number of people completing programmes, along with specific measurable targets for certain projects and activities (such as number of qualifications achieved for education programmes or income generated for holiday courses and fundraising activities).

2016/17	Football and sports participation	Learning and Skills	Community	Total
Newcastle	6,409	16,086	2,833	25,328
North Tyneside	2,196	8,223	659	11,078
Northumberland	1,882	8,655	219	10,756
Gateshead & South Tyneside	614	5,478	218	6,310
County Durham	708	111	29	848
Total	11,809	38,553	3,958	54,320

2015/16	Football and sports participation	Learning and Skills	Community	Total
Newcastle	4,398	15,267	3,037	22,702
North Tyneside	2,158	7,182	688	10,028
Northumberland	2,450	5,760	352	8,562
Gateshead & South Tyneside	1,630	4,260	325	6,215
County Durham	-	-	-	-
Total	18,699	32,469	4,402	47,507

Year on year change	Football and sports participation	Learning and Skills	Community	Total
Newcastle	2,011	819	(204)	2,626
North Tyneside	38	1,041	(29)	1,050
Northumberland	(568)	2,895	(133)	2,194
Gateshead & South Tyneside	(1,016)	1,218	(107)	95
County Durham	708	111	29	848
Total	1,173	6,084	(444)	6,813

Figures are the number of participants on individual programmes or courses.

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Trustees' report (continued) Year ended 31 July 2017

During the year the Foundation continued to work towards the six strategic goals as set out in the business plan. The progress made is detailed below:

Strategic objective	Achievements in 2016/17
1. Continue to deliver a quality programme of activities each year	<p>During the year a new quality assurance framework was developed for all programmes. Staff were, and continue to be, assessed against this. This has allowed us to assess the quality of current delivery and set standards for staff. This found that most delivery was of a good standard but identified areas to improve. By the end of the year all football delivery staff had been assessed, with an average score of 2.5 out of 4.</p> <p>Results of assessments have been used to provide for individual staff, departments and the staff team as a whole to continue to improve quality. A yearly training plan has been developed to continue to invest in staff to ensure that the quality of delivery continues to improve.</p>
2. Increase the reach of the Foundation and access to its work by the wider community	<p>We again increased participation numbers in 2017, growing participation by 14% against 2016 figures.</p> <p>This was mainly driven through an increase in schools engaged through the new Premier League Primary Stars programme, along with the new Premier League/BT Disability fund allowing us to greatly increase our disability football provision, which now covers all impairment groups.</p>
3. Increase knowledge and understanding of the work of the Foundation and the value it brings to the community	<p>We have continued to see an increase in social media followers and the number of people who are engaging with our content on the various platforms. We increased our combined followers across various online platforms from 15,809 to 20,450.</p> <p>We launched a new website towards the end of the year, which generated a significant increase in traffic, we had 22% more visitors and 85% more page views in its first month. This has also led to an increase in time spent on the website for each individual visitor, which indicates people are looking for more information about the Foundation.</p>
4. Increase knowledge and understanding of the work of the Foundation and the value it brings to the community	<p>We continue to work with funders to ensure we comply with all reporting requirements.</p> <p>We produced an annual report, which was widely distributed to stakeholders and received positive feedback.</p> <p>We held our first Foundation dinner for two years in November 2016. This sold out and was attended by a range of local and national businesses who heard first-hand about our work and impact in our community.</p>

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Trustees' report (continued) Year ended 31 July 2017

5. Maintain the financial sustainability of the Foundation	Income increased again in 2017 and the small surplus generated ensures that reserves continue to be at 3 months of operating costs, in line with policy.
6. Maintain high quality and effective management and governance of the Foundation	<p>A new Operations Manager was appointed in September 2016, joining the Head of Foundation, Development Manager and Finance Manager in the Senior Management Team.</p> <p>After the year end, a full governance review was completed and two new subcommittees established with a focus on Finance, Remuneration and Trustee recruitment post year end. We have also produced a terms of reference setting out the respective responsibilities of the Trustees and Senior Management Team.</p>

Highlights (targets for year in brackets)

Learning and Skills

We worked in 173 (286) schools in the year. This was significantly down in target but during the year we had an increased focus on the quality and quantity of delivery in existing schools, rather than doing small amounts of work in larger numbers of schools. There is a focus to grow this number of core schools in future years;

24,893 (24,400) pupils took part in our Primary Stars programme;

2,031 (1,950) primary school children completed our Onside course, which tackles discrimination;

1,899 (1,595) children took part in Matchfit, learning about healthy lifestyles;

We delivered 42 (50) Family Learning courses and secured future funding from the Big Lottery (starting September 2017), which will allow this programme to continue for another three years ;

779 (650) secondary school pupils took part in either our Premier League Enterprise or Five-a-Side programmes;

We launched our Tackling Youth Violence pilot with Children in Need and the Premier League Charitable Fund, which worked with young people at risk of becoming involved youth violence or known offenders. Funding for this has been continued.

Football and sports development

Our holiday soccer schools continued to grow with 2,520 (2,500) children taking part this year, last year 2,200 took part. We continued to work with local facilities to provide courses across the region;

We had 923 (612) women and girls take part in our women and girls programme;

Towards the end of the year we took over the running of Newcastle United Women 's Football Club, setting up a new committee and company under the control of the Foundation. This is an exciting development in bringing the club into the Newcastle United 'family' and providing a clear pathway to talented young girls on our programme. The team will operate as a separate legal entity, wholly owned by the Foundation;

With the launch of the new Premier League/BT Disability fund 2,254 (1,900) people took part in the programme this year;

1,489 (790) young people took part in our Premier League 4 Sport programme. However, a disappointment in the year was the news that Sport England were removing their support for this programme. We are considering how we can continue to provide a multi-sport *offer* as part of other programmes.

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Trustees' report (continued) Year ended 31 July 2017

Community

225 (233) young people were supported back into education, employment or training through Talent Match, Prince's Trust Get Started and Premier League Works;
1,974 (1,830) young people played football with Kicks , which offers free football in their local community in the evenings;
268 (150) 16 and 17 year olds completed National Citizen Service;
834 (1,000) people aged over 40 living or working in Newcastle received free health checks;
We agreed a funding partnership with the Sir Bobby Robson Foundation for a member of our staff to deliver a range of our programmes in the Great North Children 's Hospital.

Facilities

Facility hire is a significant cost to the Foundation and, as such, the Foundation has, for a number of years, been looking to take on its own sites. During the year (and after the year-end) we made significant progress on this.

We agreed Heads of Terms with the Trustees of Murray House Community Recreational Centre to transfer the freehold of their land and building to the Foundation. The Foundation plans to redevelop the site to a dedi.cated sporting, educational and community facility and has appointed Ryder Architects to produce the designs and is in the process of applying to Newcastle City Council for planning permission. The final transfer from the charity is subject to planning permission being granted, which is currently expected to be May 2018.

During the year the Foundation also joined a partnership with Newcastle City Council and Northumberland FA to apply for funding to The FA, the Premier League and Sport England to open two Parklife Hubs in the city. The outcome of this application will be known in 2018.

In early 2018 we also hope to sign a 99 year lease agreement from Newcastle City Council for a newly developed site at Lemington. This comprises two grass pitches, a community building and car park. We are planning for this to be a hub that we can use for women and girls football, along with letting out the space to local clubs to use.

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Trustees' report (continued) Year ended 31 July 2017

Financial review

Total incoming resources for the year were £2,711,266 (2016 : £1,924,227) and total outgoing resources were £2,660,329 (2016: £1,867,621). This has led to net incoming resources of £50,937 (2016: £56,606).

Income has increased significantly during the year (by £787k). Some of this is due to a bonus paid to staff, which was funded by a donation from Newcastle United Football Club Ltd following the club's promotion, this has had a corresponding direct impact on staffing costs. A more significant portion of the increase in income relates to increases across a range of areas during the year, which is discussed below.

Fundraising income increased due to the Foundation Dinner being restored to the calendar. This brought in an additional £88k in income. Also, the Play on the Pitch event generated £20k more than last year.

Amounts received from football coaching increased by £28k in the year, driven by increased numbers attending courses. Sales of services decreased slightly in the year due to poor sales of our United in Education programme due to a lack of staff capacity.

The increased numbers on the National Citizen Service programme were the reason for the increase in contractual payments from £194k to £282k in the year.

This was year one of the new Premier League Charitable Fund funding period, which led to an increase in grants received for a number of Premier League programmes. There was also two new Premier League programmes with the introduction of a £95k disability football programme (funded by BT Sport, replacing a £50k BBC Children in Need grant) and £50k Tackling Youth Violence programme (funded by BBC Children in Need). These have all contributed to an increase of £134k in grant income.

Expenditure on generating funds has increased with the reintroduction of the dinner and also with the Development Manager returning from maternity leave during the year. Expenditure on charitable activities remained at 92% of total activities.

The cost of charitable activities largely comprises salaries and subsistence costs. The increase in costs reflects the increase in staff members in the year. With increased income and increased delivery requirements, we have also had a higher demand for resources to support this delivery in terms of venue hire, equipment and resources.

Investment policy and performance

The trustees have powers to invest funds as they see fit as set out in the memorandum and articles of association. At the present time, surplus cash reserves are held in short to medium term deposit accounts.

Reserves policy

A large proportion of the Foundation's annual running costs are met by the receipt of grant funding (subject to any relevant performance conditions). The trustees seek to maintain the level of free reserves to cover at least three months running costs of current activities and monitor the position twice a year. Reserves at 31 July 2017 stood at £679,819 (2016: £628,882) of which £70,000 were designated, leaving free reserves of £609,819, which is within the target range once the exceptional cost of the bonus is removed from 2017 expenditure.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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Trustees' report (continued) Year ended 31 July 2017

Plans for the future

During the year a new three year business plan was developed, which will take the Foundation to 2019/20. The key areas of focus are:

Objective	What we are seeking to achieve
1. Facilities	Lemington to open in 2017/18 New sports, education and community building to open in 2019/20, developed through Newcastle United Foundation Projects Limited
2. Increase our reach	To increase the number of people we work with in both breadth and depth We will need funding to do this and so have set a target about income growth by 2019/20
3. More diverse income base	The Foundation is currently reliant for a large proportion of income on grants being received. Whilst not moving away from current grant funding, we are seeking opportunities where we can be more in control of the income that is being generated We are seeking to increase our own generated income through more commissions (payment by results) and direct sales
4. More impact	Growth of existing programmes To develop an impact framework with measures of reach, quality, quantity, impact
5. Better articulation of what we do	Perform an exercise on brand perception, which will be regularly reviewed to see changes More external validation and recognition Measurement of engagement

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Trustees' report (continued) Year ended 31 July 2017

Structure, governance and management

Constitution

Newcastle United Foundation is a company limited by guarantee, governed by its memorandum and articles of association dated 25 October 2007 and amended on 29 January 2010. On 8 July 2008 it registered as a charitable company with the Charity Commission (registered number 1124896).

Method of appointment or election of trustees

As set out in the articles of association, trustees are appointed by members. The subscribers to the memorandum and such other persons or organisations as are admitted to membership in accordance with its articles are members of the charity.

Trustee induction and training

New trustees receive an induction pack which includes the memorandum and articles of association, business plan and recent financial performance of the charitable company. They are all asked to sign a Declaration of eligibility to act, a Declaration of interests form and Confidentiality statement. Trustees, once appointed, receive relevant ongoing support and training in their role.

Organisational structure and decision making

Our trustees meet four times a year for formal board meetings, in addition to which the Head of Foundation meets with the chair of the trustees on a monthly basis for a business review meeting. Trustees provide leadership for the Foundation's strategy and monitor our performance to ensure we are staying focused on our declared mission. The trustees also provide valuable networking support and access to various other stakeholders.

The Head of Foundation is appointed by the trustees to manage the day-to-day operations of the charitable company and lead the senior management team. The senior management team ensures the Foundation achieves its mission and its business plan, and works together to look at all the key issues involved with running the organisation. During the year the Senior Management Team comprised Head of Foundation - Kate Bradley, Development Manager - Sarah Medcalf (on maternity leave between February 2016 and September 2016), Finance Manager- David Parker and Operations Manager - Steve Beharall (appointed September 2016). The managers lead their own teams, in addition to forming the overall management team of the Foundation. This team meets monthly.

The pay of key management personnel is reviewed annually. The trustees benchmark against pay levels of other charities and similar organisations within the sector and the region. Pay levels are set using this information together with budget and forecast information, ensuring that the charity can afford any proposed increase.

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Trustees' report (continued) Year ended 31 July 2017

Risk management

The Trustees maintain a comprehensive risk register, which is reviewed on a regular basis. Key risks are considered to be safeguarding and the capital project, given the significant funding required for this. The board have considered the impact of these and other risks and are satisfied that the systems and procedures the charity has in place as sufficient to mitigate these.

Related party relationships

Although Newcastle United Foundation is governed and financed independently of Newcastle United Football Club (the Club), the Club supports the charitable company in many ways, including through gifts in kind of match tickets, accommodation and merchandise. Further information can be found in the notes to the accounts.

The Foundation is grateful for the support of the Club's Managing Director, Lee Charnley, Head of Finance, Claire Alexander, Head of Business Development, Nicole Atkin, Head of Media, Wendy Taylor and Head of Facilities, Eddie Rutherford, and for the ongoing support of other Club staff in areas such as accounts, payroll, IT, HR, facilities and the press office.

Disclosure of information to auditor

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditor is aware of that information.

This report was approved by the trustees, on 24 January 2018 and signed on their behalf by:



John Marshall
Chair of Trustees

Newcastle United Foundation

(A company limited by guarantee)

Trustees' responsibilities statement Year ended 31 July 2017

The trustees (who are also directors of Newcastle United Foundation for the purposes 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. Under company law the trustees must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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.



Independent auditor's report to the members of Newcastle United Foundation

Opinion

We have audited the financial statements of Newcastle United Foundation (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 July 2017 set out on pages 15 to 34. 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 of the parent charitable company's affairs as at 31 July 2017 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 and Charities Act 2011.

Basis of 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 the 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.

Independent auditor's report to the members of Newcastle United Foundation

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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.

Opinion 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 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the 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 the 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's or the parent charitable company's or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Newcastle United Foundation

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.

Who are we reporting to

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, and to the charitable company's Trustees, as a body, section 151 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A

Anne Hallowell FCA DChA (Senior Statutory Auditor)
for and behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne
24 January 2018

Newcastle United Foundation

(A company limited by guarantee)

Consolidated statement of financial activities incorporating income and expenditure account Year ended 31 July 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies	2	585,788	40,000	625,788	214,569
Charitable activities	3	877,965	940,770	1,818,735	1,545,190
Other trading activities	4	264,514	-	264,514	161,606
Investments	5	2,229		2,229	2,862
Total income		1,730,496	980,770	2,711,266	1,924,227
Expenditure on:					
Raising funds	6	207,234	-	207,234	157,653
Charitable activities	7	1,438,919	1,014,176	2,453,095	1,709,968
Total expenditure		1,646,153	1,014,176	2,660,329	1,867,621
Net income / (expenditure) before other recognised gains and losses		84,343	(33,406)	50,937	56,606
Net movement in funds		84,343	(33,406)	50,937	56,606
Reconciliation of funds:					
Total funds brought forward		595,476	33,406	628,882	572,276
Total funds carried forward		679,819		679,819	628,882

All activities relate to continuing operations.

The notes on pages 19 to 34 form part of these financial statements .

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Consolidated balance sheet At 31 July 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	12		13,820		6,804
Current assets					
Debtors	15	129,979		155,576	
Cash at bank and in hand		1,129,827		995,796	
		<u>1,259,806</u>		1,151,372	
Creditors: amounts falling due within one year	16	<u>(593,807)</u>		(529,294)	
Net current assets			<u>665,999</u>	-	622,078
Net assets			<u>679,819</u>		628,882
Charity Funds					
Restricted funds	17		-		33,406
Unrestricted funds	17		<u>679,819</u>		595,476
Total funds			<u>679,819</u>		628,882

The financial statements were approved and authorised for issue by the trustees on 24 January 2018 and signed on their behalf by:



John Marshall
Chair

Company registered number: 06412345

The notes on pages 19 to 34 form part of these financial statements.

Newcastle United Foundation

(A company limited by guarantee)

Company balance sheet At 31 July 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	12		13,820		6,804
Investments	13		1		
			13,821		6,804
Current assets					
Debtors	15	114,689		155,576	
Cash at bank and in hand		1,115,427		995,796	
		1,230,116		1,151,372	
Creditors: amounts falling due within one year	16	(564,119)		(529,294)	
Net current assets			665,997		622,078
Net assets			679,818		628,882
Charity Funds					
Restricted funds					33,406
Unrestricted funds			679,818		595,476
Total funds			679,818		628,882

The financial statements were approved and authorised for issue by the trustees on 24 January 2018 and signed on their behalf, by:


John Marshall
Chair

Company registered number: 06412345

The notes on pages 19 to 34 form part of these financial statements.

Newcastle United Foundation

(A company limited by guarantee)

Consolidated statement of cash flows Year ended 31 July 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>147,328</u>	<u>118,439</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(13,297)</u>	<u>(7,852)</u>
Net cash used in investing activities		<u>(13,297)</u>	<u>(7,852)</u>
Change in cash and cash equivalents in the year		134,031	110,587
Cash and cash equivalents brought forward		<u>995,796</u>	<u>885,209</u>
Cash and cash equivalents carried forward	20	<u>1,129,827</u>	<u>995,796</u>

The notes on pages 19 to 34 form part of these financial statements.

Newcastle United Foundation

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 July 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Newcastle United Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. The financial statements are presented in pounds sterling, which is the functional currency of the company, and are rounded to the nearest £1.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

1. Accounting policies (continued)

1.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Gifts in kind are included in the statement of financial activities at a reasonable estimate of their value at the time they are utilised by the charity, with an equivalent amount recognised as charitable expenditure. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor, where such a cost is quantifiable and measurable. No income is recognised where there is no financial costs borne by the third party.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 Expenditure

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company. Support costs include governance costs, which are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

All expenditure is inclusive of irrecoverable VAT.

1.6 Basis of consolidation

The financial statements consolidate the accounts of Newcastle United Foundation and its subsidiary undertaking ('subsidiary').

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was £50,937 (2016 - £56,606).

Newcastle United Foundation

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2017

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	3 - 5 years straight line
Computer equipment	3 - 5 years straight line

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Debtors

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

1.11 Cash at bank and in hand

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

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Newcastle United Foundation

(A company limited by guarantee)

Notes to the financial statements

Year ended 31 July 2017

1. Accounting policies (continued)

1.14 Critical accounting estimates and areas of judgment

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the profit and loss account and balance sheet. Such decisions are made at the time the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Significant judgements in applying accounting policies

In preparing these financial statements, no significant judgements were required in the process of applying the company's accounting policies.

Key sources of estimation uncertainty

Estimates included within these financial statements include depreciation. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

2. Income from donations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	366,944	40,000	406,944	32,887
Gift in kind	126,824		126,824	106,682
Grants received from Charitable Foundations	92,020		92,020	75,000
	585,788	40,000	625,788	214,569
<i>Total 2016</i>	199,069	15,500	214,569	

Gifts in kind comprise matchday tickets, vehicle use, office space and training pitch facilities.

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Football coaching & education- fees received	237,599	-	237,599	209,111
Sale of services as part of charitable activities	342,252	-	342,252	302,032
Contractual payments from governments or public authorities	268,947	13,205	282,152	193,666
Grants received for the provision of services	-	927,565	927,565	793,552
Corporate subscriptions and partnerships	29,167	-	29,167	46,829
	877,965	940,770	1,818,735	1,545,190
<i>Total 2016</i>	644,936	900,254	1,545,190	

Newcastle United Foundation

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2017

4. Income from other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Fundraising events	179,819		179,819	73,413
Online auctions and sale of goods & services	33,768	-	33,768	36,696
Matchday lottery	50,927		50,927	51,497
-				
	264,514		264,514	161,606
<i>Total 2016</i>	<u>161,606</u>	<u>-</u>	<u>161,606</u>	

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	2,229	-	2,229	2,862
<i>Total 2016</i>	<u>2,862</u>	<u>-</u>	<u>2,862</u>	

6. Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	2017 £	2016 £
Fundraising events	46,468	-	46,468	16,643
Online auctions and sale of goods and services	20,552	-	20,552	22,731
Matchday lottery	19,266	-	19,266	17,074
Wages and salaries	46,307	-	46,307	45,410
National insurance	5,524	-	5,524	4,253
Pension	997	-	997	733
Other direct costs	12,332	-	12,332	20,635
Support costs	55,788	-	55,788	30,174
<i>Total 2016</i>	<u>207,234</u>	<u>-</u>	<u>207,234</u>	157,653

Newcastle United Foundation

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2017

7. Analysis of expenditure on charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Football and sports development	617,551	314,989	932,540	568,977
Schools	430,953	413,898	844,851	648,027
Community	390,415	285,289	675,704	492,964
	1,438,919	1,014,176	2,453,095	1,709,968
<i>Total 2016</i>	839,051	870,917	1,709,968	

8. Direct costs

	Football and sports development £	Schools £	Community £	Total 2017 £	Total 2016 £
Direct project costs	294,768	222,548	77,458	594,774	459,661
Provision of donated tickets and facilities	43,596	42,345	40,883	126,824	106,682
Wages and salaries	426,078	413,837	399,557	1,239,472	891,301
National insurance	34,705	33,707	32,544	100,956	62,656
Pension cost	3,565	3,464	3,344	10,373	10,714
Depreciation	224	3,070	383	3,677	5,948
	802,936	718,971	554,169	2,076,076	1,536,962
<i>Total 2016</i>	506,298	592,529	438,135	1,536,962	

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

9. Support costs

	Raising funds £	Football and sports development £	Schools £	Community £	Total 2017 £	Total 2016 £
General office costs	21,650	51,135	48,852	47,166	168,803	108,728
Wages and salaries	30,916	71,822	69,759	67,351	239,848	77,692
National insurance	2,335	5,426	5,270	5,088	18,119	6,989
Pension cost	443	1,028	998	964	3,433	2,005
Depreciation	444	193	1,001	966	2,604	7,766
	<u>55,788</u>	<u>129,604</u>	<u>125,880</u>	<u>121,535</u>	<u>432,807</u>	203,180
<i>Total 2016</i>	30,174	62,679	55,498	54,829	203,180	

10. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	6,281	13,714
Auditor's remuneration - audit	<u>7,800</u>	<u>4,920</u>

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

11. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,525,627	1,014,402
Social security costs	124,599	73,898
Other pension costs	14,803	13,451
	1,665,029	1,101,751

The average number of persons employed by the company during the year, expressed as a full time equivalent, was as follows:

	2017	2016
	No.	No.
Football	26	26
Community	10	9
Schools	10	8
Fundraising	2	2
Support	5	4
	53	49

An average of 57 (2016: 46) sessional coaches were employed during the year, along with 5 (2016: 8) matchday lottery sellers.

The number of higher paid employees was:

	2017	2016
	No.	No.
In the band £60,001 - £70,000	1	0

Key management have been determined to be the senior management team, defined as those having authority and responsibility delegated to them by the trustees for planning, directing and controlling the activities of the charity. The total employee benefits of the key management personnel were £226,609 (2016 : £104,398).

The trustees are not entitled to, and did not receive, any remuneration for their services to the charitable company in the year (2016 : £nil). Expenses reimbursed amounted to £nil (2016: £nil).

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

12. Tangible fixed assets

Group	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 August 2016	896	53,469	54,365
Additions	-	13,297	13,297
At 31 July 2017	896	66,766	67,662
Depreciation			
At 1 August 2016	896	46,665	47,561
Charge for the year	-	6,281	6,281
At 31 July 2017	896	52,946	53,842
Net book value			
At 31 July 2017	-	13,820	13,820
At 31 July 2016	-	6,804	6,804
		-	
Company	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 August 2016	896	53,469	54,365
Additions	-	13,297	13,297
At 31 July 2017	896	66,766	67,662
Depreciation			
At 1 August 2016	896	46,665	47,561
Charge for the year	-	6,281	6,281
At 31 July 2017	896	52,946	53,842
Net book value			
At 31 July 2017	-	13,820	13,820
At 31 July 2016	-	6,804	6,804

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

13. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 August 2016	
Additions	1
At 31 July 2017	1

14. Principal subsidiaries

Subsidiary name	Newcastle United Foundation Projects Limited
Equity shareholding %	100%
Total assets as at 31 July 2017	£ 35,691
Total liabilities as at 31 July 2017	£ 35,690
Total equity as at 31 July 2017	£ 1
Turnover for the year ended 31 July 2017	£
Expenditure for the year ended 31 July 2017	£
Result for the year ended 31 July 2017	£

15. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	94,236	132,097	94,236	132,097
Other debtors	4,189	487	2,939	487
Prepayments and accrued income	31,554	22,992	17,514	22,992
--				
	129,979	155,576	114,689	155,576

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

16. Creditors: amounts falling due within one year

	Groue		Comean	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	54,964	54,535	53,465	54,535
Amounts owed to group undertakings		-	6,001	
Amounts owed to Newcastle United Football Club Limited	145,712	66,053	145,712	66,053
Other taxation and social security	5,490			
Other creditors	5,338	624	5,338	624
Accruals and deferred income	382,303	408,082	353,603	408,082
	593,807	529,294	564,119	529,294
		--		
		Groue		Comean
	2017 £	2016 £	2017£	2016 £
Deferred income				
Deferred income at 1 August 2016	290,784	234,590	290,784	234,590
Resources deferred during the year	302,794	290,784	274,094	290,784
Amounts released from previous years	(290,784)	(234,590)	(290,784)	(234,590)
Deferred income at 31 July 2017	302,794	290,784	274,094	290,784

Newcastle United Foundation

(A company limited by guarantee)

Notes to the financial statements Year ended 31 July 2017

17. Statement of funds

Statement of funds - current year

	Balance at 1 August 2016 £	Income £	Expenditure £	Balance at 31 July 2017 £
Designated funds				
Designated funds	70,000	-		70,000
General funds				
General funds	525,476	1,730,496	(1,646,153)	609,819
Total unrestricted funds	<u>595,476</u>	<u>1,730,496</u>	<u>(1,646,153)</u>	<u>679,819</u>
Restricted funds				
Restricted funds	33,406	980,770	(1,014,176)	
Total of funds	<u>628,882</u>	<u>2,711,266</u>	<u>(2,660,329)</u>	<u>679,819</u>

Statement of funds - prior year

	Balance at 1 August 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 July 2016 £
Designated funds					
Designated funds	70,000	-	-	-	70,000
	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
General funds					
General funds	513,707	1,008,473	(996,704)	-	525,476
	<u>513,707</u>	<u>1,008,473</u>	<u>(996,704)</u>	<u>-</u>	<u>525,476</u>
Total unrestricted funds	<u>583,707</u>	<u>1,008,473</u>	<u>(996,704)</u>		<u>595,476</u>
Restricted funds					
Restricted funds	(11,431)	915,754	(870,917)	-	33,406
	<u>(11,431)</u>	<u>915,754</u>	<u>(870,917)</u>	<u>-</u>	<u>33,406</u>
Total of funds	<u>572,276</u>	<u>1,924,227</u>	<u>(1,867,621)</u>		<u>628,882</u>

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

17. Statement of funds (continued)

Designated funds comprise amounts set aside from the surplus generated by the 2013 Steve Harper 20 year charity match towards a future health initiative.

Restricted funds are those funds where the income received is restricted to provide specific programmes and activities within the wider programme of the Foundation.

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	13,820	-	13,820
Current assets	1,259,806	-	1,259,806
Creditors due within one year	(593,807)	-	(593,807)
	<hr/> 679,819	<hr/> -	<hr/> 679,819 <hr/>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	6,094	710	6,804
Current assets	1,118,676	32,696	1,151,372
Creditors due within one year	(529,294)	-	(529,294)
	<hr/> 595,476	<hr/> 33,406	<hr/> 628,882 <hr/>

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2017	Group
	£	2016 £
Net income for the year (as per Statement of Financial Activities)	50,937	56,606
Adjustment for:		
Depreciation charges	6,281	13,714
Increase in debtors	(50,333)	(93,542)
Increase in creditors	140,443	141,661
Net cash provided by operating activities	147,328	118,439

20. Analysis of cash and cash equivalents

	2017	Group
	£	2016 £
Cash in hand	1,129,827	995,796
Total	1,129,827	995,796

21. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £14,803 (2016 : £13,451). Contributions totalling £2,198 (2016: £624) were payable to the fund at the balance sheet date and are included in creditors.

Newcastle United Foundation

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Notes to the financial statements Year ended 31 July 2017

22. Related party transactions

The trustees consider that Newcastle United Limited and its subsidiary Newcastle United Football Club Limited (NUFC) are related parties of the charity by virtue of significant influence.

Lee Charnley, a trustee of the Foundation, is also a director of NUFC.

The charity receives substantial in-kind support from NUFC, in particular the licence to use the Club's brand and certain rights to use office space at the stadium and playing facilities at the first team training centre. Whilst not easily quantifiable, the impact on the charity, were these facilities not to be made available free of charge, would be hugely significant in both operational and financial terms.

NUFC is also a significant donor to the charity, through other quantifiable gifts in kind such as matchday tickets and vehicles, all of which amounted to £126,824 (2016: £106,682).

During the year, NUFC made donation amounting to £369,398 (2016: £nil).

During the year NUFC processed the charity's payroll and pension schemes for a total value of £1,372,159 (2016: £1,182,172) which the charity repays in full to NUFC on a monthly basis. No service charge or mark-up fee was paid to NUFC by the charity for the provision of this service. The amount owing to NUFC by the charity in relation to payroll repayments at the year end was £114,626 (2016: £94,837).

Other payments made by the charity to NUFC during the year amounted to £88,685 (2016: £64,832), including stadium tours, match tickets for resale, training wear for staff and participants, together with recharges of costs incurred on the charity's behalf, including staff time, telephone usage and office supplies.

The charity has taken the exemption contained within FRS 102 for disclosing transactions with its wholly owned subsidiary as consolidated financial statements are prepared.