

**Virgin Money Giving Limited**  
**Annual Report and Accounts**  
**for the year ended 31 December 2019**



**Virgin Money Giving Limited**  
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Virgin Money Giving Limited  
**Company information**

**DIRECTORS**

Joanna Barnett  
Helen Page  
Emma Tottenham

**COMPANY SECRETARY**

Lorna McMillan (appointed 1 March 2019)  
Katie Marshall (resigned 1 March 2019)

**PATRON**

Holly Branson

**COMPANY NUMBER**

02733492

**REGISTERED OFFICE**

Jubilee House  
Gosforth  
Newcastle-upon-Tyne  
NE3 4PL

**INDEPENDENT AUDITORS**

Ernst & Young LLP  
2 St Peter's Square  
Manchester  
M2 3EY

## Virgin Money Giving Limited

# Strategic report

Virgin Money Giving Limited ('Virgin Money Giving' or 'the Company') is a wholly-owned subsidiary of Virgin Money Holdings (UK) PLC. The Company's ultimate parent company is Virgin Money UK PLC (Virgin Money), formerly known as CYBG PLC (CYBG) (CYBG was renamed on 30 October 2019), which, together with its subsidiaries and controlled entities, is referred to as the 'Group' in this Annual Report.

### Business Overview

Virgin Money Giving was launched with the aim of helping fundraisers and charities raise as much as possible for good causes. As a not-for-profit business within Virgin Money, Virgin Money Giving is an embodiment of the Group's Purpose, 'Making you happier about money' and a clear demonstration of business acting as a force for good.

In October 2019, Virgin Money Giving turned ten and, since launch, has helped over 12,500 UK charities and 1 million fundraisers raise over £800m to support their work in the UK and overseas. £110m has been raised for charities this year alone.

Virgin Money Giving is the official fundraising partner of many leading UK events including the Virgin Money London Marathon, Prudential Ride London, the Royal Parks Half Marathon and The Big Sleep Out. The 2019 Virgin Money London Marathon raised a record-breaking £66.4m for charities, setting a new world record for an annual single-day charity fundraising event. It brings the overall sum raised for charities since the event was founded in 1981 to more than £1bn, of which over £198m has been raised through Virgin Money Giving since 2010. In 2019 Virgin Money Giving launched an innovative fundraiser hub offering advice and support from experts and past runners and introduced a donation option to the Virgin Money London Marathon app, a great new way for Virgin Money Giving fundraisers to drive donations on the day. As a result, over £28m was raised on Virgin Money Giving by Virgin Money London Marathon runners, an increase of 16% on 2018.

In its quest to help charities expand their income, Virgin Money Giving has invested in the development of its donor and fundraiser experiences in recent years, resulting in a strong fundraiser NPS of +52 and an increase in the average amount raised per fundraiser. In 2019 the business focused on both expanding its charity partners and developing its offering to charities by providing enhanced reporting and customer information.

As a result, over the last 12 months Virgin Money Giving has increased its total live charity partners by 25%, with its low fees and customer service attracting a high number of small to medium-sized charities that had previously fundraised through other providers. Investment in Virgin Money Giving's reporting tools and charity hub, in addition to new Donor Covers Fee enhancements and continued free collection of Gift Aid, are all key to supporting an increasing number of UK charities to take full advantage of digital fundraising as an important and cost-effective income stream.

Given the importance of online donation portals to the UK charity sector, Virgin Money Giving fully supports the need for digital providers to be well-governed, safe and transparent. A programme of work is undertaken on a continuous basis to ensure that Virgin Money Giving complies with the Payment Services Directive (PSD2), General Data Protection Regulation (GDPR) and the Fundraising Regulator best practice requirements. The Company has also continued to invest in the security of the service, and the website was once again awarded the government-backed Cyber Essentials Plus standard in 2019.

# Virgin Money Giving Limited

## Strategic report

### 2019 highlights

Delivering strong donation growth

**£110m**

raised for UK charities this year

**£813m**

raised through Virgin Money Giving since launch

Market-leading customer experience

**+52**

Virgin Money Giving fundraiser Net Promoter Score

**+81**

London Marathon fundraiser Net Promoter Score

Extending our reach and support

**3,603**

registered charities, a 346% increase year-on-year

### Case study 1:

#### 100% of what you give goes to your cause

Donor Covers Fee was launched in November 2018, giving donors the opportunity to cover the 2% Virgin Money Giving platform fee. Due to the popularity of Donor Covers Fee this was extended to cover all transaction fees in September 2019, meaning that the Virgin Money Giving service is now free on over 80% of donations. Jane Emmerson, Chief Executive of Get Kids Going! said, "We believe, at Get Kids Going!, that our long-standing online giving partner, Virgin Money Giving, has revolutionised both charity fundraising and donor giving over the last few years – their dedication to ensuring the customer's experience of giving is so enjoyable and easy has proved invaluable to the charity. Their free Gift Aid collection, not-for-profit ethos and the launch of their 'Donor covers the Fee' feature is fantastic! It means that we can now raise even more to support the many wonderful disabled children and young people who desperately need our help so they can participate in sport".

### Case study 2:

#### Raising more for good causes

Cardiac Risk in the Young (CRY) give their views on using Virgin Money Giving for their online fundraising:

"We've definitely seen a boost in fundraising since using Virgin Money Giving. Last year was our best year for fundraising since CRY launched in 1995 and while that's really down to the hard work of our supporters, platforms such as Virgin Money Giving make it easier for them to raise the necessary funds.

"Virgin Money Giving's 'In Memory' pages are an important tool for our supporters and have helped us boost our donations. The new BETA reporting system has also really helped us, by enabling us to produce reports much quicker and thank supporters more efficiently.

"It's really important to us that Virgin Money Giving is a not-for-profit website. We're often asked about how much of the money people donate reaches the charity – it's something our supporters really take into consideration and it's great we can tell them that Virgin Money Giving is not-for-profit. Virgin Money Giving also makes collecting Gift Aid really easy as they sort all that out for us. All in all, we've always found Virgin Money Giving a user-friendly and efficient way for supporters to raise funds. It offers lots of useful tools for charities to utilise, the not-for-profit stance is great."

# Virgin Money Giving Limited

## Strategic report

### Case study 3:

#### Supporting corporate fundraising

Helen Wagstaff, Co-founder of Marketing in Partnerships CASCAID:

"Our campaign, CASCAID, has raised £4m for charities in just over two years. Our secret? We have 100 Ambassadors who really roll their sleeves up and get involved in activities and we engage with as many people as possible, cascading the fundraising message out to colleagues, friends and family. We get involved in a whole range of events, including a couple of dinners each year to celebrate our successes and fundraise a little bit more. Our industry enjoys getting together, so we create those social opportunities and give them a charitable purpose. Working with a user friendly fundraising platform, Virgin Money Giving, has really helped – it makes it very easy for people to support us."

#### Business performance

The key performance indicators for the Company in 2019 are shown in the table below:

Key business performance indicators	2019	2018
Value of donations (£ million, excluding Gift Aid)	94.9	82.0
Value of donations (£ million, including Gift Aid)	110.4	95.3
Gift Aid penetration rate	75%	76%
Total number of registered charities	18,607	15,004

The Company benefited from higher donation values, reflecting the strong business performance during the year. Gift Aid up-take remained healthy during 2019 and strong growth in charity registrations demonstrates the continued appeal of the service.

#### Financial performance

The Company does not exist to make a profit for its shareholders; its ambition is to operate at break even in the short to medium term and reinvest any surplus in supporting charitable activities, which may include reducing charges to registered charities. A summary of financial performance is presented below:

Key financial performance indicators	2019 £'000	2018 £'000
Revenue	3,683	2,940
Operating expenses	(3,683)	(2,940)
Statutory profit before tax	-	6,636
Adjustment for gain on waiver of intercompany loan	-	(6,636)
Adjusted profit before tax	-	-

In 2018, the Directors of Virgin Money Holdings (UK) PLC agreed to waive repayment of an intercompany loan balance of £6.6m, and confirmed their ongoing support for the Company. As a consequence, the Company recognised a gain on waiver of the loan in 2018.

#### Miscellaneous reporting

As a wholly owned subsidiary, the governance structure of the Company is managed within the Virgin Money UK PLC Group. The directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 and details of stakeholder engagement relevant to the Company are set out on pages 30 - 31 of the Strategic report and 76 – 77 of the Corporate governance report within the Virgin Money UK PLC Annual Report and Accounts.

#### Future developments

The Directors are confident that Virgin Money Giving can maintain its strong momentum into 2020 thanks to the focus on customer service, ongoing investment in systems and the Company's not-for-profit business model. The Company will continue to pursue its strategy of delivering an easy to use, reliable and secure service which is priced fairly and transparently, backed up by excellent customer service and a brand that consumers trust.

# Virgin Money Giving Limited

## Strategic report

### Future developments (continued)

In relation to the recent coronavirus outbreak, our business continuity plans are working well, however we are mindful of the risk that total charitable donations may be reduced due to economic turbulence resulting in a loss of income for the Company and its charity partners. At this very early stage of the outbreak however it is difficult to fully assess the magnitude of the impact. The Directors are mindful of the risks associated with COVID-19 and have a plan in place to ensure the continuation of the Company's operations during COVID-19 and we have no reason to believe, at this stage, it will impact the going concern of the Company.

### Principal risks

The Company is exposed to a variety of risks through its normal operations. The following paragraphs explain the most significant risks and how they are managed.

- **Compliance risk:** the risk that the Company fails to comply with its regulatory and legislative requirements with the potential that the Company:
  - is subject to legal or regulatory sanction;
  - fails to ensure personal data is appropriately safeguarded;
  - suffers reputational damage;
  - does not comply with all HMRC requirements for Gift Aid; or
  - is used for the purposes of financial crime.

Appropriate controls and governance are in place to ensure the safe handling of donor and charity data and monies. Virgin Money's Risk function supports the Company to develop policies, deliver training and perform monitoring checks to ensure compliance with regulatory requirements.

- **Operational risk:** the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. A range of indicators covering the Company's operations are reviewed by management and the Board regularly throughout the year. All key processes are subject to periodic reviews by Virgin Money's Risk and Internal Audit teams to ensure that appropriate controls are in place and operating effectively.
- **Outsourcing risk:** the risk that the Company fails in its responsibility to oversee and control third parties on which it is reliant for the performance of critical operational functions. Failure to meet required standards may result in loss of income or reputational damage. The Company manages this risk by performing due diligence on all third party providers and, following appointment, by performing regular monitoring of third parties against agreed service levels. Where necessary the Company actively engages with partners to oversee improvements to operational services.

This report was approved by the Board on 24 April 2020 and signed on its behalf by:



**Helen Page**  
Director  
Virgin Money Giving Limited  
Registered No.02733492

## Virgin Money Giving Limited

# Directors' report

The Directors present the Annual Report and accounts for the year ended 31 December 2019.

### **Not-for-profit status**

The Company operates as a not-for-profit business.

### **Dividends**

Under the Company's Memorandum and Articles of Association, the Company is restricted from paying dividends of more than £100 per year. No dividends were declared or paid in the year (2018: £nil). The Directors do not recommend a final dividend in respect of the year ended 31 December 2019.

### **Directors**

The current composition of the Board of Directors, together with details of appointments and resignations (where applicable) up to the date of this report, is shown on page 1. This information is incorporated into the Directors' report by reference.

### **Going concern**

The Directors are satisfied at the time of approval of the financial statements that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company's use of the going concern basis for the preparation of the financial statements is discussed in note 1 to the financial statements.

In relation to the recent coronavirus outbreak, our business continuity plans are working well, however we are mindful of the risk that total charitable donations may be reduced due to economic turbulence resulting in a loss of income for the Company and its charity partners. At this very early stage of the outbreak however it is difficult to fully assess the magnitude of the impact. The Directors are mindful of the risks associated with COVID-19 and have a plan in place to ensure the continuation of the Company's operations during COVID-19 and we have no reason to believe, at this stage, it will impact the going concern of the Company.

### **Future developments**

Information about future developments of the Company can be found in the Strategic report.

### **Financial risk management objectives and policies**

Information in relation to financial reporting and financial risk management objectives and policies in relation to the use of financial instruments can be found in note 13 to the financial statements.

### **Events after the balance sheet date**

During March 2020, the World Health Organisation declared the COVID-19 virus a pandemic. The Directors are mindful of the risks associated with the COVID-19 pandemic and expect to see a short-term reduction in revenue and costs reflecting the potential reduced charitable activity due to the postponement of the London Marathon. To date, fundraising activity in support of a number of high-profile campaigns has maintained planned level of donations.

The Directors consider that the emergence of the COVID-19 virus pandemic to be a non-adjusting post balance sheet event. The Directors have considered the impact on the results of the Company and have concluded that this does not change the view that the Company is a going concern.

### **Research and development costs**

The Company did not undertake formal research and development activities during the period.



# Virgin Money Giving Limited

## Directors' report

### Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law, the Directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

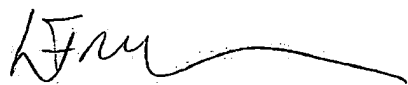
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

### Auditors and disclosure of information to the auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow Directors and of the Company's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board on 24 April 2020 and signed by order of the board by:



**Lorna McMillan**  
Company Secretary

Virgin Money Giving Limited  
Registered No.02733492

**Virgin Money Giving Limited**  
**Independent auditors' report**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MONEY GIVING LIMITED**

**Opinion**

We have audited the financial statements of Virgin Money Giving Limited for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. We are independent of the 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.

**Emphasis of matter – effects of Covid-19**

We draw attention to Note 16 within the financial statements, which describes the economic consequences the company is facing as a result of Covid-19 which is impacting revenue and costs. Our opinion is not modified in respect of this matter.

**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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

**Other information**

The other information comprises the information included in the Annual Report set out on pages 1 to 7, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**Virgin Money Giving Limited**  
**Independent auditors' report**

**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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors 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 Directors 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 Directors are responsible for assessing the 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

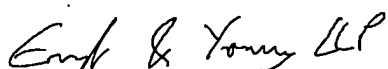
**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Blake Adlem (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP  
Statutory Auditor, Manchester  
28 April 2020

Virgin Money Giving Limited  
**Statement of comprehensive income**

For the year ended 31 December

	Note	2019 £'000	2018 £'000
Revenue	2	3,683	2,940
Operating expenses	3	(3,683)	(2,940)
Gain on waiver of intercompany loan	9	-	6,636
<b>Profit before and after tax attributable to equity holders</b>	5	-	6,636
<b>Total comprehensive income for the year attributable to owners</b>		-	6,636

The financial result is from continuing operations.

The accompanying notes form an integral part of these financial statements.

**Virgin Money Giving Limited**  
**Balance sheet**

As at 31 December

	Note	2019 £'000	2018 £'000
<b>Assets</b>			
Trade and other receivables	7	192	85
Cash and cash equivalents	8	513	513
<b>Total assets</b>		<b>705</b>	<b>598</b>
<b>Liabilities</b>			
Amounts owed to group undertakings	9	160	176
Trade and other payables	10	24	4
Accruals and deferred income	11	205	102
<b>Total liabilities</b>		<b>389</b>	<b>282</b>
<b>Equity</b>			
Issued capital	12	-	-
Retained earnings		316	316
<b>Total equity</b>		<b>316</b>	<b>316</b>
<b>Total equity and liabilities</b>		<b>705</b>	<b>598</b>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 24 April 2020.



**Helen Page**  
Director

Virgin Money Giving Limited  
Registered No.02733492

Virgin Money Giving Limited  
**Statement of changes in equity**

	Issued capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	-	316	316
Profit and total comprehensive income for the year	-	-	-
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>316</b>	<b>316</b>
Balance at 1 January 2018	-	(6,320)	(6,320)
Profit and total comprehensive expense for the year	-	6,636	6,636
Balance at 31 December 2018	-	316	316

The accompanying notes form an integral part of these financial statements.

**Virgin Money Giving Limited**  
**Cash flow statement**

For the year ended 31 December

	Note	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		-	6,636
Non-cash and other items		-	(6,636)
(Increase)/decrease in trade and other receivables		(107)	7
Increase/(decrease) in trade and other payables		20	(12)
Increase in accruals and deferred income		103	-
Cash used in operations		16	(5)
Group relief received		-	226
<b>Net cash used in operating activities</b>		<b>16</b>	<b>221</b>
<b>Cash flows from financing activities</b>			
Repayments of amounts owed to group undertakings		(2,795)	(1,982)
Borrowings drawn from group undertakings		2,779	2,158
<b>Net cash inflows from financing activities</b>		<b>(16)</b>	<b>176</b>
Net increase in cash and cash equivalents		-	397
Cash and cash equivalents at 1 January		513	116
<b>Cash and cash equivalents at 31 December</b>	8	<b>513</b>	<b>513</b>

The accompanying notes form an integral part of these financial statements.

**Virgin Money Giving Limited**  
**Notes to the financial statements**

**Note 1: Accounting Policies**

**1.1 Reporting entity**

Virgin Money Giving Limited (the 'Company') is incorporated and registered in England and Wales.

**1.2 Basis of preparation**

The financial statements, which should be read in conjunction with the Strategic report and the Directors' report, have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, including interpretations issued by the IFRS Interpretations Committee, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and are presented in Sterling, which is the functional currency of the Company.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The impact of the COVID-19 outbreak has been considered with the detail provided in note 16.

**1.3 Revenue**

Revenue comprises registration fees paid by charities, and commission and processing fees paid by charities (or donors on their behalf) relating to individual donation transactions.

Fees charged to charities for registering with the Company are non-refundable and received in advance of the charity's registration going live on the Company's website. The fees are initially recognised as a contract liability (deferred income) with revenue only recognised at the date when the Company has fulfilled its performance obligation of completing the charity's registration and their fundraising activities on the website have gone live.

Commission and processing fees charged on donations are recognised on the date donations are transacted on the website, being the date that the Company's obligation of processing the donation is satisfied.

**1.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. These balances are generally of a short-term nature, and repayable on demand or within a short timescale (i.e. usually three months).

**1.5 Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it is related to items recognised directly in equity, in which case the tax is also recognised in equity.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.



**Virgin Money Giving Limited**  
**Notes to the financial statements**

**Note 1: Accounting Policies (continued)**

**1.6 Financial Instruments**

Classification is based on the objectives of the Company's business model for managing its financial assets and the contractual cash flow characteristics of the instruments.

Management have assessed the Company's financial assets and concluded that all assets are held to collect contractual cash flows and that those cash flows represent solely the payment of principal and interest (the "SPPI test") and are therefore classified at amortised cost. They comprise the amounts owed by Group undertakings, trade and other receivables, and cash and cash equivalents.

All the Company's financial liabilities are classified at amortised cost and comprise amounts owed to Group undertakings, trade and other payables and accruals.

Both financial assets and financial liabilities are initially recognised at fair value including direct and incremental transaction costs. Subsequent recognition is at amortised cost using the effective interest method, less any impairment provision for expected credit losses (for financial assets where material and recognised).

**1.7 Share capital**

Ordinary shares are classified as equity, with any incremental costs directly attributable to their issue recognised as a deduction from equity, net of any tax effects.

The holders of Ordinary Shares are entitled to one vote per share at meetings of the Company. Members' dividend and capital distribution (including on winding up) rights are limited to an overall maximum value of £100; they do not confer any rights of redemption.

The Company's capital is represented by the issued capital and reserves and these are managed in order that there is sufficient capital to meet the needs of the Company in its operations. The Company is not subject to any externally imposed capital requirements.

**1.8 Accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on Management's best knowledge of the amount, actual results ultimately may differ from those estimates. This is reviewed at each reporting date by the Directors.

**1.9 Accounting developments**

The Company has adopted a number of International Accounting Standards Board (IASB) pronouncements in the current financial year. The adoption of these interpretations and amendments to standards or interpretations had an insignificant impact on the Company and did not result in any change in accounting policies, and include:

- IFRIC interpretation 23: 'Uncertainty over Income Tax Treatments' issued June 2017 and effective for financial years beginning on or after 1 January 2019. The new interpretation applies to any situation in which there is uncertainty as to whether an income tax treatment is acceptable under tax law and is not limited to actual ongoing disputes; and
- 'Annual Improvements to IFRS Standards 2015-2017 Cycle' issued December 2017 and effective for financial years beginning on or after 1 January 2019. The IASB has made amendments to the following standards: IFRS 3 'Business Combinations'; IFRS 11 'Joint arrangements'; IAS 12 'Income Taxes'; and IAS 32 'Borrowing Costs'.

# Virgin Money Giving Limited

## Notes to the financial statements

### Note 1: Accounting Policies (continued)

#### 1.10 Standards, interpretations and amendments to published standards that are not yet effective, and the early adoption of standards

There are a number of other standards, interpretations and amendments that have not been applied by the Company in preparing these financial statements as they are either not available for adoption in the EU or are not mandatory for the Company as at 31 December 2019. The pronouncements, while relevant to the Company, are not anticipated to have a material impact and include:

- amendments to references to the 'Conceptual Framework in IFRS Standards' issued in March 2018 and effective for financial years beginning on or after 1 January 2020. The amendment is adopted for use in the EU and was issued following the IASB's publication of a revised version of its Conceptual Framework for Financial Reporting and updates the references in IFRS standards to previous versions of the Conceptual Framework; and
- amendments to IAS 1: 'Presentation of Financial Statements' and IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' issued in October 2018 and effective prospectively for financial years beginning on or after 1 January 2020. The amendment is adopted for use in the EU and provides clarification on the definition of 'material'.

### Note 2: Revenue

Revenue is generated entirely from activities to promote charitable giving in the UK. Details of the Company's performance obligations in contracts with customers are outlined in note 1.3.

### Note 3: Operating expenses

	2019 £'000	2018 £'000
Recharges from parent undertaking		
- Overheads	2,779	2,158
Other operating charges	904	782
<b>Operating expenses</b>	<b>3,683</b>	<b>2,940</b>

The Company has entered into an agreement with the Group. Under the terms of this agreement, overheads incurred by the Group relating to Virgin Money Giving Limited are recharged with other additional support also provided on a pro bono basis. Other operating charges relate to card payment costs and other administration expenses.

### Auditors' remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditors for the audit of the Company's accounts	12	14

The statutory audit fee was included within the Group audit fee and paid by the Group's main trading subsidiary, Clydesdale Bank PLC.

In 2018 this was paid on behalf of the Company by Virgin Money Holdings (UK) PLC.

No fees were paid to the Company's auditors, for services other than the statutory audit of the Company.

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**Note 4: Employee information**

The Company did not employ any staff during the year (2018: none).

None of the Directors were remunerated primarily for their services to the Company during the period and it is not practicable to determine the proportion of remuneration that relates to this Company. A recharge for administration services is charged by the Group for a range of services including the provision of the services of the Directors.

**Note 5: Taxation**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Current tax</b>		
UK Corporation tax	-	-
<b>Tax charge</b>	-	-

**Tax reconciliation**

The tax on the Company's profit before tax differs from that which would arise using the standard weighted average rate of UK corporation tax of 19% (2018: 19%) as follows:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Profit before tax	-	6,636
Tax charge at effective corporation tax rate of 19% (2018: 19%)	-	(1,261)
<b>Factors affecting charge:</b>		
Non-taxable income	-	1,261
<b>Total tax charge</b>	-	-

In the prior year, the Company's parent, Virgin Money Holdings (UK) PLC, waived repayment of an intercompany loan balance of £6.6m. As a consequence, the Company recognised a gain on waiver of the loan in 2018.

Finance Act 2016 set the main rate of corporation tax at 19% from 1 April 2017 and 17% from 1 April 2020. Following the Budget on 11 March 2020 a resolution under the Provisional Collection of Taxes Act 1968 revoked the reduction to 17% leaving the tax rate at 19% from 1 April 2020. The new tax rate is expected to be confirmed in Finance Act 2020.

**Note 6: Deferred tax**

At 31 December 2019, the Company had an unrecognised deferred tax asset of £15,000 (2018: £16,000) representing tax losses with a gross value of £86,000 (2018: £86,000). Although there is no prescribed period after which losses expire, a deferred tax asset has not been recognised in respect of these losses as the Directors have insufficient certainty over their recoverability in the foreseeable future. The unrecognised deferred tax asset is based on the tax rate in force at 31 December 2019 of 17%. The increase in the tax rate to 19% would have no material impact on the amount disclosed in the financial statements.

**Note 7: Trade and other receivables**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Trade debtors	<b>152</b>	73
Other debtors	<b>40</b>	12
<b>Trade and other receivables</b>	<b>192</b>	85

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**Note 8: Cash and cash equivalents**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Bank balances	<b>513</b>	513
<b>Cash and cash equivalents in the cash flow statement</b>	<b>513</b>	513

The lowest external rating of the three rating agencies, Moody's, Standard & Poor's Rating Services and Fitch Rating, is used to assess the credit quality of cash and cash equivalents. This is set out in the table below:

<b>Credit quality of cash and cash equivalents</b>	<b>2019</b>	2018
	<b>£'000</b>	£'000
A+ rating (2018: A+ rating)	<b>513</b>	513

**Note 9: Amounts owed to Group Undertakings**

Amounts owed to group undertakings represent the amounts owed for services provided to the Company, net of any repayments made to reduce the amounts owed.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
At 1 January	<b>176</b>	6,636
Waiver of intercompany loan	-	(6,636)
Repayments	<b>(2,795)</b>	(1,982)
Intragroup recharges	<b>2,779</b>	2,158
At 31 December	<b>160</b>	176

In the prior year, the Company's parent, Virgin Money Holdings (UK) PLC, waived repayment of an intercompany loan balance of £6.6m.

**Note 10: Trade and other payables**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
VAT creditor	-	4
Other payables	<b>24</b>	-
<b>Trade and other payables</b>	<b>24</b>	4

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 13.

**Note 11: Accruals and deferred income**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Accruals	<b>31</b>	21
Deferred income	<b>174</b>	81
<b>Accruals and deferred income</b>	<b>205</b>	102

During the year the Company recognised revenue of £12,950 that was included in the deferred income liability at the beginning of the year.

The net change in deferred income liability reflects the impact of the amount transferred to revenue noted above, and registration fees received in the year from charities, but where the registration had not completed at the balance sheet date.

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**Note 12: Issued capital**

The Company has £2 of ordinary shares in issue as at 31 December 2019 (2018: £2). These have been rounded to £nil on the face of the balance sheet.

	2019		2018	
	Shares	£'000	Shares	£'000
<b>Share capital</b>				
Allotted, called up and fully paid ordinary shares of £1 each	2	–	2	–

**Dividends**

No dividends were declared by the Company in the current or prior year.

**Note 13: Risk management and monitoring**

The main risk arising from the Company's financial instruments is liquidity risk. The Board reviews and agrees policies for managing each of these risks which are summarised below.

*Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

*Fair values*

The fair values of financial assets and liabilities approximate their carrying values, and are classified as level 2 valuations as they are derived from observable inputs.

*Trade and other receivables/payables*

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

**Note 14: Related party transactions**

The Company transacts with Virgin Money Holdings (UK) PLC, as described in note 3.

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net amounts charged/(waived) by group undertakings	2,779	(4,477)	-	-
Loan balances due to parent undertaking	-	-	(160)	(176)

In the prior year, the Company's parent, Virgin Money Holdings (UK) PLC, waived repayment of an intercompany loan balance of £6.6m. Virgin Money Personal Financial Service Limited, also a member of the Virgin Money Holdings (UK) PLC group of companies, acts as an agent for Virgin Money Giving Limited. Charitable donations and the associated Gift Aid were held in a trust account and paid directly to the charities. No charge was made for this service by Virgin Money Personal Financial Services Limited.

No transactions with Directors or Key Management Personnel occurred during the year (2018: None).

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**Note 15: Ultimate parent company**

The Company is a subsidiary of Virgin Money Holdings (UK) PLC, a company incorporated and registered in England and Wales.

Virgin Money Holdings (UK) PLC is a subsidiary of Clydesdale Bank PLC, a company incorporated and registered in Scotland. Clydesdale Bank PLC is the parent of the smallest group in which the financial statements of the Company are consolidated. The consolidated financial statements of Clydesdale Bank PLC may be obtained from 30 St Vincent Place, Glasgow, G1 2HL.

The Company's ultimate parent and controlling party is Virgin Money UK PLC, a company registered in England and Wales at Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL.

Virgin Money UK PLC is the parent of the largest group in which the financial statements of the Company are consolidated. The consolidated financial statements of Virgin Money UK PLC may be obtained from Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL.

**Note 16: Subsequent events**

During March 2020, the World Health Organisation declared the COVID-19 virus a pandemic. The Directors are mindful of the risks associated with the COVID-19 pandemic and expect to see a short-term reduction in revenue and costs reflecting the potential reduced charitable activity due to the postponement of the London Marathon. To date, fundraising activity in support of a number of high-profile campaigns has maintained planned level of donations.

The Directors consider that the emergence of the COVID-19 virus pandemic to be a non-adjusting post balance sheet event. The Directors have considered the impact on the results of the Company and have concluded that this does not change the view that the Company is a going concern.