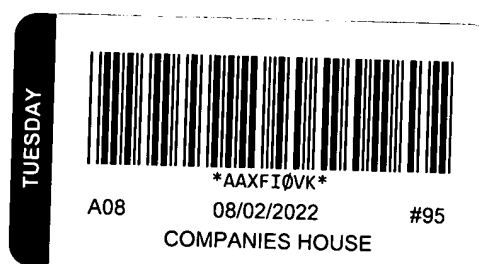


**Virgin Atlantic Foundation**  
(A company limited by guarantee)

**Annual report and financial statements**

**For the year ended 30 April 2021**

Charity number: 1097580  
Company number: 04684704



## **Virgin Atlantic Foundation**

### **Annual report and financial statements**

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# Virgin Atlantic Foundation

## Reference and administrative details

The Trustees who held office during the year and to the date of this report were as follows:

I M J de Sousa  
S Roddie (appointed 1<sup>st</sup> October 2020)  
E Hollingsworth (appointed 1<sup>st</sup> January 2021)  
Nicola Humphrey (resigned 30 September 2020)  
David Molloy (resigned 31 December 2020)

**Secretary**  
K Bristol (appointed 1<sup>st</sup> September 2020)

**Company number**  
04684704 – Registered in England and Wales

**Charity number**  
1097580 – Charity Commission for England and Wales

**Registered office**  
Company Secretariat  
The VHQ  
Fleming Way  
Crawley  
West Sussex  
RH10 9DF

**Auditor**  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Bankers**  
Lloyds Bank Plc  
City Office  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
ME8 0LS

**Solicitors**  
Harbottle & Lewis LLP  
7 Savoy Court  
London  
WC2R 0EX

# Virgin Atlantic Foundation

## Report of the Trustees for the year ended 30 April 2021

The Trustees are pleased to present their annual Trustees' report together with the audited financial statements of the charity for the year ended 30 April 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### Our purpose and activities

The purposes of the charity are:

- To alleviate sickness, poverty and distress affecting children in the United Kingdom and around the world; and
- to further any purposes which may be charitable in accordance with the laws of England and Wales as the charity may decide

These objectives are for the public benefit.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)', when reviewing the charity's aims and objectives, planning future activities and setting the grant making policy for the year. The Trustees are confident that the charity's activities are fully in line with public benefit requirements.

The charity's aims and objectives are achieved by the following strategies:

- By continuing our partnership with Virgin Atlantic Airways Limited to raise funds through the 'Change for Children' fundraising initiative, whereby spare change and foreign currency is collected on board flights;
- By continuing to support Virgin Atlantic's staff to raise funds through charitable events and 'adventures'; and
- By responding to international crises / events by specifically raising funds for Save The Children to provide relief in real time emergency situations.

Donations are made in accordance with the objects of the charity. The charity also aims to identify projects which will achieve the maximum benefit with the funding received.

### Achievements and performance

During the year, donations of £68,340 (*year ended 30 April 2020: £947,004*) were received. The charity advanced donations and grants of £107,291 (*year ended 30 April 2020: £828,952*) to causes chosen in accordance with the objects of the charity.

Our partnership with WE Charity ended on 9 September 2020. Please refer to note 4 for further details.

Further beneficiaries in the year include:

- Grants of £99,352 were advanced to Save The Children to aid the charity in their missions to support their Children's Emergency Fund.
- Chestnut Tree House received donations of £7,939 to support 300 children and young adults with life-shortening conditions.

# Virgin Atlantic Foundation

## Report of the Trustees for the year ended 30 April 2021 *(continued)*

Through our partnership with Virgin Atlantic Airways Limited, we've continued the "Change for Children" fundraising initiative by collecting spare change and foreign currency on board Virgin Atlantic flights, through collections in Travelex shops and Virgin Atlantic staff collections.

### Plans for future periods

The Trustees intend to continue to raise funds principally to support charities that alleviate sickness, poverty and distress affecting children in the United Kingdom and around the world.

The Trustees continued to seek new charity partners in order for the the Foundation to best meet its objectives and has agreed to working relationships with Speakers for Schools, the Smallpiece Trust and The UN Refugee Agency as part of the Passport to Change programme, Virgin Atlantic's initiative to support Science, Technology, Engineering and Maths learning for young people. Please refer to note 19 for further detail.

### Financial review and key policies

During the year, total donations of £24,349 (year ended 30 April 2020: £849,362) were raised through on-board collections and various staff fundraising initiatives. This decrease was a direct impact of the Covid-19 pandemic decreasing passenger numbers; as travel restrictions continue to ease, passenger numbers, and consequently donations, are anticipated to increase again in future periods.

In order to comply with FRS 102 and the Charities SORP (FRS 102) the charity includes both donated gifts and services and the associated costs in the accounts. These are costs that relate to the charity but have been borne by external parties, and are treated as donated gifts and services. The donations cover some of the costs of generating funds and the governance costs of the charity. The donated gifts and services were £43,991 in the year (30 April 2020: £97,642).

#### *Investment policy*

Available funds have to date been held on deposit with our bankers. The charity does not invest in longer term investments as the charity's policy is to donate funds raised to the cause for which they were raised without delay. Under the Memorandum and Articles of Association, the charity has the power to make any investment which the Trustees see fit.

#### *Reserves policy and going concern*

It is the policy of the charity to maintain unrestricted income funds, which are the free reserves of the charity, at a level that is sufficient to cover a minimum of six months unrestricted expenditure. This provides sufficient funds to cover administration costs that are estimated to be no more than £1,000. The unrestricted income funds balance as at 30 April 2021 was £2,769 (30 April 2020: £2,769).

Despite Covid-19 having an impact on the charity's financial performance during the year, the financial position remains strong. The charity has no debt financing and an ongoing source of income through the 'Change for Children' fundraising programme and the continuing partnership with Virgin Atlantic Airways Limited. The balance sheet is in a strong position with unrestricted income funds in excess of those required.

The Trustees note that the charity does not have any expenditure commitments beyond the administration costs mentioned above, and are therefore of the view that the charity is a going concern. However, we note that a material uncertainty exists as a result of the charity being reliant upon the existence of Virgin Atlantic Airways Limited for generating donations and income. Refer to note 1b for further details.

# Virgin Atlantic Foundation

## Report of the Trustees for the year ended 30 April 2021 *(continued)*

### Financial review and key policies *(continued)*

### Structure, governance and management

#### *Governing document*

Virgin Atlantic Foundation is a company limited by guarantee governed by its Memorandum and Articles of Association, dated 26 February 2003. It is a registered charity with the Charity Commission.

There are currently three members, each of whom agrees to contribute £1 in the event of the charity winding up.

#### *Appointment of Trustees*

Trustees are appointed by a majority vote of the Trustees serving at the time.

#### *Trustee induction*

Induction of new Trustees is performed by the Community and Sustainability Department of Virgin Atlantic Airways Limited. Amongst other things new Trustees are provided with minutes of previous meetings, information on principle charity partner programmes, and details of Save The Children's role as our emergency disaster relief partner for one off appeals.

#### *Organisation*

The charity is organised so that the Trustees meet as necessary to manage its affairs.

In accordance with the Articles of Association of the charity, decisions are made by the Trustees on the basis of majority voting. The board normally meets bi-annually.

#### *Employees*

There were no employees during the year ended 30 April 2021 *(year ended 30 April 2020: no employees)*.

# Virgin Atlantic Foundation

## Report of the Trustees for the year ended 30 April 2021 *(continued)*

### Financial review and key policies *(continued)*

#### *Risk management*

The Trustees have considered the major strategic and operational risks that the charity faces and systems have been established to mitigate these risks. These risks are identified as theft of the donations received and fraud on the part of recipients of the charity's grants.

To mitigate risks the Trustees have put in place relevant controls, the most notable of which are:

- Segregation of duties between staff accounting for income & expenditure and staff banking cash and making payments from the charity's bank account.
- Payment authorisation: payments are only authorised after review by the VAA Community Executive and written approval by a Trustee to whom the appropriate authority has been delegated.
- Monitoring of the level of cash received from flight collections and of donations received through staff fundraising.
- Donation envelopes from customers on flights are collected by the crew and placed in a sealed bag. The sealed bags are deposited at banking machines at each UK airport by cabin service supervisors. Receipts are received for each deposit. This allows tracking of donation bags from initial deposit to actual receipt. During transit cash is locked in a secure locker on-board the aircraft.
- Our previous charity partner, WE, seconded a staff member to the charity. This enabled the Trustees to ensure a close working relationship with WE to ensure the funds donated were used to meet the objectives of the charity. This secondment ended at the same time as we terminated our partnership with WE.

The Trustees have also considered risks external to the charity, in particular how a global or UK economic slowdown may adversely affect the level of donations received.

### **Statement of Trustees' responsibilities in respect of the Trustees' Report and the financial statements**

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Virgin Atlantic Foundation

### Report of the Trustees for the year ended 30 April 2021 *(continued)*

The Trustees 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

#### Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our trustee's annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- The Trustees, having made enquiries of fellow Trustees and the charity's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board of Trustees

*Estelle Hollingsworth*

**E Hollingsworth**  
21 January 2022  
*Trustee*  
Company Secretariat  
The VHQ  
Fleming Way  
Crawley  
West Sussex  
RH10 9DF



## **Independent Auditor's Report to the Members of Virgin Atlantic Foundation**

### **Opinion**

We have audited the financial statements of Virgin Atlantic Foundation ("the charitable company") for the year ended 30 April 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 April 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1b to the financial statements which indicates that the charitable company's ability to continue as a going concern is reliant upon Virgin Atlantic Airways Limited generating donations and income.

The financial statements of Virgin Atlantic Airways Limited for the year ended 31 December 2020 dated 26 March 2021 include material uncertainties related to going concern and therefore the ability to generate donations and income may be in doubt. These events and conditions, along with the other matters explained in note 1b, constitute a material uncertainty that may cast significant doubt on the charitable company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Going concern basis of preparation**

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### **Fraud and breaches of laws and regulations – ability to detect**

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to internal key performance indicators and our knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition.

We performed procedures including testing of transactions either side of the year end to confirm if they have been accounted for in the correct accounting period.

## **Virgin Atlantic Foundation**

### **Independent Auditor's Report to the Members of Virgin Atlantic Foundation** *(continued)*

#### **Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with management (as required by auditing standards). We discussed with management the policies and procedures in place regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' and charities' legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the charitable company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Trustees' report**

The Trustees are responsible for the Trustees' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Trustees' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Trustees' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

## **Virgin Atlantic Foundation**

### **Independent Auditor's Report to the Members of Virgin Atlantic Foundation** *(continued)*

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

Under the Companies Act 2006 we are required 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Trustees' responsibilities**

As explained more fully in their statement set out on page 7, the Trustees are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **Virgin Atlantic Foundation**

### **Independent Auditor's Report to the Members of Virgin Atlantic Foundation** *(continued)*

#### **The purpose of our audit work and to whom we owe our responsibilities**

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



**Joanne Lees (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

28 January 2022

# Virgin Atlantic Foundation

## Statement of financial activities (including income and expenditure account) for the year ended 30 April 2021

		Unrestricted funds	Restricted funds	Total funds 2021	Total funds 2020
		£	£	£	£
	Note				(Note 18)
<b>Income</b>					
Donations	3	38,657	29,683	68,340	947,004
Other incoming resources	4	-	901,077	901,077	-
<b>Total income</b>		<u>38,657</u>	<u>930,760</u>	<u>969,417</u>	<u>947,004</u>
<b>Expenditure</b>					
<i>Costs of raising funds:</i>					
Charitable operations	5	-	6,313	6,313	40,292
<i>Expenditure on charitable activities:</i>					
Donations, governance and support costs	6	38,657	107,291	145,948	906,712
<b>Total expenditure</b>		<u>38,657</u>	<u>113,604</u>	<u>152,261</u>	<u>947,004</u>
<b>Net income/(expenditure) and net movement in funds in the year</b>	9	-	817,156	817,156	-
<b>Reconciliation of funds</b>					
Fund balances as at 1 May 2019		2,769	-	2,769	2,769
<b>Fund balances as at 30 April 2021</b>	15	<u>2,769</u>	<u>817,156</u>	<u>819,925</u>	<u>2,769</u>

All of the above results are derived from continuing activities.

The attached notes form part of these financial statements.

# Virgin Atlantic Foundation

## Balance sheet as at 30 April 2021

		30 April 2021	30 April 2020
		£	£
	<i>Note</i>		
<b>Current assets</b>			
Debtors	13	11,824	34,959
Cash at bank and in hand		917,308	124,171
		<u>929,132</u>	<u>159,130</u>
<b>Liabilities</b>			
Creditors falling due within one year	14	(109,207)	(156,361)
<b>Net assets</b>		<u>819,925</u>	<u>2,769</u>
<b>The funds of the charity:</b>			
Unrestricted income funds	15	2,769	2,769
Restricted income funds	15	817,156	-
<b>Fund balances</b>	15	<u>819,925</u>	<u>2,769</u>

These financial statements were approved by the Trustees on 21 January 2022 and were signed on their behalf by:

*Estelle Hollingsworth*

**E Hollingsworth**  
Trustee

The attached notes form part of these financial statements.

## Virgin Atlantic Foundation

### Statement of cash flows for the year ended 30 April 2021

		30 April 2021	30 April 2020
		£	£
	Note		
<b>Cash flows from operating activities:</b>	17	<b>793,137</b>	(10,611)
<b>Increase / (decrease) in cash and cash equivalents in the year</b>		<b>793,137</b>	(10,611)
Cash and cash equivalents at the beginning of the year		124,171	134,783
<b>Cash and cash equivalents at the end of the year</b>		<b>917,308</b>	124,172

The attached notes form part of these financial statements.

## Virgin Atlantic Foundation

### Notes to the financial statements

#### 1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

##### (a) *Basis of preparation*

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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Virgin Atlantic 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 notes.

The Trustees were entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

##### (b) *Going concern*

After making enquiries, the Trustees have reasonable expectation that the charity has adequate resources to continue in operational existence for at least the next 12 months.

However it is to be noted that the financial statements of Virgin Atlantic Airways Limited for the year ended 31 December 2020 dated 26 March 2021 include material uncertainties related to going concern and therefore the ability for the charity to generate donations and income may be impacted, should Virgin Atlantic Airways Limited fail, the charity would struggle to undertake its charitable objectives given its strong links. As such this causes a material uncertainty to the future operations of the charity, and could cast significant doubt upon the charity's ability to continue as a going concern.

Based on the above the Trustees believe it remains appropriate to prepare the financial statements on a going concern basis. However, this material uncertainty may cast significant doubt on the charity's ability to continue as a going concern, and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### (c) *Fund accounting*

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for a particular purpose by the charity.



# Virgin Atlantic Foundation

## Notes to the financial statements *(continued)*

### 1. Accounting policies *(continued)*

#### *(d) Income*

Income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income can be measured reliably. The following specific policies are applied to particular categories of income:

- Donations are recognised on a receipts basis

All donations were made by individuals either directly to the charity, via the Virgin Money Giving website, on-board Virgin Atlantic flight collections and collection boxes in Travelex shops.

- Gifts and donated services

Gifts and donated services are recognised as income when the economic benefit is received by the charity and when the economic benefit can be reliably measured.

On receipt, gifts and donated services are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

- Interest receivable

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

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

#### *(d) Expenditure and irrecoverable VAT*

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of generating funds

This consists of costs directly attributable to raising funds.

Substantially all of the costs are attributable to the 'Change for Children' on-board flight collections, being:

- Currency handling fees, related to on-board flight collections, are charged to the charity at a rate of 3% of the pound sterling value of donations made.
- Envelope insertion fees to cover the cost of inserting the Change for Children envelopes into the passenger headsets.
- Costs for donation envelopes, on-board collection secure bags and maintenance of banking machines.

# Virgin Atlantic Foundation

## Notes to the financial statements *(continued)*

### 1. Accounting policies *(continued)*

- Expenditure on charitable activities

This consists of donations and grants paid, substantially to Save the Children, governance and support costs.

#### *(e) Expenditure and irrecoverable VAT (continued)*

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs are comprised of the back office administrative costs of the charity.

Governance and support costs are allocated on a basis that reflects the use of the resource. Costs relating to particular activities are allocated directly or otherwise apportioned on the basis of time spent.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

#### *(f) Debtors*

Debtors are recognised at the settlement amount due. In the case of unremitted 'Change for Children' donations this is net of 3% currency handling fees payable.

#### *(g) Cash at bank and in hand*

This is comprised solely of cash on deposit and cash in hand.

#### *(h) Creditors*

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### *(i) Impact of new International Financial Reporting Standards*

Management has considered the impact on the Company of new accounting standards; none are noted.

### 2. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

# Virgin Atlantic Foundation

## Notes to the financial statements (continued)

### 3. Income from donations and legacies

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Donations	24,349	849,362
Gifts and donated services	43,991	97,642
	<u>68,340</u>	<u>947,004</u>

Of the income from donations and legacies, £38,657 was unrestricted and £29,683 was restricted (2020: £81,526 unrestricted, £865,478 restricted). The largest source of income was £43,991 (£38,657 unrestricted, £5,334 restricted) in Donations in kind by Virgin Atlantic Airways Limited (2020: £795,376 being the Change for Children donations).

### 4. Other incoming resources

After 30 April 2020, WE announced that it had re-evaluated its worldwide operations in the light of the ongoing COVID-19 pandemic, and, as a result, had decided that it would no longer have a physical presence in the UK. As a response to this decision, the Trustees decided to end the existing partnership with WE Charity on 9 September 2020. The Virgin Atlantic Foundation was reimbursed £765,232 of funds previously granted to WE Charity in the 2019/20 financial year. A further obligation of £135,845 accrued towards WE Charity was released. These amounts have been presented separately under other incoming resources in the Statement of Financial Activities.

These monies are recognised as restricted funds within the accounts.

### 5. Analysis of costs of raising funds:

#### Charitable operations

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Envelope insertion fees	2,132	14,476
Currency handling fees	950	18,857
Maintenance of banking machines	-	3,766
Secure collection bags	3,202	3,139
Other	29	54
	<u>6,313</u>	<u>40,292</u>

## Virgin Atlantic Foundation

### 6. Analysis of expenditure on charitable activities:

#### Fundraising activities and the advancing of grants

	Note	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Donations and grants paid	7	107,291	828,952
Governance costs	8	17,533	17,743
Support costs	8	21,124	60,017
		<b>145,948</b>	<b>906,712</b>

Of the expenditure on charitable activities, £36,657 (2020: £77,760) was unrestricted and £107,291 (2020: £828,952) was restricted.

### 7. Donations and grants paid

The charity awarded grants to certain beneficiaries in the year:

Beneficiary	Charitable purpose	Year ended 30 April 2021 £	Year ended 30 April 2020 £
WE Charity	To support the eradication of poverty and sustainable community developments for marginalised children and their families across the globe, the UK-wide 'Be The Change' educational programme, 'WE Day' and other programmes that WE support.	-	795,376
Save The Children	To aid the charity in their missions to support various Emergency Funds.	99,352	25,588
Chestnut Tree House	To support children and young adults with life-shortening conditions.	7,939	4,720
Summer Hill School	To support educational initiatives at a South African school.	-	3,268
		<b>107,291</b>	<b>828,952</b>

A proportion of the funds advanced to WE in the year ended 30 April 2020 were returned during the year. See note 4 for further details.

# Virgin Atlantic Foundation

## Notes to the financial statements (continued)

### 8. Analysis of governance and support costs

Governance and support costs are allocated on a basis that reflects the use of the resource. Costs relating to particular activities are allocated directly or otherwise apportioned on the basis of time spent.

	Governance	General support	Year ended 30 April 2021	Year ended 30 April 2020
	£	£	£	£
Administrative staff support costs	-	17,999	17,999	15,017
Fundraising staff support costs	-	3,125	3,125	45,000
Accounting and compliance staff costs	4,033	-	4,033	3,243
Audit fees	13,500	-	13,500	14,500
	<u>17,533</u>	<u>21,124</u>	<u>38,657</u>	<u>77,760</u>

### 9. Net income/(expenditure) for the year

This is stated after charging:

	Year ended 30 April 2021	Year ended 30 April 2020
	£	£
Auditor's remuneration:		
Audit fees	13,500	14,500
	<u>13,500</u>	<u>14,500</u>

### 10. Trustees' remuneration and staff

The Trustees neither received nor waived any emoluments during the year. The Trustees were not reimbursed by the charity for any expenses incurred during the current or prior year. No charity Trustee received payment for professional or other services during the current or prior year.

There were no employees during this or the prior year; hence an average monthly headcount is not disclosed.

### 11. Related party transactions

The charity was set up by, and enjoys a close relationship with, Virgin Atlantic Airways Limited.

Donated gifts and services of £43,991 (2020: £97,642), were made to cover a portion of the costs of raising funds, governance and support costs charged in the year. These costs were borne by Virgin Atlantic Airways Limited. Costs of generating funds include the procurement of secure collection bags, donation envelopes, the maintenance of banking machines and the cost of staff working for the charity in their capacity as Virgin Atlantic Airways employees. Governance costs include audit fees and the value of accounting and compliance support provided by Virgin Atlantic Airways staff.

# Virgin Atlantic Foundation

## Notes to the financial statements *(continued)*

### 12. Corporation tax

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

### 13. Current assets: Debtors

	30 April 2021 £	30 April 2020 £
Other debtors	11,824	34,959

### 14. Liabilities: Creditors falling due within one year

	30 April 2021 £	30 April 2020 £
Other creditors	109,207	156,361



# Virgin Atlantic Foundation

## Notes to the financial statements (continued)

### 16. Analysis of net assets between funds

	30 April 2021		
	Unrestricted funds £	Restricted funds £	Total £
Debtors	-	11,824	11,824
Cash at bank and in hand	2,769	914,539	917,308
Creditors falling due within one year	-	(109,207)	(109,207)
<b>Total</b>	<b>2,769</b>	<b>817,156</b>	<b>819,925</b>

	30 April 2020		
	Unrestricted funds £	Restricted funds £	Total £
Debtors	-	34,959	34,959
Cash at bank and in hand	2,769	121,402	124,171
Creditors falling due within one year	-	(156,361)	(156,361)
<b>Total</b>	<b>2,769</b>	<b>-</b>	<b>2,769</b>

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

	30 April 2021	30 April 2020
	£	£
Net movement in funds	817,156	-
Decrease in debtors	23,135	81,191
Decrease in creditors	(47,154)	(91,802)
<b>Net cash from / (used in) operating activities</b>	<b>793,137</b>	<b>(10,611)</b>



# Virgin Atlantic Foundation

## Notes to the financial statements *(continued)*

### 18. Statement of financial activities: funds summary for the year ended 30 April 2020

	Unrestricted funds	Restricted funds	Total funds 2020	Total funds 2019
	£	£	£	£
<i>Note</i>				
<b>Income</b>				
Donations	81,526	865,478	<b>947,004</b>	961,436
<b>Total income</b>	<u>81,526</u>	<u>865,478</u>	<u><b>947,004</b></u>	<u>961,436</u>
<b>Expenditure</b>				
<i>Costs of raising funds:</i>				
Charitable operations	3,766	36,526	<b>40,292</b>	44,269
<i>Expenditure on charitable activities:</i>				
Donations, governance and support costs	77,760	828,952	<b>906,712</b>	917,167
<b>Total expenditure</b>	<u>81,526</u>	<u>865,478</u>	<u><b>947,004</b></u>	<u>961,436</u>
<b>Net income/(expenditure) and net movement in funds in the year</b>	-	-	-	-
<b>Reconciliation of funds</b>				
Fund balances as at 1 May 2019	2,769	-	<b>2,769</b>	2,769
<b>Fund balances as at 30 April 2020</b>	<u>2,769</u>	<u>-</u>	<u><b>2,769</b></u>	<u>2,769</u>

### 19. Post balance sheet events

New charity partnership agreements have been signed with The Smallpiece Trust and with the UN Refugee Agency, both on 13 December 2021.