

**The Virgin Money Foundation**  
**Annual report and accounts**  
**for the year ended 31 December 2019**

The Virgin Money Foundation  
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## The Virgin Money Foundation

# Company information

The Virgin Money Foundation (the 'Foundation') is a registered charity supported by Virgin Money UK PLC, 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 'Virgin Money' or the 'Group' in this Annual report.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Foundation's Memorandum and Articles of Association, the Charities Act 2011 and 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 published on 2 October 2019. The Trustees' report on pages 5 to 12 has been prepared to satisfy the Directors' report requirements of the Companies Act 2006 as applicable to small companies.

### Reference and Administrative Information

**Trustees (who are also the Directors for the purposes of company law):** Edward Wakefield (Chair)  
Joanne Curry (Vice Chair)  
Tim Davies-Pugh  
Stephen Pearson (Resigned 20 December 2019)  
Emma Morris  
Ruth Ibegbuna  
Mandip Sahota  
Catherine Guthrie (Appointed 26 March 2019)

**Company Secretary:** Lorna McMillan (Appointed 1 March 2019)  
Katie Marshall (Resigned 1 March 2019)

**Bankers:** Clydesdale Bank PLC  
30 St Vincent Place  
Glasgow  
G1 2HL  
  
Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN  
  
Nationwide Building Society  
Nationwide House  
Pipers Way  
Swindon  
SN38 1NW

**Independent Auditor:** Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

**Registered office:** Jubilee House  
Gosforth  
Newcastle upon Tyne  
NE3 4PL

**Registered Company No:** 09457101 (Company limited by guarantee)

**Charity No:** 1161290

## The Virgin Money Foundation Chair's statement

The Foundation exists to promote sustainable community regeneration. It delivers this by a powerful combination of targeted financial and non-financial support to people and organisations with deliverable plans to achieve lasting change in communities that most need it.

You will read in the pages that follow about many initiatives that the Foundation has delivered during the past year. In particular, the Foundation completed the disbursement of the initial £8 million of charitable funds that it was originally established with, in part through successful delivery of the final year of the Foundation's inaugural North East Fund (funded in part by the Department for Digital, Culture, Media and Sport) and of the final grants through our #iwill Take Action Fund (funded jointly with the National Lottery Community Fund). The Foundation also began to expand its footprint across the UK, awarding its first grants in cities including Cardiff, London and Manchester. Since launch, the Foundation has awarded a total of 295 grants with a total value of £8.3 million.

During 2019, we also delivered the first of the Foundation's new funds, the Community Anchors' Fund. This is named in recognition that successful, sustainable regeneration of communities that have experienced social and economic decline is invariably centred in a resilient, entrepreneurial and well-rooted 'anchor' that is a foundation of their community. These anchors can be community centres, family centres, advice centres and/or anywhere else that social entrepreneurs with great ideas and great energy can make a lasting difference in places that it's needed. Such places and such people deserve skilled, multi-year and multi-faceted support, and we are so pleased when the Foundation is in a position to provide it. We launched the Community Anchors' Fund in the North East of England and intend to expand the fund into Glasgow during 2020.

We have chosen Glasgow as the next target for the Fund because of the clear need for regeneration in many communities within the city, and because of the staff and other resources nearby that are employed by the Foundation's new lead benefactor, Virgin Money UK PLC.

The opportunity to curate and offer skilled non-financial support to beneficiaries is a particular differentiator for the Foundation. This support can take many forms – be it training, network-creation, knowledge sharing, exposure via social media and/or introductions to mentors, potential trustees and/or other potential financial supporters – and can be at least as important as financial support in helping beneficiaries in the effectiveness, and therefore the sustainability, of their work.

In this context, CYBG PLC's acquisition of Virgin Money Holdings (UK) PLC in October 2018, and subsequent integration with the Foundation's benefactor Virgin Money PLC during the past year is a particularly positive development. The combined entity – now renamed Virgin Money UK PLC – will have a much enlarged geographical reach and almost three times as many staff for the Foundation's team to engage. A significant number of the bank's staff that are highly skilled are keen to use their skills to serve their local communities. We hope that the Foundation's work will provide an obvious avenue for many to do so.

Each year that passes builds both our team's experience and expertise and also our collective ambition to achieve more. In great part, what we are able to achieve is dependent on the funding available to the Foundation. Our benefactor Virgin Money UK PLC has confirmed its commitment to continue with an annual donation of not less than £1 million, and in addition, to meet the Foundation's ongoing expenses. It has further transferred £126,000 per annum of support previously given by CYBG PLC to the Yorkshire and Clydesdale Bank Foundation. We remain grateful for their support. The bank has indicated its willingness to consider expanding the support to the Foundation over time, and in large measure what we can achieve – and by extension the number of bank staff we can engage in providing non-financial support – is tied to their willingness to do so.

That said, we are grateful to have worked with a number of other co-funders during 2019. Their collective expertise, financial resources and partnership have enabled us to deliver more for communities across the North East of England in particular. We place on record our thanks to DCMS, National Lottery Community Fund, Clay Hill Trust, Esmée Fairbairn, Paul Hamlyn and The Bernard Lewis Family Charitable Trust whom together have enabled us to deliver the funds detailed in this report and/or with the wider support offered to our beneficiaries.

Looking ahead: the Foundation will work to achieve even more in its mission of community regeneration, acknowledging the significant reliance on and symbiosis with its principal donor Clydesdale Bank PLC while continuing to work as a fully independent charitable foundation.

## The Virgin Money Foundation Chair's statement

In general terms, we will continue to:

- invest in solutions, backing social entrepreneurs and community organisations with their own vision to drive lasting, positive change within communities;
- concentrate the Foundation's grant making in areas that need the money most;
- monitor the Foundation's effectiveness closely and assist charities with non-financial support where this will increase their capacity or effectiveness or help prove replicability; and
- use the Virgin Money brand to convene people to think through the key issues that we seek to address, to find solutions and thereby to catalyse lasting change for the better.

More specifically, and to an extent subject to the level of funding support and/or partnership achieved, during 2020 the Foundation will:

- continue to expand and develop the Community Anchors' Fund;
- continue the Heart of the Community Fund, an existing initiative supporting community organisations that are local to the bank's branches;
- launch two new fellowship programmes, one offering funding and leadership development to young changemakers and the other for community entrepreneurs looking to increase the impact of their community initiatives;
- develop and prepare a new social investment fund with a view to supporting property purchases for community benefit, for example to address local homelessness; and
- through this social investment fund, potentially prove out a model demonstrating a successful bridge between grant-reliance and available social or even commercial investment.

All of this vital work, and the sizeable good that comes of it, is reliant on the skills, energy and enthusiasm of a comparatively small number of individuals – and particularly the Foundation's executive team, whose expertise and commitment is exceptional. The Foundation's Trustees are hugely grateful to them and also to those individuals, whether at the bank or elsewhere, that support the Foundation and/or its beneficiaries. To each and every one of you: thank you.

On a personal note, thank you also to my fellow Trustees, including those recently retired, who give so generously and valuably of their time, perspective and expertise.

As the Board prepare to sign off the accounts the effects of COVID-19 on local communities are beginning to unfold. We are confident in our ability to continue to support charitable organisations during this time and are committed to adapting our own practice to ensure that support is effective in the current climate and our funds deployed to those most able to meet escalating need. Within this extraordinary context our greatest thanks goes to the staff and volunteers at the organisations that we are proud to support. The Foundation's effectiveness ultimately relies on your work – and your work is extraordinary, inspirational and making a material and lasting difference to the lives of others.



Edward Wakefield

Chair of the Board of Trustees

29 April 2020

# The Virgin Money Foundation Trustees' report

## Objectives and activities

The Foundation was incorporated on 25 February 2015 as a company limited by guarantee. It was registered as a charity on 15 April 2015. The Foundation launched with an initial focus on the North East of England but a medium-term ambition to become a national charity.

The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives, planning future activities and setting the grant-making policy for the period.

The Foundation has been established for the public's benefit and has two documented objectives:

- to promote the sustainable regeneration of socially or economically deprived communities in the UK. This includes, but is not limited to, providing social investment in community housing and building projects, promoting opportunities for youth work, education, training and enterprise, relieving unemployment and the promotion of other community based projects; and
- to support other charitable purposes in the UK, as the Trustees in their absolute discretion determine.

In practice, the first of these objectives presently commands the Trustees' exclusive attention.

The Foundation typically provides both financial and non-financial support to charities and social enterprises through its grant-making programmes.

## Measures of success

Since launch the Foundation has awarded £8.3million in grants. The Trustees of the Foundation have approved a Theory of Change which details the activity the Foundation will undertake and how it will measure success, this was reviewed and updated in 2019. Measures currently include:

- The number of grants awarded
- The value of grants
- The level of Beyond The Grant activity offered by the Foundation
- The outcomes achieved by grant recipients

## Strategy

The Virgin Money Foundation develops funding programmes informed by its Theory of Change.

In December 2018 the Trustees of the Foundation approved a new strategic work plan for 2019-2021. Core to this strategic work plan is a commitment to:

- Use the Virgin Money brand to convene people to think through the key issues the Foundation seeks to address, find solutions and call for change.
- Invest in solutions, backing entrepreneurs to drive positive change within communities.
- Provide non-financial support to beneficiaries and resource them to sustain, scale or replicate these initiatives to places where they are needed most.

As a result of the new strategy a number of existing programmes were fully expended and then closed. New programmes, set out in the strategy were launched during 2019 or are currently under development for launch during 2020 – 2021.

## Achievements and performance

### *North East Fund*

During the financial year from 1 January 2019 to 31 December 2019, 17 grants were made through the North East Fund totalling £568,356. These 17 grants were reported as a post balance sheet event in our 2018 Annual Reports and Accounts.

## The Virgin Money Foundation Trustees' report

The 17 grants detailed above were spread across the fund objectives as follows:

Theme	Number of awards	Total awarded
Homelessness	9	£297,868
Young People	6	£204,836
Social Enterprise	2	£65,652
	<b>17</b>	<b>£568,356</b>

### ***#iwill Take Action Fund***

In August 2017 the Foundation launched the #iwill Take Action Fund. #iwill is a UK-wide campaign aiming to get six out of ten young people involved in social action by 2022. The National Lottery Community Fund and the Department of Digital, Culture, Media & Sport each invested £20 million over four years to create the #iwill Fund. Social Action involves activities such as campaigning, fundraising and volunteering, all of which enable young people to make a positive difference to their communities.

During 2019 12 grants were made through the #iwill Take Action Fund totalling £241,086.

### ***Heart of the Community Fund***

The Heart of the Community Fund is a small grants programme delivered in partnership with the Virgin Money Lounges. During 2019 we made our first awards in three new cities – London, Cardiff and Manchester.

During 2019 98 grants were made through the Heart of the Community Fund, totalling £75,000.

These awards were made across the following cities:

City	Number of grants awarded	Value of grants awarded
London	12	£8,750
Cardiff	12	£10,500
Manchester	15	£12,250
Sheffield	14	£10,250
Edinburgh	15	£10,500
Glasgow	15	£10,500
Norwich	15	£12,250

### ***Community Anchors' Fund***

In May 2019 the Foundation launched the Community Anchors' Fund in the North East of England. Community Anchor organisations come in different forms, however, the form of the organisation is less important than the methods they employ. They are often the driving force in a local neighbourhood, the facilitator and supporter of community activity and a way that local people of all ages can be involved in determining their shared future. The Community Anchors' Fund provides these organisations with grants of between £10,000 and £50,000. The funds can be used to cover core costs, they can also be spent on designing and launching new activity or supporting existing projects. The award can be spread over one, two or three years.

During 2019 the Foundation awarded 12 grants through the Community Anchors' Fund totalling £505,410. Two of the awards made were supplemented by awards from Clay Hill Charitable Trust which partnered with the Foundation on the Fund.

Of the grants awarded 83.4% were for core costs and 16.6% for specified activities or project costs.

## The Virgin Money Foundation Trustees' report

Of the grants awarded, one was a single year award, five were spread over two years and six were spread over three years.

### ***Collaboration Action Fund***

During the year Esmée Fairbairn Foundation, Bernard Lewis Family Charitable Trust, Paul Hamlyn Foundation and Virgin Money Foundation each committed funds to create the North East Collaboration Action Fund. This small fund awarded grants to charitable organisations wishing to collaborate with others to help drive social change. In addition to its own contribution, the Foundation administered the portions of the fund donated by Esmée Fairbairn Foundation and Bernard Lewis Family Charitable Trust. Awards were made to seven organisations, each of whom formed collaborative groups to address issues including the regeneration of North Shields Town Centre and supporting residents of the Meadow Well Estate to access fresh food and grow their own produce. The impact of the fund was evaluated by Dr Joanne James at Newcastle Business School.

### ***Beyond The Grant***

As part of our intention to offer a wide range of support to charities beyond grant-giving, the Foundation continued to develop its Beyond The Grant programme. During the financial year 32 volunteers were provided to our funded organisations offering pro bono support. We believe strongly that such interactions provide outstanding personal development for the volunteers and increase the resilience and capacity of the organisations we fund.

Included within the number of new volunteers provided to organisations within the year are Virgin Money staff who became Trustees of our funded charities. The Trustee role is a significant investment of time and skill over an extended period, adding real value to the charities we support. In order to ensure these Trustees were properly equipped for the role we funded 9 places on a Better Governance Course. In addition to the increase to their skills and knowledge this gave the cohort a peer support group of other individuals who were either first time Trustees or intending to become Trustees.

In addition to volunteering we worked with Virgin Money to open up their training courses to our funded charities. The bank tailored its courses to suit professionals from the charitable sector. During the year we worked with Virgin Money to deliver Me As A Manager Training and Positive Leadership Training to our funded charities. Through these courses we supported 52 individuals from 28 organisations. During the year the Foundation also delivered a Strive to Thrive Workshop for young people supported by the organisations we fund, developing employability and growth mind set skills.

In addition to training delivered by Virgin Money, the Foundation:

1. Organised and Hosted a Google Garage Social Media and Digital Marketing workshops for 83 individuals from 53 organisations
2. Organised and Hosted a Youth Voice Workshop for 52 individuals from 34 organisations
3. Hosted two Think Big Masterclasses on Measuring Social Impact and Investing in Yourself

### **Plans for future periods**

Between 2020 and 2022 the Foundation will work to achieve the strategy agreed by the Trustees. This will include:

- Continuing to concentrate our grant making in areas that need the money most, financially supporting regeneration
- Developing a fund to support organisations to purchase property to address homelessness
- Expanding the Community Anchors' Fund into Glasgow
- Developing and launching two Fellowship Programmes
- Continuing to deploy the Heart of the Community Fund
- Monitoring the grants we have awarded and supporting charities with non-financial support where this will increase their networks, capacity or effectiveness.



# The Virgin Money Foundation Trustees' report

## Investment policy

The Foundation is in the fortunate position that its benefactor, Virgin Money, has for the time being agreed to fund the majority of the Foundation's operating costs in addition to making a grant for charitable distribution. Accordingly, the Foundation's investment policy is concerned exclusively with funds intended for distribution according to the Foundation's charitable purpose.

In this respect, the Foundation has received, and will continue to receive, relatively large amounts of funds that accumulate prior to deployment to beneficiaries. Accumulation of funds is exacerbated by (1) any delay in allocation and then deployment and (2) the necessity to retain absolute assets against absolute liabilities – e.g. where the Foundation has made a commitment without conditions over an extended period of time.

The Trustees expect that from time to time there may be some accumulation of funds prior to deployment and, as such, have adopted a clear investment policy for the Foundation as follows:

Unless the Board of Trustees specifically agrees otherwise:

1. The Foundation must hold at least 100% of the value of any unconditional committed funding calls expected within the next 6 months in immediately realisable cash on deposit.
2. The Foundation must hold the balance of any unconditional funding commitments either in immediately realisable cash on deposit or in cash realisable within 120 or fewer days.
3. The Foundation may hold up to 50% of its uncommitted funds in AA or better rated government bonds provided (i) any funds so committed are realisable within 181 or fewer days (ii) any currency risk is hedged completely and (iii) no credit risk is taken other than systemic and/or counterparty risk – i.e. any securities are bought on a yield to redemption basis.
4. The balance of uncommitted funds must be held as cash realisable within 181 or fewer days.
5. Any cash on deposit must be held within an institution approved by the Board having regard first to its creditworthiness, second to the rate of interest being paid and third the extent to which the proposed institution and/or financial product constitutes an ethical investment.
6. No more than £2 million should be held with any one institution without the Board's explicit prior approval, to be renewed at each Board meeting, and there is a normal presumption against this.

## Reserves policy

The Trustees review the reserves policy annually and monitor the level of reserves throughout the year. Unrestricted funds are held with the aim of enabling the Foundation to meet its current funding commitments. In addition, the Trustees have agreed that it is prudent to hold sufficient reserves to cover 3-6 months non-grant expenditure for contingency purposes.

General reserves are unrestricted funds that are available for use at the Trustees' discretion in furtherance of the objectives of the Foundation and that have not been designated for other purposes.

## Financial review

<b>Summary financial information</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Grants and donations received	<b>1,558.6</b>	2,420.5
Other income	<b>12.4</b>	11.0
Expenditure on charitable activities	<b>(1,423.4)</b>	(1,999.5)
Other expenditure	<b>(427.4)</b>	(447.3)
<b>Net expenditure</b>	<b>(279.8)</b>	(15.3)
Restricted income funds	<b>103.1</b>	677.0
Unrestricted income funds	<b>1,586.0</b>	1,291.9
<b>Total funds carried forward</b>	<b>1,689.1</b>	1,968.9

# The Virgin Money Foundation Trustees' report

## **Income**

Income in 2019 totalled £1,570,964 (2018: £2,431,543). Income reduced in 2019 as a 4 year programme of funding from the UK Government came to an end. The Foundation received grants and donations of £1,125,833 (2018: £1,000,000) from Virgin Money in 2019. In addition, Virgin Money donated services to the Foundation totalling £393,621 (2018: £414,740). The donated services represent the provision of the Foundation's core staff as well as office space, technology, legal and accountancy support, and the remuneration of the auditors.

## **Expenditure**

Expenditure in 2019 totalled £1,850,779. The Foundation's expenditure was used to fund charitable causes and support the running of the Foundation, the activities of which are entirely charitable and accord with its objectives.

The Foundation awarded 145 grants in 2019 totalling £1,423,352. Grants were made for amounts between £250 and £50,000.

The Foundation also incurred £427,411 of operational costs, mainly comprising £393,621 of services donated by Virgin Money, £31,053 of services which were funded directly by the National Lottery Community Fund and £2,578 relating to bank charges.

## **Reserves**

The Foundation's reserves at 31 December 2019 totalled £1,689,084, comprising restricted reserves of £103,095 and unrestricted reserves of £1,585,989.

The unrestricted reserves include £1,410,989 for grant-making and £175,000 as a contingency for non grant-making expenditure in line with our reserves policy.

## **Designated Funds**

The unrestricted funds for grant-making include the following designated funds:

<b>Designation</b>	<b>Amount</b>	<b>Likely timing of expenditure</b>
Heart of the Community Fund	£148,000	2020-2021
Social and Sustainable Capital Fund	£250,000	2020

## **Structure, governance and management**

The structure, governance and management of the Foundation are as follows:

- The Foundation was incorporated as a private company limited by guarantee (Company no. 09457101) on 25 February 2015.
- The Foundation was subsequently registered as a charity on 15 April 2015 (Charity no. 1161290) and operates in accordance with its Memorandum and Articles of Association.
- Virgin Money Holdings (UK) PLC is the sole member of the Foundation, but the Foundation is governed by an independent Board of Trustees, who set the strategy of the Foundation and approve all grants.

# The Virgin Money Foundation Trustees' report

## Structure, governance and management (continued)

- The Trustees have identified the major risks to which the Foundation is exposed and approved a Risk and Control Framework for the Foundation. The major risks are: failure to follow proper process in the assessment of applications and allocation of funds; failure to ensure activity and funding addresses the Foundation's core charitable purpose; and failure to secure ongoing funding sufficient to deliver the Foundation's strategy. In addition, the current COVID-19 pandemic and its implications upon the Foundation's operations and future plans are risks that the Board is mindful of. The Board is confident that the Foundation's Business Continuity Plan is adequate to mitigate this risk and is reviewing its strategy regularly in light of this emerging situation, to ensure it acts in such a way as to increase the resilience of the organisations it funds. The Foundation has established clear processes and governance structures to address and monitor its key risks, including control actions to reduce the likelihood and impact of each of the aforementioned risks. A detailed Operating Framework Agreement with Virgin Money is in place detailing both the financial support and provision of services the Foundation can expect to receive from the bank. The Audit, Finance and Risk Committee provide governance oversight of the Foundation's Risks.
- The Foundation has a conflicts of interest policy, and a register of Trustee interests is maintained. Trustees declare any conflicts of interest at the start of each Board meeting, and withdraw from decisions where there is a conflict.
- The Foundation has a Governance Manual which:
  - (i) provides an overview of the governance structures and processes by which the Trustees control and supervise the activities of the Foundation;
  - (ii) provides an outline of the Foundation's management structure and operational governance; and
  - (iii) summarises the Foundation's approach to conflicts of interest and brand protection.

## Trustees

The Trustees who served during the period and up to the date of signing the financial statements are listed on page 2. Stephen Pearson (until his resignation date) and Catherine Guthrie are employees of Virgin Money. The Foundation's policies regarding Trustees are as follows:

- Virgin Money appoints the Trustees, but Virgin Money and the Trustees must use their reasonable endeavours to ensure that at least 50% of the Trustees at any one time, are not employees, directors or officers of Virgin Money. The Trustees may also co-opt up to three Trustees.
- Trustees initially serve in office for one year, after which they must retire but shall be eligible for re-appointment. Following re-appointment, all Trustees can serve in office for multiple consecutive terms, subject to each term being no longer than three years.
- It is the Foundation's policy that every Trustee should, if necessary, receive training when appointed to the Board, and subsequently as required or requested. The Foundation's induction process is designed to ensure that every new Trustee understands his or her responsibilities.

The Board has appointed a Funding Recommendations Panel which considers all funding recommendations for amounts of £60,000 or less. The Funding Recommendations Panel makes a recommendation regarding funding to the full Board of Trustees. All final decisions regarding the structure of the Foundation's funding programmes and the allocation of funds to individual projects are agreed by a majority vote of the Foundation's Trustees at a formal meeting of the Board. Trustees are required to excuse themselves from voting and influencing the discussion should any conflict of interest arise in relation to a potential project. In the event of no clear decision being reached as a result of a vote, the Chairman has the deciding vote.

The Trustees do not receive any emoluments for their role as Trustees although the Foundation meets the costs of the Trustees' travel to and from meetings, plus accommodation where required (within the bounds of its adopted expenses policy).

## The Virgin Money Foundation Trustees' report

Additionally, the Foundation's Articles of Association permit that Trustees may be paid for services delivered to the Foundation and/or its beneficiaries. As a matter of practice, the Board has adopted a policy that (a) a proper procurement process will be followed that considers alternative potential providers alongside the Trustee that proposes to provide services (b) any Trustee that may potentially benefit shall not be part of the relevant procurement decision and (c) if any Trustee does provide services, the Charity Commission must be notified at the time and the matter then recorded as a related party transaction in the next published accounts.

Since the date of publication of the last annual report, there have been 3 matters (excluding internal matters relating to Board composition) in respect of which one or more Trustee(s) has recused themselves from discussion at the Board. Of these, 1 matter has resulted in a course of action whereby a Trustee has received benefit from the Foundation due to payment for the provision of professional services to a company of which the relevant Trustee is a shareholder. As per standard Foundation policy and the guidance provided by the Charity Commission, this arrangement was both reported to and acknowledged by the Charities Commission, which raised no objection. The Board confirms that the Trustee concerned was not part of the procurement decision in any way, that a full and professional tender process was undertaken and that the firm concerned won the tender based on best professional merit – being the prospective provider considered most likely to provide optimal benefit and development for the Foundation's beneficiaries – and value for money.

### Colleagues and remuneration

The Trustees delegate day-to-day management of the Foundation to the Executive Director, who is supported by a Programme Manager, a Programme Co-ordinator, a Programme Support Assistant and an Administrator.

All Foundation colleagues are employed by Virgin Money and therefore matters of salary and review are administered in line with the organisation's Remuneration Policy. The Chair of the Board of Trustees provides detailed feedback on the performance of the Executive Director as part of the annual pay review process.

### Key relationships

During the year the Foundation expended funds from Virgin Money, The National Lottery Community Fund and from the UK Government. Virgin Money also covers the majority of the Foundation's operating costs via donations and provides additional operational support.

### Guarantees

In the event of the Foundation being wound up, the liability of the sole member of the Foundation, Virgin Money Holdings (UK) PLC, is limited to £1. The total number of such guarantees at 31 December 2019 was one. The member is only entitled to voting rights in the Foundation and does not have a beneficial interest.

### Disclosure of information to auditors

In so far as the Trustees who held office at the date of approval of this Trustees' Report are aware:

- there is no relevant audit information of which the Foundation's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Post balance sheet events

On 27 March 2020 the accounting reference date of the Foundation was changed. As a result, the next financial period will be the nine months ending 30 September 2020, and then subsequent financial periods will be the 12 months ending on 30 September.

During March 2020, the World Health Organisation declared the COVID-19 virus a pandemic. The Trustees are mindful of the risks associated with the COVID-19 pandemic but do not expect to see a reduction in revenue. Plans are in place to minimise disruption and ensure the continuation of the Foundation's operations. The Trustees consider that the emergence of the COVID-19 virus pandemic to be a non-adjusting post balance sheet event. The Trustees have considered its impact on the Foundation and have concluded that this does not change the view that the Foundation is a going concern.

# The Virgin Money Foundation Trustees' report

## Statement of Trustees' responsibilities

The Trustees (who are also Directors of the Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual 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 the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

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

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Approval

The Trustees have agreed these financial statements, which have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the Board of Trustees and signed on its behalf on 29 April 2020 by:



Edward Wakefield  
Chair of the Board of Trustees

**The Virgin Money Foundation**  
**Independent auditor's report**

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

**Opinion**

We have audited the financial statements of The Virgin Money Foundation for the year ended 31 December 2019 which comprise the statement of financial activities, the balance sheet, 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The other information comprises the information included in the annual report set out on pages 3 to 12, other than the financial statements and our auditor's report thereon. The Trustees 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.

**The Virgin Money Foundation**  
**Independent auditor's report**

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the strategic report or the Directors' report included within the Trustees' report.

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

- adequate accounting records have not been kept 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 11, 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 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 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 management either intends to liquidate the charitable company or to cease operations, or has 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.

The Virgin Money Foundation  
**Independent auditor's report**

**Use of our report**

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

Ernst & Young LLP

Nathan Pietsch (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor, Edinburgh  
1 May 2020



The Virgin Money Foundation  
**Statement of financial activities**  
(Including income and expenditure account)

For the year ended 31 December

	Note	2019			2018		
		Unrestricted funds £'000	Restricted funds £'000	Total funds £'000	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
<b>Income from:</b>							
Donations and legacies	2	1,558.6	-	1,558.6	1,420.5	1,000.0	2,420.5
Other income	3	12.4	-	12.4	11.0	-	11.0
<b>Total income</b>		<b>1,571.0</b>	<b>-</b>	<b>1,571.0</b>	<b>1,431.5</b>	<b>1,000.0</b>	<b>2,431.5</b>
<b>Expenditure on:</b>							
Charitable activities	4	(975.3)	(875.5)	(1,850.8)	(941.5)	(1,505.3)	(2,446.8)
<b>Total expenditure</b>		<b>(975.3)</b>	<b>(875.5)</b>	<b>(1,850.8)</b>	<b>(941.5)</b>	<b>(1,505.3)</b>	<b>(2,446.8)</b>
<b>Net income/(expenditure) in funds for the year</b>	5	<b>595.7</b>	<b>(875.5)</b>	<b>(279.8)</b>	490.0	(505.3)	(15.3)
Transfers between funds		(301.6)	301.6	-	-	-	-
<b>Net movement in funds for the year</b>		<b>294.1</b>	<b>(573.9)</b>	<b>(279.8)</b>	490.0	(505.3)	(15.3)
<b>Reconciliation of funds:</b>							
Total funds brought forward		1,291.9	677.0	1,968.9	801.9	1,182.3	1,984.2
<b>Total funds carried forward</b>		<b>1,586.0</b>	<b>103.1</b>	<b>1,689.1</b>	1,291.9	677.0	1,968.9

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing operations.

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

**The Virgin Money Foundation**  
**Balance sheet**

As at 31 December

	Note	2019 £'000	2018 £'000
<b>Current assets</b>			
Debtors	7	-	515.3
Cash at bank and in hand	8	2,358.4	3,078.8
<b>Total current assets</b>		<b>2,358.4</b>	<b>3,594.1</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	9	(524.7)	(1,541.1)
<b>Net current assets</b>		<b>1,833.7</b>	<b>2,053.0</b>
<b>Total assets less current liabilities</b>		<b>1,833.7</b>	<b>2,053.0</b>
Creditors: Amounts falling due after one year	9	(144.6)	(84.1)
<b>Total net assets</b>	13	<b>1,689.1</b>	<b>1,968.9</b>
<b>The funds of the charity</b>			
Restricted income funds	11	103.1	677.0
Unrestricted income funds	12	1,586.0	1,291.9
<b>Total charity funds</b>	13	<b>1,689.1</b>	<b>1,968.9</b>

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

The financial statements have been prepared in accordance with the provisions of the small companies' regime.

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on 29 April 2020:



**Edward Wakefield**  
Chair of the Board of Trustees

The Virgin Money Foundation  
**Cash flow statement**

For the year ended 31 December

		2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	(a)	(720.4)	(159.6)
<b>Change in cash and cash equivalents in the year</b>		<b>(720.4)</b>	<b>(159.6)</b>
Cash and cash equivalents at the beginning of the year		3,078.8	3,238.4
<b>Cash and cash equivalents at the end of the year</b>	(b)	<b>2,358.4</b>	<b>3,078.8</b>

**(a) Reconciliation of net movement in funds to net cash flows from operating activities**

		2019 £'000	2018 £'000
<b>Net movement in funds (as per the statement of financial activities)</b>		<b>(279.8)</b>	<b>(15.3)</b>
<b>Adjustments for:</b>			
Decrease in debtors		515.3	158.8
Decrease in creditors		(955.9)	(303.1)
<b>Net cash provided by operating activities</b>		<b>(720.4)</b>	<b>(159.6)</b>

**(b) Analysis of cash and cash equivalents**

	2019 £'000	2018 £'000
Cash at bank and in hand	2,358.4	3,078.8
<b>Total cash and cash equivalents</b>	<b>2,358.4</b>	<b>3,078.8</b>

**(c) Analysis of changes in net debt**

	At 1 January 2018 £'000	Cash flows £'000	At 31 December 2018 £'000	Cash flows £'000	At 31 December 2019 £'000
Cash	3,238.4	(159.6)	3,078.8	(720.4)	2,358.4

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

# The Virgin Money Foundation

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Reporting entity

The Virgin Money Foundation is a company limited by guarantee incorporated in England and Wales and has no share capital. The member of the Foundation is Virgin Money Holdings (UK) PLC, an intermediate holding company within the Virgin Money UK PLC group. In the event of being wound up, the liability of the member in respect of the guarantee is limited to £1. The financial statements of Virgin Money UK PLC may be obtained from Virgin Money UK PLC's registered office at Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL.

#### 1.2 Basis of preparation and going concern

The 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 note.

The financial statements, which should be read in conjunction with the Trustees' Report, are prepared in compliance with the Companies Act 2006, the Charities Act 2011, 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) ('the SORP' – 2<sup>nd</sup> edition – October 2019) and applicable accounting standards in the United Kingdom (UK GAAP) and is effective for accounting periods beginning on or after 1 January 2019.

The Foundation has adjusted the formats from those prescribed by the Companies Act 2006 to include headings that are relevant to its activities, to enable it to show a true and fair view.

Virgin Money UK PLC (previously CYBG PLC) continues to adhere to the pledge made by CYBG PLC at the time of the acquisition of Virgin Money to provide up to £400,000 per annum of financial support to the Foundation to cover its operating costs, as well as an annual donation of at least £1 million per annum (to be invested in charitable causes), for at least three years (two remaining). The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future, and noted the increase in annual donation from Virgin Money UK PLC to the Foundation to £1,140,000. In 2019 £1,125,833 of these funds were received, with the remaining funds received in January 2020. They continue to believe the going concern basis of accounting to be appropriate in preparing the annual financial statements.

The Foundation's financial statements are presented in pounds sterling, which is the functional currency of the Foundation.

The principal accounting policies, which have been applied consistently in the period, are set out below.

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

#### 1.3 Reserves policy

The Trustees review the reserves policy annually and monitor the level of reserves throughout the year. Unrestricted funds are held with the aim of enabling the Foundation to meet its current funding commitments. In addition, the Trustees have agreed that it is prudent to hold sufficient reserves to cover 3-6 months non-grant expenditure for contingency purposes.

General reserves are unrestricted funds that are available for use at the Trustees' discretion in furtherance of the objectives of the Foundation and that have not been designated for other purposes.

**The Virgin Money Foundation**  
**Notes to the financial statements**

**1. Accounting policies (continued)**

*1.4 Fund accounting*

Designated funds comprise unrestricted funds that have been set aside at the discretion of the Trustees for specific purposes. An analysis of each designated fund is set out in note 12.

Restricted funds are subject to specific restrictions imposed by the originator of the income. These include grants and contracts from institutions for provision of specific grants to beneficiaries, activities or services. Costs are charged against the specific fund in line with donor rules. An analysis of the restricted funds is set out in note 11. Income and gains are allocated to the appropriate fund.

*1.5 Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances.

*1.6 Income resources*

Income, including donations and grants, is recognised when there is evidence of entitlement, receipt is probable, and its amount can be measured reliably. In the case of a grant, evidence of entitlement is considered to exist when the formal offer of funding is communicated to the Foundation. Where grants contain terms or performance conditions which have not been met at the reporting period, the grant received is deferred as a liability and shown in the balance sheet as deferred income. Deferred income is then released to income in the reporting period in which the performance related or other conditions that limit recognition are met.

Grants from governments and organisations which provide core funding, or are of a general nature, are included as 'Income from donations and legacies'. Income is recognised in accordance with the terms of the funding agreement or contract.

Donated services and facilities are included as 'Income from donations and legacies' at their estimated value to the Foundation when received, and under the appropriate expenditure heading depending on the nature of service or facility provided, at the same value and time.

*1.7 Resources expended*

Grants payable are made to third parties in the furtherance of the charitable objects of the Foundation. In the case of an unconditional grant offer, this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to the grant is outside the control of the Foundation.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount payable.

The provision for a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Foundation that would permit the Foundation to avoid making future payment(s), settlement is probable, and the effect of discounting is material. The discount rate used is the average rate of investment yield in the year in which the grant award is made.

A contingent liability is identified and disclosed for those grants resulting from:

- A possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- A present obligation following a grant offer where settlement is either not considered probable or the amount has not been communicated in the grant offer and that amount cannot be estimated reliably.

**The Virgin Money Foundation**  
**Notes to the financial statements**

**1. Accounting policies (continued)**

**Allocation of Expenditure**

Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Staff costs have been apportioned on the basis of the approximate time allocated by the Executive Director and other officers between the Foundation's charitable objectives and governance. Where possible, other costs are allocated on an individual basis to the relevant objective or to governance costs. If costs are not directly attributable to particular objective(s) or to governance, they are apportioned using the same basis as staff costs. The allocation methodology is reviewed annually to ensure that it is still applicable.

**1.8 Taxation**

The Foundation is a registered charity and is thus exempt from tax on income and gains falling within chapter 3 of part 11 of the Corporation Tax Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to charitable objects. No tax charges have arisen.

Irrecoverable VAT is not separately analysed and is charged to the Statement of Financial Activities when the expenditure to which it relates is incurred and is allocated as part of the expenditure to which it relates.

**2. Donations and legacies**

	<b>2019</b>	<b>2019</b>	<b>2019</b>	2018	2018	2018
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	Unrestricted	Restricted	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	£'000	£'000	£'000
UK Government grant	-	-	-	-	1,000.0	1,000.0
Virgin Money grant	<b>1,125.8</b>	-	<b>1,125.8</b>	1,000.0	-	1,000.0
Other donations	<b>39.2</b>	-	<b>39.2</b>	5.8	-	5.8
Virgin Money donation of services	<b>393.6</b>	-	<b>393.6</b>	414.7	-	414.7
<b>Total</b>	<b>1,558.6</b>	-	<b>1,558.6</b>	1,420.5	1,000.0	2,420.5

The Group provides the Foundation with services, including provision of the Foundation's core staff, office space and technology, legal and accountancy support. The value of these services is treated as a donation to the Foundation. Further analysis of the services donated by the Group is shown in note 4.

**3. Other income**

	<b>2019</b>	<b>2019</b>	<b>2019</b>	2018	2018	2018
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	Unrestricted	Restricted	Total
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	£'000	£'000	£'000
Bank interest	<b>12.4</b>	-	<b>12.4</b>	11.0	-	11.0
<b>Total</b>	<b>12.4</b>	-	<b>12.4</b>	11.0	-	11.0

The Virgin Money Foundation  
**Notes to the financial statements**

**4. Expenditure on charitable activities**

**(a) Charitable activities by objective**

	2019						
	Grants			Support costs			Total £'000
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000	
Programmes:							
North East Fund	-	568.4	568.4	95.8	-	95.8	664.2
#iwill Take Action Fund	-	241.1	241.1	40.7	31.0	71.7	312.8
Collaboration Fund	-	35.0	35.0	5.9	-	5.9	40.9
Ripple Fund	(1.5)	-	(1.5)	-	-	-	(1.5)
Heart of the Community Fund	75.0	-	75.0	12.6	-	12.6	87.6
Community Anchors' Fund	505.4	-	505.4	85.2	-	85.2	590.6
Governance	-	-	-	156.2	-	156.2	156.2
<b>Total</b>	<b>578.9</b>	<b>844.5</b>	<b>1,423.4</b>	<b>396.4</b>	<b>31.0</b>	<b>427.4</b>	<b>1,850.8</b>

	2018						
	Grants			Support costs			Total £'000
	Unrestricted £'000	Restricted £'000	Total £'000	Unrestricted £'000	Restricted £'000	Total £'000	
Programmes:							
North East Fund	-	923.8	923.8	119.2	-	119.2	1,043.0
#iwill Take Action Fund	-	550.2	550.2	71.0	31.3	102.3	652.5
Ripple Fund	518.5	-	518.5	66.9	-	66.9	585.4
Heart of the Community Fund	7.0	-	7.0	0.9	-	0.9	7.9
Governance	-	-	-	158.0	-	158.0	158.0
<b>Total</b>	<b>525.5</b>	<b>1,474.0</b>	<b>1,999.5</b>	<b>416.0</b>	<b>31.3</b>	<b>447.3</b>	<b>2,446.8</b>

Where possible, support costs are allocated on an individual basis to the relevant objective or to governance costs. If costs are not directly attributable to a particular objective or to governance, they are apportioned on the basis of the approximate time allocated by the Executive Director and other officers between the Foundation's charitable objectives and governance.

The Virgin Money Foundation  
**Notes to the financial statements**

**4. Expenditure on charitable activities (continued)**

**(b) Analysis of grants payable**

The grants payable are further analysed below:

	<b>2019</b>	2018
	<b>Grants to institutions £'000</b>	Grants to institutions £'000
Helping disadvantaged young people into employment	<b>204.8</b>	578.9
Supporting new or existing social enterprises	<b>65.7</b>	71.7
Helping homeless people find and keep a home	<b>297.9</b>	273.2
Other sustainable regeneration in local communities	<b>613.9</b>	525.5
Promoting participation in youth social action	<b>241.1</b>	550.2
<b>Total grants payable (note 15)</b>	<b>1,423.4</b>	1,999.5

No grants in 2019 and 2018 were payable to individuals.

**(c) Support costs**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Staff costs relating to charitable activities	<b>150.8</b>	144.4
Staff costs relating to governance	<b>64.6</b>	68.0
Governance costs	<b>91.6</b>	90.0
Other costs	<b>120.4</b>	144.9
<b>Total support costs</b>	<b>427.4</b>	447.3

Support costs comprise of £424,674 (2018: £445,978) of services provided by the Group and £2,578 (2018: £1,316) relating to bank charges. £393,621 (2018: £414,644) of services were donated by the Group and £31,053 (2018: £31,334) of services were funded by The National Lottery Community Fund grant. The remaining £159 was for charges relating to contractor fees, directly charged to VMF, for sessional work carried out by Youth Advisors in December 2019.

The Group has a framework agreement with the Foundation to provide support services. Under the terms of this agreement, the Foundation is provided with staff, office space, and facilities.

The Group also provides human resources services, IT and other administrative support to the Foundation. All support costs relate to the Foundation's grant making activities, and are incurred by the Group and donated to the Foundation.

**(d) Auditor's remuneration**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Fees payable to the Foundation's auditors for the audit of the Foundation's Annual Report and Accounts	<b>5.0</b>	6.0
<b>Total auditor's remuneration</b>	<b>5.0</b>	6.0

The statutory audit fee was included within the Group audit fee and paid by the Group's main trading subsidiary, Clydesdale Bank PLC. The value of this service is £5,000 (2018: £6,000) and has been treated as a donation from Clydesdale Bank PLC. The amount of non-audit fees in 2019 were nil (2018: nil).



**The Virgin Money Foundation**  
**Notes to the financial statements**

**5. Net income/(expenditure) for the year**

Net income/(expenditure) for the year is stated after charging:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Auditor's remuneration	<b>5.0</b>	6.0
Trustees' expenses	<b>8.3</b>	6.2
Bank charges	<b>2.6</b>	1.3

None of the Trustees (2018: none) received any emoluments in respect of services to the Foundation. Trustees' expenses include amounts reimbursed to Trustees for out of pocket expenses and amounts paid to third parties for costs including travel, accommodation, subsistence and training. Trustees are reimbursed for travel when claimed. During the year, 5 Trustees received reimbursements of personal travel amounting in aggregate to £8,343 (2018: eight Trustees received reimbursements of personal travel amounting in aggregate to £6,212). These expenses were funded by Virgin Money and treated as a donation to the Foundation.

**6. Employee information**

The Foundation did not directly employ any staff during the year (2018: none). The services of individuals were obtained from Virgin Money as a donation of service to the Foundation. The table below shows the total costs for staff working for the Foundation but employed and paid by Virgin Money.

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Wages and salaries	<b>179.6</b>	176.5
Social security costs	<b>15.6</b>	15.8
Other pension costs	<b>20.8</b>	20.1
<b>Total staff costs</b>	<b>216.0</b>	212.4

In addition to the above, the Foundation incurred staff costs of £25,101 (2018: £17,400) which were paid with funds received from the National Lottery Community Fund in relation to the #iwill Take Action Fund. Included in the table above is the Executive Director of the Foundation who received total employee benefits (excluding employer pension costs) for the year of between £80,001 and £90,000 (2018: £80,001 and £90,000) and four (2018: three) employees who received total employee benefits (excluding employer pension costs) of between £10,000 and £60,000. The monthly average number of persons working for the Foundation but employed and paid by Virgin Money during 2019 was five (2018: four).

**7. Debtors**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Accrued income	-	515.3
<b>Total</b>	-	515.3

**8. Cash at bank and in hand**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Cash and bank balances	<b>2,358.4</b>	3,078.8
<b>Total</b>	<b>2,358.4</b>	3,078.8

The Virgin Money Foundation  
**Notes to the financial statements**

**9. Creditors**

**Amounts falling due within one year**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Accruals for grants payable	<b>522.8</b>	1,531.4
Other liabilities	<b>1.9</b>	9.7
<b>Total</b>	<b>524.7</b>	1,541.1

**Amounts falling due after one year**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Accruals for grants payable	<b>144.6</b>	84.1
<b>Total</b>	<b>144.6</b>	84.1

**Reconciliation of grants payable**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Opening balances brought forward	<b>1,615.5</b>	1,928.3
Grants awarded	<b>1,424.9</b>	1,999.5
Grants paid	<b>(2,373.0)</b>	(2,312.3)
<b>Grants payable carried forward</b>	<b>667.4</b>	1,615.5

**10. Contingent liabilities**

Contingent liabilities are disclosed unless the possibility of their existence is remote. The Trustees are not aware of any significant contingent liabilities as at 31 December 2019 (31 December 2018: none).

**11. Restricted income funds**

The movements on the restricted funds are as follows:

	Opening balances brought forward at 1 January 2019 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Fund balances carried forward at 31 December 2019 £'000
UK Government National Lottery Community Fund	301.8	-	(568.4)	266.6	-
#iwill Fund Grant	375.2	-	(272.1)	-	103.1
North East Collaboration	-	-	(35.0)	35.0	-
<b>Total</b>	<b>677.0</b>	<b>-</b>	<b>(875.5)</b>	<b>301.6</b>	<b>103.1</b>

**The Virgin Money Foundation**  
**Notes to the financial statements**

**11. Restricted income funds (continued)**

	Opening balances brought forward at 1 January 2018	Income	Expenditure	Transfers between funds	Fund balances carried forward at 31 December 2018
	£'000	£'000	£'000	£'000	£'000
UK Government National Lottery Community Fund #iwill Fund Grant	225.6	1,000.0	(923.8)	-	301.8
	956.7	-	(581.5)	-	375.2
<b>Total</b>	<b>1,182.3</b>	<b>1,000.0</b>	<b>(1,505.3)</b>	<b>-</b>	<b>677.0</b>

The Foundation applies for funding from the UK Government following the approval of successful grant applications by the Trustees. As funding is provided in relation to specific grants awarded by the Foundation, the funds provided by the UK Government are treated as restricted income funds.

**12. Unrestricted income funds**

The movements on the unrestricted funds are as follows:

	Designated				2019 Total £'000
	General	Social and Sustainable Capital Fund	North East Collaboration Fund	Small Grants Funds	
		£'000	£'000	£'000	
At the beginning of the year	808.9	250.0	10.0	223.0	1,291.9
Net income / (expenditure) for the year	645.7	-	25.0	(75.0)	595.7
Transfers between funds	(266.6)	-	(35.0)	-	(301.6)
<b>At the end of the year</b>	<b>1,188.0</b>	<b>250.0</b>	<b>-</b>	<b>148.0</b>	<b>1,586.0</b>

	Designated				2018 Total £'000
	General	Social and Sustainable Capital Fund	North East Collaboration Fund	Small Grants Funds	
		£'000	£'000	£'000	
At the beginning of the year	571.9	-	-	230.0	801.9
Net income / (expenditure) for the year	497.0	-	-	(7.0)	490.0
Transfers between funds	(260.0)	250.0	10.0	-	-
<b>At the end of the year</b>	<b>808.9</b>	<b>250.0</b>	<b>10.0</b>	<b>223.0</b>	<b>1,291.9</b>

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**Notes to the financial statements**

**13. Analysis of net assets between funds**

	Unrestricted			2019 Total £'000
	General	Designated: Small Grants Funds	Restricted Fund	
	£'000	£'000	£'000	
Current assets	2,089.6	-	268.8	2,358.4
Total liabilities	(492.8)	(10.8)	(165.7)	(669.3)
<b>Net assets</b>	<b>1,596.8</b>	<b>(10.8)</b>	<b>103.1</b>	<b>1,689.1</b>

	Unrestricted			2018 Total £'000
	General	Designated: Small Grants Funds	Restricted Fund	
	£'000	£'000	£'000	
Current assets	1,939.1	-	1,655.0	3,594.1
Total liabilities	(644.2)	(3.0)	(978.0)	(1,625.2)
Net assets	1,294.9	(3.0)	677.0	1,968.9

**14. Related party transactions**

	Transaction value 2019 £'000	Balance outstanding as at 31 December 2019 £'000	Transaction value 2018 £'000	Balance outstanding as at
				31 December 2018 £'000
Donations received from Virgin Money UK PLC subsidiary undertakings <sup>(1)</sup> :				
Grant and additional donations	1,125.8	-	1,005.8	-
Donation of services	393.6	-	414.7	-
Recharges and trading balances with Virgin Money UK PLC subsidiary undertakings <sup>(1)</sup>	(424.6)	(1.9)	(446.0)	(9.7)
Interest received from Virgin Money UK PLC subsidiary undertakings <sup>(1)</sup>	11.6	-	8.3	-

(1) Up until 21 October 2019, Virgin Money PLC, a wholly owned subsidiary of its sole member, provided the donations, made the relevant recharges and settled the interest balances. On 26 September 2019, at a hearing in the Court of Session in Edinburgh, the Court approved a banking business transfer scheme under Part VII of the Financial Services and Markets Act 2000. The scheme effective date was 21 October 2019, and in accordance with the court approval, on this date the business of Virgin Money PLC, was transferred to Clydesdale Bank PLC. From 21 October 2019, Clydesdale Bank PLC provided the donations, recharges and settled the interest. Further details of donations and corresponding charges (in respect of donation of services) are shown in notes 2 and 4.

**The Virgin Money Foundation**  
**Notes to the financial statements**

**15. Grants awarded**

<b>Name of institution</b>	<b>2019 £'000</b>
A Way Out	42.3
Action Station South Tyneside	44.0
Advocacy Matters Wales	1.0
Artbox London	0.5
Asperger's Children & Carers Together	0.5
Aspire to Believe CIC	18.0
Baby Bank Norfolk	1.0
Baby Basics	0.2
Back On The Map	30.0
Boomerang Cardiff	0.5
Bridging the Gap	0.5
Brunswick Centre	0.2
Bullion Hall	49.0
Calthorpe Project Community Garden	0.5
Canaan Project	0.2
Canongate Youth	1.0
Caris Camden Families	1.0
Cathays & Central Youth and Community Project	0.2
Chabad Islington	0.5
Changing Lives	55.0
Coatham House	36.9
Community Action Norwich	0.5
Community Campus 87 Ltd	42.5
Copperdale Trust	0.5
Corstorphine Dementia Project	1.0
Cranhill Development Trust	0.5
Darlington Mind	33.4
Disability Awareness With Sport (DAWS)	1.0
Drug Watch Foundation	1.0
Drylaw Rainbow Club Day Centre	1.0
East Durham Community Initiative Ltd	20.0
Edberts House	33.6
Element Society	0.5
ENYP	0.5
Equal Arts	29.6
Families First North East	24.5
Family Addiction Support Services	0.5
Family Gateway	48.0
Fenham Association of Residents	35.6
Float Trust	0.2
Foundation Futures CIC	45.5
Fourth Action	15.4
Friends of Ecclesfield Library CIO	0.2
Fulham Good Neighbour Service	0.2
G15 Youth Project	0.2
Garden Village Community	0.2
G-Force	0.2
Grange Pavilion	0.5
Grapes Hill Community Garden	0.8
Hadston House Youth and Community Project	37.6
Handcrafted Projects	47.6
Hartlepool United Community Sports Foundation	8.0

**The Virgin Money Foundation**  
**Notes to the financial statements**

**15. Grants awarded (continued)**

<b>Name of institution</b>	<b>2019 £'000</b>
Headway Cardiff and Wales	3.0
Heartbeat Chorus	0.2
Home Start Cardiff	2.0
Home Start Manchester	1.0
Home-Start Glasgow North	0.2
Home-Start Leith & North East Edinburgh	0.5
Interfaith Glasgow	0.5
Islington Pensioners Forum	0.5
Jump Space	2.0
Junior League of London	2.0
Justice Prince CIC	44.0
Leith Community Archers	0.5
Lodging House Mission	1.0
Manor Community Transport	0.5
Marlpit Community Centre	0.5
Meadow Well Connected	55.0
Midlothian Foodbank	0.5
Multi-Cultural Family Base	0.3
Mums in Need	1.0
My Sisters Place	4.0
Norca and Sistema	0.3
North Glasgow Food Initiative	0.5
North Ormesby Neighbourhood Development Trust	30.0
North Tyneside VODA	5.0
Northenden Players Theatre Club	0.3
Norwich Foodbank	1.0
Norwich International Youth Project	2.0
Oasis Community Housing	5.0
Oatlands Development Trust	1.0
Oxgangs Neighbourhood Centre	0.5
Parkhead CAB	1.0
Patchwork Project	47.0
People and Drugs	10.4
Pilton Youth & Children's Project	0.5
Play Association Tower Hamlets (PATH)	0.3
Prospex	1.0
Recovery Connections	5.0
Recovery Cymru	1.0
Redcar and Cleveland Voluntary Development Agency	82.0
Reivdale Neighbourhood Centre	0.5
Richmond's Hope	1.0
Riverside Community Health 1	50.0
Royston Youth Action	1.0
Rubicon Dance	0.5
Sage Sheffield	0.5
Salford Heart Care	1.0
SCCCC	1.0
Sheffield Parent Carer Forum	0.5
Shiney Advice and Resource Project	30.0
Shotton Partnership 1	50.0

**The Virgin Money Foundation**  
**Notes to the financial statements**

**15. Grants awarded (continued)**

<b>Name of institution</b>	<b>2019 £'000</b>
Silver Road Community Centre	0.3
Skills and Volunteering Cardiff	1.0
Soho Parish PSA	1.0
South Tyneside Churches Key Project	18.1
St Etheldreda Artist Studios	0.5
St Michaels Parish	0.5
St Pauls Centre 1	29.0
Street Fit Scotland	2.0
Street Wise	5.1
Streetwise Young Peoples project	39.2
Sue Lambert Trust	2.0
Sustainable Living Initiative	1.0
Tea In The Pot	2.0
The Alma Project	0.3
The Angelou Centre	5.0
The BIG Project	0.3
The Cyril Flint Befrienders	1.0
The Ethel Trust Community Barge	1.0
The Feed	1.0
The Key	16.3
The Place at Platt Lane	0.5
The Salford Foundation Trust	2.0
The Snowdrop Project	2.0
The Speakeasy	0.3
The Steel Valley Project	1.0
The Stuart Low Trust	1.0
The Womens Centre Glasgow	1.0
TLC St Lukes	1.0
Trafford Domestic Abuse Services	0.5
Tyneside Outdoors	19.5
Unfolding Theatre	8.0
Water of Leith Conservation Trust	1.0
Wearside YMCA	49.0
Wensum Sports Centre	1.0
West End Women and Girls	4.0
West View Advice and Resource Centre	37.9
Whiteinch Centre	0.3
Women Connect First	0.5
Your Voice Counts	5.0
<b>Total grants awarded in 2019</b>	<b>1,424.9</b>
Grants returned <sup>(1)</sup>	(1.5)
<b>Net grants awarded in 2019 (note 4)</b>	<b>1,423.4</b>

<sup>(1)</sup> The amount shown relates to the charity Norwich Mustard, part of the Ripple Fund, who were awarded £5,000 in 2018. £1,500 was returned in 2019 as the funds were not fully utilised.

**The Virgin Money Foundation**  
**Notes to the financial statements**

**15. Grants awarded (continued)**

Name of institution	2018 £'000
700 Club	20.6
The A690 Youth Initiative	4.4
Action Foundation	49.8
Action Station South Tyneside	38.7
Amber Film & Photography Collective CIC	20.0
Appleseed Social Enterprise Limited	48.6
Barnardo's	41.0
Berwick Youth Project	28.4
Blue Watch Youth Centre	17.5
Bright Futures	37.5
Charles Burrell Centre Limited	49.7
C.O.J.A.C	0.3
Cornerstone Supported Housing and Counselling Limited	116.0
Cramlington Voluntary Youth Project	22.0
Family Gateway	46.0
Firth Park Methodist Church	0.3
Future Regeneration of Grangetown	44.7
Gold Digger Trust	0.5
Govan Community Project	0.3
Govan Youth Information Project	1.0
Great Yarmouth Community Trust	49.1
Haltwhistle Film Project	17.0
Hartlepool Citizens Advice Bureau	10.0
Haven House Project	1.0
Home-Start Glasgow South	1.0
Interfaith Glasgow	0.2
Jack Drum Arts CIC	57.6
Keystone Development Trust	50.0
Linkes	1.0
Movement Park	0.5
Moving on Durham	30.9
Nacro	42.4
New Writing North	59.2
Norfolk Prohelp CIC	30.0
North East Autism Society	49.7
North Tyneside Voluntary Organisations Development Agency	45.0
Northbourne Street Youth Initiative <sup>(1)</sup>	45.5
Norwich Mustard Limited	5.0
Oasis Community Housing <sup>(1)</sup>	100.0
Southwick Neighbourhood Youth Project	35.3
Street League	47.4
Tea in the Pot	0.5
Tees Music Alliance	29.8
Church of England Children's Society	59.4
The Feed Foundation	50.0



**The Virgin Money Foundation**  
**Notes to the financial statements**

**15. Grants awarded (continued)**

Name of institution	2018 £'000
The Garage Trust Limited	50.0
The Junction Foundation <sup>(1)</sup>	102.5
The Millin Charity	27.0
Parker Trust	39.7
The SeaChange Trust	50.0
Unfolding Theatre	20.0
West End Women and Girls Centre	58.0
The Wm Morrison Darling Enterprise Trust	49.9
Newcastle upon Tyne Y.M.C.A	60.0
YMCA North Tyneside	36.9
YOMO Young Movers	0.5
Young Asian Voices	29.9
Youth Almighty Project	32.8
Youth Focus North East	37.5
<b>Total grants awarded in 2018</b>	<b>1,999.5</b>

<sup>(1)</sup> The amount shown consists of two separate grants awarded to this institution during the year.

**16. Post balance sheet events**

On 27 March 2020 the accounting reference date of the Foundation was changed. As a result, the next financial period will be the nine months ending 30 September 2020, and then subsequent financial periods will be the 12 months ending on 30 September.

During March 2020, the World Health Organisation declared the COVID-19 virus a pandemic. The Trustees are mindful of the risks associated with the COVID-19 pandemic but do not expect to see a reduction in income. Plans are in place to minimise disruption and ensure the continuation of the Foundation's operations. The Trustees consider that the emergence of the COVID-19 virus pandemic to be a non-adjusting post balance sheet event. The Trustees have considered its impact on the Foundation and have concluded that this does not change the view that the Foundation is a going concern.