

Registered number: 07596900
Charity number: 1141552

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Trustees' report and financial statements
for the year ended 31 March 2021

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

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Balloon Ventures Foundation Ltd
(A company limited by guarantee)

**Reference and administrative details of the Charity, its Trustees and advisers
for the year ended 31 March 2021**

Trustees	Ms A J Hindman Mr W S G Smith Mr J Prabhay
Company registered number	07596900
Charity registered number	1141552
Registered office	73 Mount View Road London N4 4SR
Company secretary	Ms M C Phillips
Independent auditors	Kreston Reeves LLP Statutory Auditor and Chartered Accountants Second Floor 168 Shoreditch High Street London E1 6RA
Bank	TSB Bank Box 1 BX4 7SB VFX Plc 65 Leadenhall Street London EC3A 2AD TransferWise Limited 56 Shoreditch High Street London E1 6JJ

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Trustees' report
for the year ended 31 March 2021

The Trustees present their annual report together with the audited financial statements of the Charity for the 1 April 2020 to 31 March 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the Charity qualify as small under section 383 of the Companies Act 2006, the group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The charity's objectives are to relieve poverty and financial hardship in Kenya and Uganda in such ways as the Trustees see fit. In particular but not exclusively by providing:

- (1) Training and funding for income generating programmes and job creation.
- (2) Supporting the needs of children in Busia in such ways as the trustees think fit.

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Strategies for achieving objectives

To achieve its objectives the charity:

- Provides business support, training & loan finance to small businesses in East Africa to help them to grow and create good jobs, via the charity's trading subsidiary Balloon Ventures Limited.
- Provides support to several children's' homes and schools.

c. Activities undertaken to achieve objectives

To achieve the objectives the group has:

- Given 36 loans to small businesses in Kenya and Uganda.
- Supported our businesses throughout Covid-19, by providing technical business support & loan holidays to the businesses most impacted by lockdowns.
- Funded a new orphanage in Nakuru, Kenya.
- Supported a school in Mbale, Uganda.

d. Grant-making policies

In order to further its objectives, the charity may co-operate with, fund or provide grants to other organisations whether charities or other. The current focus of the charity is job creation.

The Board of trustees has ultimate collective responsibility for all grant-making decisions in line with the group's charitable purposes and any restrictions agreed with donors and funding partners.

Trustees may assign certain decision-making responsibilities to its sub-committees, Board members or staff within its scheme of delegation. Such delegated decisions are subject to scrutiny and review from time to time.

Balloon Ventures Foundation Ltd
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Trustees' report (continued)
for the year ended 31 March 2021

Review of the year's performance and achievements

Balloon Ventures Limited continued working with and investing in small businesses despite a challenging year.

In Kenya and Uganda there were various government enforced lockdowns as different waves of Covid-19 spread. In response we gave loan holidays to much of our portfolio who were impacted, froze interest, rescheduled loans, and provided emergency short-term loans to help businesses survive.

For around 5 months we paused investments in new clients, as the travel bans, sector closures and other uncertainties made the risks too high. When the economies slowly re-opened we started making investments again. Despite this pause we made 36 loans to small businesses (2020: 32 loans), meeting our targets and growing our loan portfolio. We continued to provide technical support to these businesses throughout the year.

During the year the charity raised funds of £17,736 for an orphanage in Nakuru, Kenya. We granted £23,145 onwards which was for the construction of a new, safer building for the children supported by the orphanage.

The group continued to receive strong support from our existing funders: Argidius Foundation, FCDO, Citi Foundation, Citi, and Global Innovation Fund. Furthermore, we were also successful at securing new support from Palladium through their Challenge Fund for Youth Employment, where from over 500 applicants we were one of 6 selected for support.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

b. Reserves policy

The charity retains such reserves as the trustees consider necessary in order to sustain its ongoing charitable activities, having regard to the level of donations and grants received. Donations and grants received to cover specific charitable project costs are held in restricted reserves.

As at 31 March 2021, the total funds were £1,184,648 (2020: £1,040,296). Of this, £490,691 (2020: £203,264) was restricted funds.

c. Risk management

The trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity and are satisfied that systems and procedures are in place to mitigate the charity's exposure to the major risks.

Balloon Ventures Foundation Ltd
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Trustees' report (continued)
for the year ended 31 March 2021

Structure, governance and management

a. Constitution

The charity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 8 April 2011.

b. Methods of appointment or election of Trustees

The management of the charity is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

c. Organisational structure and decision-making policies

The Board of Trustees, which has a minimum of three members, administers the charity and makes all decisions in regard to the charity's operations. The Board meets at least twice a year.

d. Policies adopted for the induction and training of Trustees

The initial trustees were appointed by the Articles of Association. Subsequent appointments are made by the Board of trustees.

e. Related party relationships

During the year the charity received distributions of £158,027 (2020: donations of £111,933) from Balloon Ventures Limited, it's wholly owned subsidiary. In addition, during the year Balloon Ventures Limited re-charged costs amounting to £86,332 (2020: £93,300) to the charity. The charity re-charged costs amounting to £70,085 (2020: Nil) to Balloon Ventures Limited. The outstanding balance owed by Balloon Ventures Limited to the charity at the end of the year was £339,705 (2020: £16,507).

f. Impact of Covid-19

The trustees have assessed, and continue to monitor, the potential impact of Covid 19 on the charity's financial position and operations. Given the unprecedented impact on the global economy it is difficult to evaluate with any certainty the potential impact on the charity and its donors. However the trustees have reviewed and assessed all available information, including cash forecasts and projections, and taking account of committed income from grant funders the trustees have a reasonable expectation that the charity will continue in operational existence for the foreseeable future.

Balloon Ventures Foundation Ltd
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Trustees' report (continued)
for the year ended 31 March 2021

Plans for future periods

For the next financial year, the group plans to focus on:

- Growing our loan portfolio in Uganda by significantly increasing the number of loans we make to small businesses. By doing this we aim to reach break-even point in Uganda. With this traction and scale we hope to raise more funds so that we can scale further and have more impact.
- Refining our product in Kenya to create something that has high demand and the potential for far reaching impact. Our focus in Kenya will be on the satisfaction of clients receiving our support before going for scale.
- Diving deeper into what employees really value as a good job. To do this we will work with 60 Decibels who will survey 500+ employees in portfolio companies. This research will create rich learning around the experiences, ambitions and desires of employees, and allow us to
 - o further refine what we aim for when creating good jobs; and
 - o create simpler indicators for measuring good work which can be collected regularly to track change and drive strategy.
- Continuing to digitise our approach to working with small businesses, both pre and post investment.
- Continuing to refine the post-investment support we give small businesses and define design a standardised behaviour change methodology that will increase our impact and efficiency.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial . 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 Group and the Charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Charity 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 Group and the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

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

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

Balloon Ventures Foundation Ltd
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Trustees' report (continued)
for the year ended 31 March 2021

Auditors

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 10/11/21
and signed on their behalf by:

 (10.11.2021)

Mr W S G Smith
Trustee

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Independent auditors' report to the Members of Balloon Ventures Foundation Ltd

Opinion

We have audited the financial statements of Balloon Ventures Foundation Ltd (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated statement of financial activities, the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Balloon Ventures Foundation Ltd
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Independent auditors' report to the Members of Balloon Ventures Foundation Ltd (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Balloon Ventures Foundation Ltd
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Independent auditors' report to the Members of Balloon Ventures Foundation Ltd (continued)

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Detailed discussions were held with management to identify any known or suspected instances of noncompliance with laws and regulations;
- Reading minutes of meetings of those charged with governance;
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation;
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud;
- Performing analytical procedures to highlight any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Challenging assumptions and judgments made by management in its significant accounting estimates.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Balloon Ventures Foundation Ltd
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Independent auditors' report to the Members of Balloon Ventures Foundation Ltd (continued)

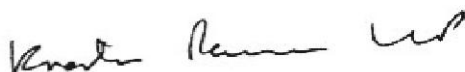
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

The financial statements of Balloon Ventures Limited, a subsidiary of the charity, for the year ended 31 March 2020 were not audited. Accordingly the comparative figures presented as part of the financial statements relating to Balloon Ventures Limited for the year ended 31 March 2021 are unaudited.

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, and to the charitable company's trustees, as a body, Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Tanner BSC(Econ) FCA (Senior Statutory Auditor)

for and on behalf of
Kreston Reeves LLP
Statutory Auditor and Chartered Accountants
London

Date: 11 November 2021

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Consolidated Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 March 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	5	205,198	205,203	651,944
Other trading activities	5	-	481,173	481,173	740,842
Other investment income	6	-	105	105	1,029
		<u>5</u>	<u>686,476</u>	<u>686,481</u>	<u>1,393,815</u>
Total income					
Expenditure on:					
Other trading activities	8	-	328,415	328,415	496,378
Charitable activities	7	143,080	70,634	213,714	215,251
		<u>143,080</u>	<u>399,049</u>	<u>542,129</u>	<u>711,629</u>
Total expenditure					
		<u>(143,075)</u>	<u>287,427</u>	<u>144,352</u>	<u>682,186</u>
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward		837,032	203,264	1,040,296	358,110
Net movement in funds		(143,075)	287,427	144,352	682,186
		<u>693,957</u>	<u>490,691</u>	<u>1,184,648</u>	<u>1,040,296</u>
Total funds carried forward					

Balloon Ventures Foundation Ltd
(A company limited by guarantee)
Registered number: 07596900

Consolidated balance sheet
as at 31 March 2021

	Note	2021 £	2020 £
Current assets			
Debtors	14	367,110	236,248
Cash at bank and in hand		900,216	809,278
		<u>1,267,326</u>	<u>1,045,526</u>
Creditors: amounts falling due within one year	15	(40,178)	(5,230)
Net current assets		<u>1,227,148</u>	<u>1,040,296</u>
Total assets less current liabilities		<u>1,227,148</u>	<u>1,040,296</u>
Creditors: amounts falling due after more than one year	16	(42,500)	-
Total net assets		<u><u>1,184,648</u></u>	<u><u>1,040,296</u></u>
Charity funds			
Restricted funds	17	490,691	203,264
Unrestricted funds	17	693,957	837,032
Total funds		<u><u>1,184,648</u></u>	<u><u>1,040,296</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 10/11/21
and signed on their behalf by:

 (10.11.2021)

Mr W S G Smith
Trustee

The notes on pages 15 to 30 form part of these financial statements.

Balloon Ventures Foundation Ltd
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Registered number: 07596900

Charity balance sheet
as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	13	461,284	461,284
		<u>461,284</u>	<u>461,284</u>
Current assets			
Debtors	14	364,465	56,697
Cash at bank and in hand		325,683	480,520
		<u>690,148</u>	<u>537,217</u>
Creditors: amounts falling due within one year	15	(25,166)	(3,350)
Net current assets		<u>664,982</u>	<u>533,867</u>
Total net assets		<u><u>1,126,266</u></u>	<u><u>995,151</u></u>
Charity funds			
Restricted funds	17	92,264	46,186
Unrestricted funds	17	1,034,002	948,965
Total funds		<u><u>1,126,266</u></u>	<u><u>995,151</u></u>

The Charity's net movement in funds for the year was £131,115 (2020 - £433,203).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 10/11/21.
and signed on their behalf by:

W S G Smith (10.11.2021)

Mr W S G Smith
Trustee

The notes on pages 15 to 30 form part of these financial statements.

Balloon Ventures Foundation Ltd
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Consolidated statement of cash flows
for the year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash used in operating activities	163,783	(814,442)
Cash flows from investing activities		
Interest received	105	1,029
Net cash provided by investing activities	<u>105</u>	<u>1,029</u>
Cash flows from financing activities		
Interest payable	(27)	(373)
Net cash used in financing activities	<u>(27)</u>	<u>(373)</u>
Change in cash and cash equivalents in the year	<u>163,861</u>	<u>(813,786)</u>
Cash and cash equivalents at the beginning of the year	809,278	1,620,440
Change in cash and cash equivalents due to exchange rate movements	(72,923)	2,624
Cash and cash equivalents at the end of the year	<u><u>900,216</u></u>	<u><u>809,278</u></u>

The notes on pages 15 to 30 form part of these financial statements

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

1. General information

Balloon Ventures Foundation Limited is a private company limited by guarantee and a registered charity. Registered company number 07596900, registered in England, and registered charity number 1141552. The principal aims of the charity are shown in the Trustee Report and the registered office is shown in the administrative details of the company page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

Balloon Ventures Foundation Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

The Charity's functional and presentational currency is Pound Sterling.

2.2 Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on the administrative details page. In the event of the charity being wound up the liability in respect of the guarantee is limited to £10 per member of the charity.

2.3 Going concern

The financial statements have been prepared on the going concern basis. In determining this the trustees have reviewed the company's financial position and available resources, including the charity's cash flow forecast. While the impact of the Covid-19 virus has been assessed by the trustees, so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the charity or its donors. However, taking into consideration the charity's cash flow forecast, planning and committed income from grant funders, the trustees believe the charity has adequate resources to continue operating for at least 12 months from the date of signing these financial statements.

Notes to the financial statements
for the year ended 31 March 2021

2. Accounting policies (continued)

2.4 Income

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

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

Income received for a specific purpose, or which has restrictions or conditions associated with it, is classified as restricted income and allocated to restricted funds. Income that can be spent at the trustees' discretion in furtherance of the charity's aims and objectives is classified as unrestricted income and allocated to unrestricted funds.

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

2.6 Government grants

Government grants are credited to the consolidated statement of financial activities as the related expenditure is incurred.

2.7 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.

Notes to the financial statements
for the year ended 31 March 2021

2. Accounting policies (continued)

2.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the consolidated statement of financial activities.

2.9 Investments

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

2.10 Debtors

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

2.11 Cash at bank and in hand

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

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risk specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

2.13 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.14 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

2.15 Pensions

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

Notes to the financial statements
for the year ended 31 March 2021

2. Accounting policies (continued)

2.16 Fund accounting

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

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

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

3. Critical accounting estimates and areas of judgment

In preparing the financial statements it is necessary to make certain judgments, assumptions and estimates that affect the amounts recognised in the financial statements. The trustees consider the key areas of estimate and judgement to be:

Critical accounting estimates and assumptions:

Recoverability value of loans receivable from small businesses

A loan loss provision is included on the balance sheet to account for the risk of potentially irrecoverable loans. This is offset against loans receivable to adjust the value of loans receivable to their estimated recoverable amount. The provision is an estimate based on judgment and assumptions. When estimating this provision, management take account of the potential risk to the portfolio, which is assessed using various metrics including Portfolio at Risk ("PAR"). Increases and decreases in the value of the loan loss provision are reflected in the Statement of Comprehensive Income.

Critical areas of judgment:

Going concern

The trustees have reviewed the company's financial position, available resources (including the charity's cash flow forecast) and taken into consideration the impact of Covid-19. While the on-going impact of Covid-19 is difficult to evaluate with any certainty the trustees believe that, taking into consideration the charity's cash flow forecast, planning and committed income from grant funders, the charity has adequate resources to continue operating for at least 12 months from the date of signing these financial statements.

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2021

4. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	5	17,736	17,741	469,008
Legacies	-	2,154	2,154	22,154
Grants	-	185,308	185,308	160,782
Total 2021	5	205,198	205,203	651,944
Total 2020	462,308	189,636	651,944	

5. Income from other trading activities

Income from non charitable trading activities

	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Grant income	289,064	289,064	440,569
Corporate programme income	105,427	105,427	236,603
Loan related activities	86,682	86,682	63,670
	481,173	481,173	740,842
Total 2020	740,842	740,842	

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

6. Other investment income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest	-	-	-	31
Other interest receivable	-	105	105	998
	<u>-</u>	<u>105</u>	<u>105</u>	<u>1,029</u>
	<u><u>31</u></u>	<u><u>998</u></u>	<u><u>1,029</u></u>	
Total 2020				

7. Analysis of expenditure by activities

	Grant funding of activities 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Kenyan and Ugandan project costs	23,135	190,579	213,714	215,251
	<u>2,124</u>	<u>213,127</u>	<u>215,251</u>	
Total 2020				

Of the above expenditure totalling £213,714 (2020: £215,251), £70,634 (2020: £27,995) related to restricted activities, and £143,080 (2020: £187,256) related to unrestricted activities.

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

8. Charitable and trading expenses

	Charitable activities - support costs 2021 £	Other trading expenses 2021 £	Total 2021 £	Total 2020 £
In-country operating costs	3,311	208,089	211,400	199,116
Loan loss expense	-	(10,334)	(10,334)	210,419
Volunteer programme costs	-	15,699	15,699	43,346
Other project costs	-	33,702	33,702	13,779
Head office costs	167,993	10,605	178,598	202,543
Governance costs	16,954	-	16,954	2,000
Bank charges	25	27	52	398
Foreign exchange differences	2,296	70,627	72,923	37,904
	<u>190,579</u>	<u>328,415</u>	<u>518,994</u>	<u>709,505</u>
Total 2020	<u>213,127</u>	<u>496,378</u>	<u>709,505</u>	

9. Analysis of grants

	Grants to Institutions 2021 £	Total funds 2021 £	Total funds 2020 £
Love For All Orphanage (Nakuru, Kenya)	23,135	23,135	-
Good Foundation (Mbale, Uganda)	-	-	2,124
	<u>23,135</u>	<u>23,135</u>	<u>2,124</u>
Total 2020	<u>2,124</u>	<u>2,124</u>	

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

10. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	8,500	-
Fees payable to the Charity's auditor in respect of:		
All assurance services not included above	6,000	2,000
All non-audit services not included above	2,454	-
	<u>2,454</u>	<u>-</u>

11. Staff costs

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Wages and salaries	144,401	154,695	144,401	141,346
Social security costs	12,948	19,019	12,948	16,827
Contribution to defined contribution pension schemes	5,875	6,200	5,875	5,700
	<u>163,224</u>	<u>179,914</u>	<u>163,224</u>	<u>163,873</u>

The average number of persons employed by the Charity during the year was as follows:

	Group 2021 No.	Group 2020 No.	Charity 2021 No.	Charity 2020 No.
UK management	3	3	3	3
Kenyan and Ugandan staff	15	13	-	-
	<u>18</u>	<u>16</u>	<u>3</u>	<u>3</u>

No employee received remuneration amounting to more than £60,000 in either year.

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 March 2021, no Trustee expenses have been incurred (2020 - £NIL).

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

13. Fixed asset investments

	Investments in subsidiary companies £
Charity	
Valuation	
At 1 April 2020	461,284
	<hr/>
At 31 March 2021	461,284
	<hr/> <hr/>
Net book value	
At 31 March 2021	461,284
	<hr/>
At 31 March 2020	461,284
	<hr/> <hr/>

14. Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Due after more than one year				
Other debtors	103,468	58,047	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	103,468	58,047	-	-
Due within one year				
Trade debtors	65,628	2,153	-	-
Amounts owed by group undertakings	-	-	339,705	16,507
Other debtors	161,274	138,236	-	-
Prepayments and accrued income	36,740	37,812	24,760	40,190
	<hr/>	<hr/>	<hr/>	<hr/>
	367,110	236,248	364,465	56,697
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

14. Debtors (continued)

All amounts owed by group undertakings are non-interest bearing, unsecured and are due on demand.

Where loans within Other debtors are given for the purpose of purchasing an asset, no asset held as security in the name of Balloon Ventures Ltd are included in the consolidated accounts of Balloon Ventures Foundation Ltd, as the charity does not have a beneficial interest in the asset unless the borrower defaults on the loan.

Included within Other debtors are loans receivable of £255,505 (2020: £196,264). Of this amount, £103,111 (2020: £58,047) is due in over one year, with £152,394 (2020: £138,217) due within one year.

Debtors (continued)

Schedule of loans receivable

	Group 2021 £	Group 2020 £
Loans receivable at 1 April	196,264	-
Reclassifications	-	130,339
Loan additions in the year	332,748	445,588
Loan repayments in the year	(235,644)	(170,321)
Loans written off in the year	(28,276)	(40,817)
(Increase)/ decrease in loan loss provision	28,276	(169,602)
FX revaluation adjustments	(37,863)	1,077
	255,505	196,264

As at 31 March 2021 the loan loss provision stands at £141,326. Due to the ongoing uncertainties regarding the Covid-19 pandemic and its impact on small businesses in East Africa the directors have continued to apply a prudent approach when assessing the recoverable value of these loans. Whilst initial signs show the financial impact has not been as damaging as first anticipated, the effects of Covid-19 are ongoing in East Africa and the risk that businesses will be effected still exists.

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Notes to the financial statements
for the year ended 31 March 2021

15. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loans	7,500	-	-	-
Trade creditors	148	68	-	-
Pension fund loan payable	1,016	1,350	1,016	1,350
Other creditors	272	11	25	-
Accruals and deferred income	31,242	3,801	24,125	2,000
	40,178	5,230	25,166	3,350

The bank loan is guaranteed by the UK Government under the Bounce Back Loan Scheme.

16. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £
Bank loans	42,500	-

The bank loan is guaranteed by the UK Government under the Bounce Back Loan Scheme.

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
Unrestricted funds				
General fund	837,032	5	(143,080)	693,957
Restricted funds				
Balloon Ventures East Africa Fund	46,186	203,044	(86,881)	162,349
Balloon Ventures Limited	157,078	483,432	(312,168)	328,342
	203,264	686,476	(399,049)	490,691
Total of funds	1,040,296	686,481	(542,129)	1,184,648

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2020 £
Unrestricted funds					
General fund	379,419	462,339	(187,256)	182,530	837,032
Restricted funds					
Balloon Ventures East Africa Fund	182,529	167,482	(121,295)	(182,530)	46,186
Balloon Ventures Limited	(203,838)	763,994	(403,078)	-	157,078
	(21,309)	931,476	(524,373)	(182,530)	203,264
Total of funds	358,110	931,476	(711,629)	-	1,040,296

The Balloon Ventures East Africa Fund is dedicated to supporting small businesses and creating jobs in East Africa.

Balloon Ventures Limited is the trading subsidiary of Balloon Ventures Foundation Limited.

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
General funds	837,032	5	(143,080)	693,957
Restricted funds	203,264	686,476	(399,049)	490,691
	1,040,296	686,481	(542,129)	1,184,648

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

18. Summary of funds (continued)

Summary of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2020 £
General funds	379,419	462,339	(187,256)	182,530	837,032
Restricted funds	(21,309)	931,476	(524,373)	(182,530)	203,264
	<u>358,110</u>	<u>1,393,815</u>	<u>(711,629)</u>	<u>-</u>	<u>1,040,296</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £
Debtors due after more than one year	-	103,111	103,111
Current assets	719,123	445,092	1,164,215
Creditors due within one year	(25,166)	(15,012)	(40,178)
Creditors due in more than one year	-	(42,500)	(42,500)
Total	<u>693,957</u>	<u>490,691</u>	<u>1,184,648</u>

Notes to the financial statements
for the year ended 31 March 2021

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

	Group 2021 £	Group 2020 £
Net income for the year (as per Statement of Financial Activities)	144,352	682,186
Adjustments for:		
Increase in debtors	(130,862)	(229,648)
Increase/(decrease) in creditors	77,448	(802,416)
Foreign exchange differences	72,923	(2,624)
Non-cash donation of investment	-	(461,284)
Interest receivable	(105)	(1,029)
Interest payable	27	373
Net cash provided by/(used in) operating activities	163,783	(814,442)

21. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash in hand	900,216	809,278
Total cash and cash equivalents	900,216	809,278

22. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	809,278	90,938	900,216
Debt due within 1 year	(1,350)	(7,166)	(8,516)
Debt due after 1 year	-	(42,500)	(42,500)
	807,928	41,272	849,200

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2021

23. Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,875 (2020: £6,200). Contributions totalling £467 (2020: £633) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 March 2021 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £
Not later than 1 year	7,238	6,675
Later than 1 year and not later than 5 years	8,478	9,180
	<u>15,716</u>	<u>15,855</u>

25. Members' liability

The charity is a company limited by guarantee. The members of the company are the trustees names in the admin page. In the event of the charity being wound up the liability in respect of the guarantee is limited to £10 per member of the charity.

26. Controlling party

The charity is under the control of the trustees.

27. Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

Name	Company number	Registered office or principal place of business	Principal activity	Class of shares	Holding
Balloon Ventures Ltd	07940726	73 Mount View Road, London, N4 4SR	Investing in small businesses in Kenya and Uganda	Ordinary	100%

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit £	Net assets £
Balloon Ventures Ltd	467,936	309,909	158,027	257,446