

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 2022

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 2022**

| | |
|--------------------------------------|--|
| 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 2022

The Trustees present their annual report together with the audited financial statements of the Charity for the year year 1 April 2021 to 31 March 2022. 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 65 loans to small businesses in Kenya and Uganda (2021: 36 loans) and continued to provide technical business support to our investee businesses.
- 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.

Trustees' report (continued)
for the year ended 31 March 2022

Review of the year's performance and achievements

Balloon Ventures Limited continued working with and investing in small-medium enterprises ("SMEs"), building on the success of the previous year to achieve significant growth. Key achievements this year include:

- Making 65 loans to SMEs (2021: 36) and more than doubling the loan portfolio to £867,651 (2021: £396,832). This was the highest number and value of loans given to date, meaning we extended our reach to more businesses than ever.
- Significant growth in revenue generated from the loan portfolio, growing to £210,522 (2021: £86,682).
- Hitting breakeven for the first time in our Ugandan branch, which ended the year with financial sustainability* of 134%. Overall financial sustainability across both branches rose 92% (2021: 46%).

*Proportion of the direct costs incurred to invest in and support small businesses that are covered by revenue generated from the loan portfolio.

We saw particular success in Uganda, which was the driver of revenue and loan portfolio growth. Next year we plan on building upon this success, with plans to grow further.

In Kenya, in the final quarter of the year we paused new loans to focus on growing in Uganda. The Kenyan team continued to deliver business support services to high potential SMEs throughout the year.

The charity raised £42,303 of donations for projects it supports in Kenya and Uganda. It granted £22,076 onwards to an orphanage in Nakuru, Kenya to continue with the construction of a new, safer building for its children, and £10,750 to a school in Mbale, Uganda.

The group continued to receive strong support from our funders: Argidius Foundation, FCDO, Citi Foundation, Global Innovation Fund and Palladium (through their Challenge Fund for Youth Employment).

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 2022, the total funds were £1,298,722 (2021: £1,184,648). Of this, £783,636 (2021: £490,691) 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
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 March 2022

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 £249,952 (2021: donations of £158,027) from Balloon Ventures Limited, it's wholly owned subsidiary. In addition, during the year Balloon Ventures Limited re-charged costs amounting to £36,806 (2021: £86,332) to the charity. The charity re-charged costs amounting to £161,972 (2021: 70,085) to Balloon Ventures Limited. The outstanding balance owed by Balloon Ventures Limited to the charity at the end of the year was £707,168 (2021: £339,705).

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.

Plans for future periods

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

- Having proved the potential of the business model, we will actively be fundraising to scale up and prove the model works on a larger scale.
- With new funding we plan to grow the team in Uganda and increase the volume of loans made to SMEs, aiming to reach around 10 investments per month and growing the gross loan portfolio to over £2 million.
- We will also double down on our impact focus of creating good jobs e.g., by creating impact incentives in the loan product and targeting businesses with the potential for high good job creation.
- In Kenya we'll continue to deliver business support services to high potential SMEs, and we anticipate to restart lending in January 2023.

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Trustees' report (continued)
for the year ended 31 March 2022

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 year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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.

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 and signed on their behalf by:



Mr W S G Smith

Trustee

Date: 30/08/2022

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 2022 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 2022 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.

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.

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:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the provisions against loan debtor balances. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Assessment of identified fraud risk factors; and
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including cash, payroll and credit card expenditure; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

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.

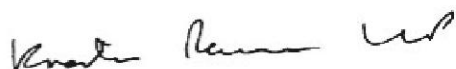
Independent auditors' report to the Members of Balloon Ventures Foundation Ltd (continued)

- 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.

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.

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: 7 September 2022

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 2022

| | Note | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|------------------------------------|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and legacies | 4 | 6,853 | 177,179 | 184,032 | 205,203 |
| Other trading activities | 5 | - | 456,724 | 456,724 | 481,173 |
| Other investment income | 6 | - | 14 | 14 | 105 |
| Total income | | 6,853 | 633,917 | 640,770 | 686,481 |
| Expenditure on: | | | | | |
| Other trading activities | | - | 280,581 | 280,581 | 328,415 |
| Charitable activities | | 185,724 | 60,391 | 246,115 | 213,714 |
| Total expenditure | | 185,724 | 340,972 | 526,696 | 542,129 |
| Net movement in funds | | (178,871) | 292,945 | 114,074 | 144,352 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 693,957 | 490,691 | 1,184,648 | 1,040,296 |
| Net movement in funds | | (178,871) | 292,945 | 114,074 | 144,352 |
| Total funds carried forward | | 515,086 | 783,636 | 1,298,722 | 1,184,648 |

Consolidated balance sheet
as at 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|------|-------------------------|-------------------------|
| Current assets | | | |
| Debtors | 14 | 828,899 | 367,110 |
| Cash at bank and in hand | | 560,188 | 900,216 |
| | | <u>1,389,087</u> | <u>1,267,326</u> |
| Creditors: amounts falling due within one year | 15 | (57,865) | (40,178) |
| Net current assets | | <u>1,331,222</u> | <u>1,227,148</u> |
| Total assets less current liabilities | | <u>1,331,222</u> | <u>1,227,148</u> |
| Creditors: amounts falling due after more than one year | 16 | (32,500) | (42,500) |
| Total net assets | | <u><u>1,298,722</u></u> | <u><u>1,184,648</u></u> |
| Charity funds | | | |
| Restricted funds | 17 | 783,636 | 490,691 |
| Unrestricted funds | 17 | 515,086 | 693,957 |
| Total funds | | <u><u>1,298,722</u></u> | <u><u>1,184,648</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 and signed on their behalf by:



Mr W S G Smith
Trustee

Date: 30/08/2022

The notes on pages 14 to 29 form part of these financial statements.

Charity balance sheet
as at 31 March 2022

| | Note | 2022 £ | 2021 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 13 | 461,284 | 461,284 |
| | | <u>461,284</u> | <u>461,284</u> |
| Current assets | | | |
| Debtors | 14 | 707,168 | 364,465 |
| Cash at bank and in hand | | 283,497 | 325,683 |
| | | <u>990,665</u> | <u>690,148</u> |
| Creditors: amounts falling due within one year | 15 | (12,989) | (25,166) |
| Net current assets | | <u>977,676</u> | <u>664,982</u> |
| Total net assets | | <u><u>1,438,960</u></u> | <u><u>1,126,266</u></u> |
| Charity funds | | | |
| Restricted funds | 17 | 171,904 | 92,264 |
| Unrestricted funds | 17 | 1,267,056 | 1,034,002 |
| Total funds | | <u><u>1,438,960</u></u> | <u><u>1,126,266</u></u> |

The Charity's net movement in funds for the year was £312,694 (2021 - £131,115).

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
and signed on their behalf by:



Mr W S G Smith
Trustee

30/08/2022

The notes on pages 14 to 29 form part of these financial statements.

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Consolidated statement of cash flows
for the year ended 31 March 2022

| | 2022 | 2021 |
|--|----------------------|----------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Net cash used in operating activities | (371,011) | 163,783 |
| Cash flows from investing activities | | |
| Interest received | 14 | 105 |
| | <hr/> 14 | <hr/> 105 |
| Net cash provided by investing activities | | |
| Cash flows from financing activities | | |
| Interest payable | 873 | (27) |
| | <hr/> 873 | <hr/> (27) |
| Net cash provided by/(used in) financing activities | | |
| Change in cash and cash equivalents in the year | (370,124) | 163,861 |
| Cash and cash equivalents at the beginning of the year | 900,216 | 809,278 |
| Change in cash and cash equivalents due to exchange rate movements | 30,096 | (72,923) |
| | <hr/> 560,188 | <hr/> 900,216 |
| Cash and cash equivalents at the end of the year | <hr/> 560,188 | <hr/> 900,216 |

The notes on pages 14 to 29 form part of these financial statements

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2022

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 2019), 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 2022

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.

The Charity receives all the profits generated during the year from Balloon Ventures Limited by way of a deed of covenant. 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.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

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 2022

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 2022

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.

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2022

4. Income from donations and legacies

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|-------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 6,853 | 144,479 | 151,332 | 17,741 |
| Legacies | - | 341 | 341 | 2,154 |
| Grants | - | 32,359 | 32,359 | 185,308 |
| Total 2022 | 6,853 | 177,179 | 184,032 | 205,203 |
| <i>Total 2021</i> | <i>5</i> | <i>205,198</i> | <i>205,203</i> | |

5. Income from other trading activities

Income from non charitable trading activities

| | Restricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|----------------------------|--|---------------------------------------|---------------------------------------|
| Grant income | 246,202 | 246,202 | 289,064 |
| Corporate programme income | - | - | 105,427 |
| Loan related activities | 210,522 | 210,522 | 86,682 |
| | 456,724 | 456,724 | 481,173 |
| <i>Total 2021</i> | <i>481,173</i> | <i>481,173</i> | |

6. Other investment income

| | Restricted funds 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|---------------------------|--|---------------------------------------|---------------------------------------|
| Other interest receivable | 14 | 14 | 105 |
| <i>Total 2021</i> | <i>105</i> | <i>105</i> | |

Notes to the financial statements
for the year ended 31 March 2022

7. Analysis of charitable expenditure by activities

| | Grant funding of activities 2022 £ | Support costs 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|----------------------------------|---|---|---------------------------------------|---------------------------------------|
| Kenyan and Ugandan project costs | 32,826 | 213,211 | 246,037 | 213,714 |
| Foreign exchanges differences | - | 78 | 78 | - |
| | <u>32,826</u> | <u>213,289</u> | <u>246,115</u> | <u>213,714</u> |
| <i>Total 2021</i> | <u>23,135</u> | <u>190,579</u> | <u>213,714</u> | |

Of the above expenditure totalling £246,115 (2021: £213,714), £32,826 (2021: £70,634) related to restricted activities, and £213,289 (2021: £143,080) related to unrestricted activities.

8. Charitable and trading expenses

| | Charitable activities - support costs 2022 £ | Other trading expenses 2022 £ | Total 2022 £ | Total 2021 £ |
|------------------------------|---|--|-----------------------------|-----------------------------|
| In-country operating costs | - | 252,852 | 252,852 | 211,400 |
| Loan loss expense | - | (12,505) | (12,505) | (10,334) |
| Volunteer programme costs | - | - | - | 15,699 |
| Other project costs | - | 52,820 | 52,820 | 33,702 |
| Head office costs | 201,456 | 8,638 | 210,094 | 178,598 |
| Governance costs | 11,754 | 7,850 | 19,604 | 16,954 |
| Bank charges | - | 1,097 | 1,097 | 52 |
| Foreign exchange differences | 78 | (30,176) | (30,098) | 72,923 |
| | <u>213,288</u> | <u>280,576</u> | <u>493,864</u> | <u>518,994</u> |
| <i>Total 2021</i> | <u>190,579</u> | <u>328,415</u> | <u>518,994</u> | |

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2022

9. Analysis of grants

| | Grants to Institutions 2022 £ | Total funds 2022 £ | Total funds 2021 £ |
|--|--|---------------------------------------|---------------------------------------|
| Love For All Orphanage (Nakuru, Kenya) | 32,826 | 32,826 | 23,135 |
| <i>Total 2021</i> | 23,135 | 23,135 | |

10. Auditors' remuneration

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Fees payable to the Charity's auditor for the audit of the Charity's annual accounts | 9,000 | 8,500 |
| Fees payable to the Charity's auditor in respect of: | | |
| All assurance services not included above | 6,500 | 6,000 |
| All non-audit services not included above | 900 | 2,454 |

Notes to the financial statements
for the year ended 31 March 2022

11. Staff costs

| | Group 2022 £ | Group 2021 £ | Charity 2022 £ | Charity 2021 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 168,739 | 144,401 | 168,739 | 144,401 |
| Social security costs | 15,523 | 12,948 | 15,523 | 12,948 |
| Contribution to defined contribution pension schemes | 10,080 | 5,875 | 10,080 | 5,875 |
| | 194,342 | 163,224 | 194,342 | 163,224 |

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

| | Group 2022 No. | Group 2021 No. | Charity 2022 No. | Charity 2021 No. |
|--------------------------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| UK management | 3 | 3 | 3 | 3 |
| Kenyan and Ugandan staff | 14 | 15 | - | - |
| | 17 | 18 | 3 | 3 |

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 (2021 - £NIL).

During the year ended 31 March 2022, no Trustee expenses have been incurred (2021 - £NIL).

Balloon Ventures Foundation Ltd
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Notes to the financial statements
for the year ended 31 March 2022

13. Fixed asset investments

| | Investments in subsidiary companies £ |
|-----------------------|--|
| Charity | |
| Valuation | |
| At 1 April 2021 | 461,284 |
| At 31 March 2022 | <u>461,284</u> |
| Net book value | |
| At 31 March 2022 | 461,284 |
| At 31 March 2021 | <u>461,284</u> |

14. Debtors

| | Group 2022 £ | Group 2021 £ | Charity 2022 £ | Charity 2021 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Due after more than one year | | | | |
| Other debtors | 239,701 | 103,468 | - | - |
| | <u>239,701</u> | <u>103,468</u> | <u>-</u> | <u>-</u> |
| Due within one year | | | | |
| Trade debtors | 29,321 | 65,628 | - | - |
| Amounts owed by group undertakings | - | - | 707,168 | 339,705 |
| Other debtors | 548,121 | 161,274 | - | - |
| Prepayments and accrued income | 11,756 | 36,740 | - | 24,760 |
| | <u>828,899</u> | <u>367,110</u> | <u>707,168</u> | <u>364,465</u> |

Notes to the financial statements
for the year ended 31 March 2022

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 £780,114 (2021: £255,505). Of this amount, £236,482 (2021: £103,111) is due in over one year, with £543,632 (2021: £152,394) due within one year.

Debtors (continued)

Schedule of loans receivable

| | Group 2022 £ | <i>Group 2021 £</i> |
|---|-----------------------------|-----------------------------|
| Loans receivable at 1 April | 255,505 | 196,264 |
| Reclassifications | - | - |
| Loan additions in the year | 867,369 | 332,748 |
| Loan repayments in the year | (372,692) | (235,644) |
| Loans written off in the year | (53,789) | (28,276) |
| (Increase)/ decrease in loan loss provision | 53,789 | 28,276 |
| FX revaluation adjustments | 29,932 | (37,863) |
| | 780,114 | 255,505 |

As at 31 March 2022 the loan loss provision stands at £87,537.

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Notes to the financial statements
for the year ended 31 March 2022

15. Creditors: Amounts falling due within one year

| | Group 2022 £ | Group 2021 £ | Charity 2022 £ | Charity 2021 £ |
|------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | 10,000 | 7,500 | - | - |
| Trade creditors | 27,683 | 148 | - | - |
| Other creditors | 1,624 | 1,288 | 1,608 | 1,041 |
| Accruals and deferred income | 18,558 | 31,242 | 11,381 | 24,125 |
| | 57,865 | 40,178 | 12,989 | 25,166 |

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 2022 £ | Group 2021 £ |
|------------|-----------------------------|-----------------------------|
| Bank loans | 32,500 | 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 2022

17. Statement of funds

Statement of funds - current year

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Balance at 31 March 2022 £ |
|-----------------------------------|---------------------------------|----------------|------------------|-------------------------------------|
| Unrestricted funds | | | | |
| General fund | 693,957 | 6,853 | (185,724) | 515,086 |
| Restricted funds | | | | |
| Balloon Ventures East Africa Fund | 162,349 | 176,838 | (60,391) | 278,796 |
| Balloon Ventures Limited | 328,342 | 457,079 | (280,581) | 504,840 |
| | 490,691 | 633,917 | (340,972) | 783,636 |
| Total of funds | 1,184,648 | 640,770 | (526,696) | 1,298,722 |

Statement of funds - prior 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 | 686,476 | (542,129) | 1,184,648 |

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.

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2022

18. Summary of funds

Summary of funds - current year

| | Balance at 1 April 2021 £ | Income £ | Expenditure £ | Balance at 31 March 2022 £ |
|------------------|--|---------------------|--------------------------|---|
| General funds | 693,957 | 6,853 | (185,724) | 515,086 |
| Restricted funds | 490,691 | 633,917 | (340,972) | 783,636 |
| | 1,184,648 | 640,770 | (526,696) | 1,298,722 |

Summary of funds - prior 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 |

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total funds 2022 £ |
|--------------------------------------|--|--|---------------------------------------|
| Debtors due after more than one year | - | 239,701 | 239,701 |
| Current assets | 528,075 | 621,311 | 1,149,386 |
| Creditors due within one year | (12,989) | (44,876) | (57,865) |
| Creditors due in more than one year | - | (32,500) | (32,500) |
| Total | 515,086 | 783,636 | 1,298,722 |

Notes to the financial statements
for the year ended 31 March 2022

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

| | Group 2022 £ | <i>Group 2021 £</i> |
|--|-----------------------------|-----------------------------|
| Net income for the year (as per Statement of Financial Activities) | 114,074 | 144,352 |
| Adjustments for: | | |
| Increase in debtors | (835,133) | (130,862) |
| Increase in creditors | 443,367 | 77,448 |
| Foreign exchange differences | (30,096) | 72,923 |
| Interest receivable | (14) | (105) |
| Interest payable | 873 | 27 |
| Net cash provided by/(used in) operating activities | (306,929) | 163,783 |

21. Analysis of cash and cash equivalents

| | Group 2022 £ | <i>Group 2021 £</i> |
|--|-----------------------------|-----------------------------|
| Cash in hand | 560,188 | 900,216 |
| Total cash and cash equivalents | 560,188 | 900,216 |

22. Analysis of changes in net debt

| | At 1 April 2021 £ | Cash flows £ | At 31 March 2022 £ |
|--------------------------|----------------------------------|-------------------------|-----------------------------------|
| Cash at bank and in hand | 900,216 | (340,028) | 560,188 |
| Debt due within 1 year | (7,500) | (2,500) | (10,000) |
| Debt due after 1 year | (42,500) | 10,000 | (32,500) |
| | 850,216 | (332,528) | 517,688 |

Notes to the financial statements
for the year ended 31 March 2022

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 £10,080 (2021: £5,875). Contributions totalling £1,583 (2021: £467) were payable to the fund at the balance sheet date and are included in creditors.

24. Operating lease commitments

At 31 March 2022 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2022 £ | <i>Group 2021 £</i> |
|--|-----------------------------|-----------------------------|
| Not later than 1 year | 7,201 | 7,238 |
| Later than 1 year and not later than 5 years | 1,605 | 8,478 |
| | 8,806 | 15,716 |

25. Members' liability

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1 of the accounts. 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. Post balance sheet events

On 31 May 2022, the Charity was allotted 523,434 shares at £1 a share, in Balloon Ventures Limited, in exchange for release of the intercompany loan. This is considered to be a non-adjusting event after the end of the reporting period.

27. Controlling party

The charity is under the control of the trustees.

Balloon Ventures Foundation Ltd
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2022

28. Principal subsidiaries

The following was a subsidiary undertaking of the Charity:

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

The financial results of the subsidiary for the year were:

| Name | Income £ | Expenditure £ | Profit/(Loss) / Surplus/ (Deficit) for the year £ | Net assets £ |
|----------------------|---------------------|--------------------------|--|-------------------------|
| Balloon Ventures Ltd | 655,344 | 405,392 | 249,952 | 257,446 |

