

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND

Report and Financial Statements

Year ended: 31 December 2020

Charity Commission Reference: 282480

Registered Office: Waterside, PO Box 365, Harmondsworth UB7 0GB

	Page
Report of the Trustees	1
Independent Examiners Report	5
Statement of Financial Activities	6
Balance Sheet	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020
Charity Commission Reference: 282480

Report of the Trustees for the year ended 31 December 2020

The Trustees present their annual report and financial statements of the charity for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2016.

Objectives and activities for the public benefit

The purpose of the British Airways Welfare and Benevolent Fund ('BAWBF') is to relieve poverty amongst present and former employees of British Airways Plc ('BA'), their spouses and dependants.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting the award making policy for the year.

Structure, governance and management

The charity was established pursuant to a Deed of Declaration of Trust dated 20 March 1981 entered into by the British Airways Board on the one part and Norman Ashworth Binks and others (the original Trustees) as the other part. The Deed provides that there shall not at any time be more than six or less than three Trustees in number and that the power to appoint or remove any Trustee shall be vested in British Airways Plc.

The charity has nine Trustees, all of whom are either past or present employees of British Airways Plc. The charity is currently in a period of transition, and a deed of variation is in process to increase the maximum number of trustees to ten.

The Trustees and British Airways Plc have agreed the following protocol for the appointment of Trustees. Trustee appointments generally coincide with the financial year and will typically be for a period of three years. Trustees may, subject to the Chairman's approval, be recommended to serve for up to three further terms (a maximum total of 12 years). Candidates for the position of Trustee must be past or present employees of the British Airways Group, must have the necessary maturity and skills and have held a position which suits them to the role of Trustee. Initial selection will be undertaken by the then current Trustees with the most appropriate candidate being invited to a selection board consisting of at least three Trustees. The selection board will make a formal recommendation to the Chairman who will, if they support the nomination, be responsible for securing the formal nomination by British Airways Plc in accordance with the Deed of Declaration of Trust.

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Activities

Some 25 grants, totalling £69,050 were made to individuals during the year (2019: 40 grants totalling £69,786). Grants are decided by the Trustees on the individual merits of each case.

Casework continues to be undertaken for every application through its arrangement with the Soldiers, Sailors, Airmen and Families Association (SSAFA) which is now in its sixth year of operation.

Financial review for the year ended 31 December 2020

The net income and net movement in funds for the year ended 31 December 2020 was £225,884 (2019: net income of £468,134). Investment income was £78,690 (2019: £64,917) and donations amounts to £120 (2019: £120). Net gains on investments was £223,155 (2019: £482,811).

At 31 December 2020 the market value of investments was £3,257,656 (2019: £3,034,501).

Investment policy

The Trustees invest funds with Charities Churches and Local Authorities (CCLA). The charity holds a combination of income units and accumulation units in the COIF Charities Investment Fund.

The financial objectives of the COIF Charities Investment Fund are:

Over the long term, average annual total returns (income and capital growth) of inflation plus 5% before costs; Within total return, an attractive income which is reliable from year to year; and volatility no more than 75% of that of the UK stock market.

The Trustees recognise that there is a significant degree of risk to the capital value of the portfolio, especially over shorter time periods. However, this risk is considered appropriate given the long-term nature of the portfolio and the requirement for sustainable income returns to fund the charity's work.

The Investment Fund excludes direct holdings in tobacco companies, and in companies with any involvement in cluster bombs and landmines, online gambling or the production of pornography.

The total return on the COIF Charities Investment Fund for the year ended 31 December 2020 was 10% (2019: 19%) after all costs.

Risk management

The principal risks faced by the charity lie in the performance of investments and the ability for BAWBF caseworkers to reach applicants.

The Trustees consider variability of investment returns to constitute the charity's major financial risk. This is mitigated by retaining expert investment managers and having a diversified investment portfolio. The Trustees manage the investment on a total return basis. The Trustees consider that the use of a total return approach helps stabilise the resources available for grant making.

The Trustees have an ongoing agreement with SSAFA to use their in-house caseworkers for assessing applications.

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Reserves policy

The Trustees aim to maintain free reserves in unrestricted funds. Reserves are needed to invest and gain dividends to enable payments to be made. The balance held as unrestricted funds at 31 December 2020 is £3,309,874 (2019: £3,083,990).

Plans for the future

The Trustees are keen to reach out and communicate to as many current and future employees. To this extent, they are exploring all possible avenues to remind the current and former employees to seek help if they are struggling financially.

The Trustees have also engaged with legal advisors to change its status to a Charitable Incorporated Organisation (CIO). The Fund is going to be renamed as BA Benevolent Fund and the Trustees have drafted an Memorandum of Understanding with BA to set out the relationship with BA and the Fund.

Key management personnel remuneration

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses and related party transactions are disclosed in Note 2 to the financial statements.

Reference and administrative information

Trustees

The Trustees and Chairman of the charity during the year ended 31 December 2020 were:

Pauline Jorgensen (Appointed Trustee 1 March 2020, appointed Chair 1 December 2020)

Melanie Lee (Resigned as Chair 30 November 2020)

Roopal Radia (Resigned as Treasurer and Trustee 31 August 2020)

Charles Wadsworth (Appointed Treasurer and Trustee 1 September 2020)

Nigel Allam (Secretary)

Christopher Hodgkinson

Giles Lowe

Neil Gunnell (Appointed 29 September 2020)

Douglas Brown (Appointed 29 September 2020)

Jill Errington (Appointed 29 September 2020)

Charity Number: 282480

Registered Office: Waterside, PO Box 365, Harmondsworth UB7 0GB

Independent Examiners: Ernst & Young LLP, 1 More London Place, London SE1 2AF

Bankers: Barclays Bank, Heathrow Airport, Hatton Cross Branch, Hounslow TW6 2JJ

Investment Managers: CCLA, Senator House, 85 Queen Victoria Street, London EC4V 4ET

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees' responsibilities in relation to the financial statements

The charity Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Approved by the Trustees on 29 October 2021 and signed on their behalf by:



Charles Wadsworth
TREASURER of TRUST
On behalf of the Trustees

Date: 31.10.21

Independent examiner's report to the Trustees of British Airways Welfare & Benevolent Fund

I report on the accounts of the Trust for the year ended 31 December 2020, which are set out on pages 6 to 11.

Respective responsibilities of Trustees and independent examiner

The charity's Trustees are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no material matters have come to my attention which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the accounting requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give 'true and fair' view which is not a matter considered as part of an independent examination.

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Use of our report

This report is made solely to the Trustees, as a body, in accordance with our engagement letter dated 6 September 2019. The examination has been undertaken so that we might state to the Trustees those matters that are required to be stated in an examiner's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the Trustees as a body, for this examination, for this report, or for the statements made.



J I Gordon

For and on behalf of Ernst & Young LLP

Institute of Chartered Accountants in England and Wales

London

Date: 2 November 2021

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
Statement of Financial Activities for the year ended 31 December 2020

	Note	Total Unrestricted Funds 2020 £	Total Unrestricted Funds 2019 £
Income:			
Investment Income		78,690	64,917
Donations		120	120
Net profit on investments	4	223,155	482,811
Total Income		301,965	547,848
Expenditure:			
Expenditure on charitable activities:			
Benevolent Grants		(69,050)	(69,786)
Other Expenditure		(7,031)	(9,928)
Total Expenditure		(76,081)	(79,714)
Net income and net movement in funds for the year		225,884	468,134
Reconciliation of Funds:			
Funds brought forward at 1 January		3,083,990	2,615,856
Total funds carried forward at 31 December		3,309,874	3,083,990

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
Balance Sheet as at 31 December 2020

	Note	<u>Total Funds</u> <u>2020</u>	<u>Total Funds</u> <u>2019</u>
		£	£
Fixed Assets:			
Investments	3	3,257,656	3,034,501
Total Fixed Assets		<u>3,257,656</u>	<u>3,034,501</u>
 Current Assets:			
Cash at bank		44,113	99,158
Accrued income		16,705	4,694
Total Current Assets		60,818	103,852
 Current Liabilities:			
Amounts owed to BA		2,500	43,683
Other creditors		6,100	10,680
Total Current Liabilities		8,600	54,363
Net Current Assets		52,218	49,489
Net Assets		<u><u>3,309,874</u></u>	<u><u>3,083,990</u></u>
 The funds of the charity:			
Accumulated Fund	4	1,095,095	1,092,366
Revaluation Reserve	4	2,214,779	1,991,624
TOTAL FUNDS EMPLOYED		<u><u>3,309,874</u></u>	<u><u>3,083,990</u></u>
 Funds:			
Unrestricted		<u>3,309,874</u>	<u>3,083,990</u>
		<u><u>3,309,874</u></u>	<u><u>3,083,990</u></u>

The report and financial statements were approved by the Trustees on

Signed on behalf of the board



Charles Wadsworth
Treasurer

Date: 31.10.21

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
Statement of Cash flows for the year ended 31 December 2020

	Note	<u>Total Funds</u> <u>2020</u>	<u>Total Funds</u> <u>2019</u>
		£	£
Net cash used in operating activities	5	(133,735)	(78,140)
		<u>(133,735)</u>	<u>(78,140)</u>
<i>Cash flows from investing activities:</i>			
Interest and dividends		78,690	64,917
		<u>78,690</u>	<u>64,917</u>
Net cash provided by investing activities		78,690	64,917
Change in cash and cash equivalents in the year		(55,045)	(13,223)
Cash and cash equivalent brought forward		99,158	112,381
Cash and cash equivalents carried forward		<u>44,113</u>	<u>99,158</u>

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value except for investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. The charity constitutes a public benefit entity as defined by FRS 102 (effective 1 January 2016). The financial statements are presented in pounds sterling.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern as a result of its strong net asset position. With respect to the next reporting period, year ending 31 December 2021, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

(b) Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. The Trustees have concluded that the judgements are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Income recognition

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.

(d) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies (continued)

(e) Fixed asset investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is to the capital value of the portfolio, especially over shorter time periods. However this risk is considered appropriate given the long term nature of the portfolio and the requirement for sustainable income returns to fund the charity's work.

(f) Expenditure recognition

Costs of charitable activities include grants made, expenses of the Trustees and payments to SSAFA to use their in-house caseworkers.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. Once an application is received, the case is discussed by the trustees and if awarded, the grant is paid to the third party supplier who will complete the work.

(g) Funds structure

The Trustees have invested the funds with CCLA. The charity holds a combination of income units and accumulation units in the COIF Charities Investment Fund. Both the funds are unrestricted. Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. The dividends earned from the funds are used to make payments as grants.

2. Related party transactions and trustees' expenses and remuneration

The Trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2019: £nil). Expenses paid to Trustees in the year totalled £270 (2019: £846). The expenses mainly related to travel costs.

During the year payments of £2,500 (2019: £58,445) were made on behalf of the charity by British Airways Plc for the payment of contractor services in support of the Trust's casework.

In addition, the charity's independent examination fee for the year was borne by British Airways Plc.

At the year end £2,500 was owed to British Airways Plc (2019: £43,683).

BRITISH AIRWAYS WELFARE & BENEVOLENT FUND
Notes to the financial statements for year ending 31 December 2020

Note

3 Investments

	Shares (number)	Market Value £
Charities investment income fund:		
At 31 December 2019	128,599	2,177,015
Net gain on revaluation	-	139,234
At 31 December 2020	<u>128,599</u>	<u>2,316,249</u>
Charities investment accumulation fund:		
At 31 December 2019	4,556	857,486
Net gain on revaluation	-	83,921
At 31 December 2020	<u>4,556</u>	<u>941,407</u>
Total investments at 31 December 2019		<u>3,034,501</u>
Total investments at 31 December 2020		<u><u>3,257,656</u></u>

4 Reconciliation of movement in total funds employed

	Balance at 1 January 2019	Income	Balance at 31 December 2019
Revaluation reserve	1,508,813	482,811	1,991,624
Accumulated fund	1,107,043	(14,677)	1,092,366
	<u>2,615,856</u>	<u>468,134</u>	<u>3,083,990</u>
	Balance at 1 January 2020	Income	Balance at 31 December 2020
Revaluation reserve	1,991,624	223,155	2,214,779
Accumulated fund	1,092,366	2,729	1,095,095
	<u>3,083,990</u>	<u>225,884</u>	<u>3,309,874</u>

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

	<u>2020</u>	<u>2019</u>
	£	£
Net movement in funds	225,884	468,134
Interest income shown in investing activities	(78,690)	(64,917)
Gains on investments	(223,155)	(482,811)
(Increase) / decrease in debtors	(12,011)	437
Increase / (decrease) in creditors	(45,763)	1,017
Net cash used in operating activities	<u>(133,735)</u>	<u>(78,140)</u>