

Varkey Foundation

Annual Report 2022

Report and Financial
Statements for the year that
ended 31st March 2022



**VARKEY
FOUNDATION**

A good teacher for every child

ANNUAL REPORT 2022

REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR THAT ENDED 31ST MARCH 2022



About the Varkey Foundation

The Varkey Foundation is a not-for-profit organisation established to improve the standards of education for underprivileged children throughout the world. Our mission is to ensure that every child has a good teacher.

The Varkey Foundation is a charity registered with the Charity Commission for England and Wales number 1145119 and a company limited by guarantee registered in England and Wales under company number 07774287. Registered Office: Oakwood Estate, Chertsey Road, Windlesham, Surrey, GU20 6HY, UK

Company Information

Company No. 07774287

Charity No. 1145119

Members

Sunny Varkey
Dino Sunny Varkey

Patrons

Sunny Varkey
Harsha Varkey

Charity Trustees

Jay Sunny Varkey
Sir Michael Lockett

Key Management Personnel

Nicole Lui (Executive Director)

Principal Office

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GU20 6HY

Independent Auditor

Crowe U.K. LLP
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Bankers

Barclays Bank PLC
4 Waterside Way, The Lakes
Bedford Road,
Northampton, NN4 7XD

Legal Advisors

Bates Wells Braithwaite London LLP
10 Queen Street Square
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Trustees' Annual Report

The trustees and directors of the company present their report and financial statements, which incorporates the Strategic Report, for the year ended 31st March 2022.

Structure, Governance and Management

The company (registration number 07774287) was formed on 14th September 2011 and was registered as a charity in England (registration number 1145119) on 16th December 2011. The company is limited by guarantee and has two members. The company is governed by a memorandum and articles of association.

The executive team is responsible for the implementation of the strategy set by the trustees. During the financial year, the executive team was led by Nicole Lui who has been the executive director since 1st November 2018.

The trustees are responsible for the overall direction, supervision and accountability of the Varkey Foundation (the foundation) and its projects. The trustees have delegated the day-to-day decision making to the executive director of the foundation, who reports back to the trustees. The trustees are responsible for:

- Furthering the overall purpose of the foundation, as set out in its governing document, and setting its direction and strategy.
- Ensuring that the foundation's work is effective, responsible and legal.
- Safeguarding the foundation's finances and resources and ensuring that they are used to further its purpose.

Trustees receive the appropriate training to carry out their duties at the commencement of their trusteeship. All new trustees receive an induction pack and complete a register of interests. They are also provided with opportunities for governance and sector specific training and development.

Recruitment of new trustees is based upon consideration of skills, always mindful of the need to reflect diversity and maintain a balance of individuals from different backgrounds. Depending on the gap to be filled, this may be achieved via existing networks, recruitment agencies or by advertisement.

Charity Governance Code

By establishing good governance at the Varkey Foundation we ensure:

- Compliance with laws and regulations.
- That the organisation is well run and efficient.

- That problems are identified and dealt with appropriately.
- That our work has the desired impact and that the objectives of the foundation are advanced.

The Charity Governance Code, endorsed by the Charity Commission and other sector bodies, was introduced in 2017 and adopted by the Varkey Foundation. The code sets out a number of recommended practices for charities and encourages trustees to either apply these practices or explain why they have not done so, or what other measures they have taken instead – a principal known as “apply or explain.”¹ The trustees of the Varkey Foundation believe that the foundation is substantially compliant with the code, but note that they have not applied the code’s recommendations in the following areas:

- Presently, due to the size of the board, there are no committees and all matters are addressed by the full board. This will continue to be kept under review. The board is currently seeking additional trustees.
- The board does not presently review its own performance nor that of individual trustees. Consideration will be given to the introduction of a formal review process as prescribed by the code.

Varkey Foundation Subsidiaries and Branches

The Varkey Foundation has three subsidiaries: Fundación Varkey Argentina, VF Trading Varkey Limited and Varkey Foundation Ghana. Varkey Foundation Ghana was dormant during year 2022, doesn’t have any assets and is not included in the consolidation.

The overall charity result is comprised of the results of the UK foundation only.

VF Trading Varkey Limited

VF Trading Varkey Limited was incorporated on 29th September 2016 as the 100% owned trading subsidiary of the Varkey Foundation. It is a company registered in England and Wales with company registration number 10402535. Its primary activity is generation of sponsorship for the Global Teacher Prize and Global Student Prize event.

Fundación Varkey Argentina

Fundación Varkey Argentina was established on 7th September 2016 as the 100% owned non-profit Argentine foundation of Varkey Foundation. Fundación Varkey Argentina was founded by the Varkey Foundation which reserves the right to appoint

¹ Charity Governance Code, Charity Governance Code Steering Group (2020)

all of the members of its board of trustees. It operates various programs for education professionals in Argentina and Latin America.

Varkey Foundation Ghana

Varkey Foundation Ghana was a branch of the Varkey Foundation until it became a subsidiary company with the same name. It was incorporated on 6th December 2017. It became active from 1st April 2018 when the assets and liabilities of the Varkey Foundation Ghana branch were duly transferred in full.

Varkey Foundation Ghana is registered with the Social Welfare Department and the Registrar General's Department in Ghana with the name The Varkey Foundation. It is registered as an NGO with the Accra Municipal Authority and the Social Welfare Department.

From October 2019 all staff, assets and programmes were novated to Plan International Ghana. Varkey Foundation Ghana was dormant during financial years 2020–22 and will remain dormant until a further decision is made.

Fresh Start Media Limited

The foundation owned a 39% investment in Fresh Start Media Limited which was purchased for £100,000. Fresh Start Media is a video production company that was spun off from First News and First News Productions, to create non-fiction content for, or about, children. Fresh Start Media investment was sold to GEMS Eduventures Limited in July 2022.

Remuneration Policy

The foundation looks at market comparisons in the charity sector as a method of benchmarking salaries, however some flexibility is applied to take into consideration the specific requirements for each post, including key management, and to ensure we can recruit the best candidate possible to meet the needs of the foundation. The foundation has implemented a performance management system, for all staff, through which salary reviews are aligned to performance.

Public Benefit

The trustees have referred to the Charity Commission's published guidance on public benefit when reviewing aims and objectives and planning activities. In particular, as required by the Charities Act 2011, the trustees considered how the foundation's activities contribute to its aims and objectives. Our objectives and activities are set out on page 5. The trustees consider that the aims, objectives and activities they have put in place are for the public benefit and this is demonstrated throughout this report.

The end of the trustees' report and their signatures are on page 22.

Strategic Report

Objectives

The Varkey Foundation's vision is for a quality education for every child. The foundation's mission is to ensure that every child has a good teacher. Its objectives are set out in its articles of association, as follows:

- For the public benefit, the advancement of education throughout the world in such ways as the trustees think fit;
- The prevention or relief of poverty or financial hardship anywhere in the world by providing or assisting in the provision of education and training; and
- Such other purposes that are charitable under the law of England and Wales both within the United Kingdom of Great Britain and Northern Ireland and elsewhere throughout the world.

The Varkey Foundation's charitable activities for the year covered advocacy, programmes, and partnerships and grant-making. These activities led to a range of positive impact across four reporting benchmarks:

1. Teaching

The Varkey Foundation continued to build the status of teachers around the world and celebrate their work. During the year, the foundation's **Global Teacher Prize** reached dozens of countries and generated millions of dollars' worth of positive news coverage for the teaching profession, including in major news publications around the world. The prize generated over 6,500 stories in the media globally, an Advertising Value Equivalent of £111,293,684 with a total PR value of £333,881,052. The process of running, publicizing and awarding the prize remained the foundation's principal activity.

During the year, the Varkey Foundation also continued to support teachers through its networks of **Global Teacher Prize Ambassadors** and **National Teacher Prizes** around the world.

2. School Leadership

The Varkey Foundation's programmes continued to empower leaders across school systems. Training programmes run by Varkey Foundation subsidiary **Fundación Varkey Argentina** continued to build the capacity of school leaders in Argentina, as

well as in programmes elsewhere in Latin America. The foundation reached a total of 31,500 educational leaders in Argentina.

3. Political Leadership

The Varkey Foundation challenged governments and the international community to deliver on education. During the year, foundation representatives met with government leaders and addressed gatherings of ministers of education. The foundation also hosted several major events that brought together leaders from the public, private and philanthropic sectors to discuss key education issues. In July, education leaders committed to action on girls' digital access, skills and online learning, following a major summit hosted by the Varkey Foundation in partnership with UNESCO and CJ Cultural Foundation. The foundation also continued to convene its **Atlantis Group** of former government officials.

4. Innovation

The Varkey Foundation shone a spotlight on new ideas created by young people and teachers.

The foundation's inaugural \$100,000 **Global Student Prize**, awarded in November 2021, recognized the innovative work being done by students around the world to address key social issues, from climate change to sustainable energy. During the year the prize generated over 2,000 media stories, an Advertising Value Equivalent of £22,182,426 with a total PR value of £66,547,278.

Throughout the year, members of the foundation's **Global Teacher Prize Ambassador** network continued to do innovative work that positively affected their communities. That work ranged from giving deprived communities access to potable water and food, to supporting young people from indigenous communities to connect with their culture.

Fundación Varkey Argentina continued to run its **Comunidad Atenea** ("the Athena Community"), an online platform for Latin American educators and school leaders.

Activities

Research

The Varkey Foundation did not commission any new research during the year. However, on several occasions media outlets cited the foundation's existing polling on the social status of teachers and the views of young people. Expenditure on research in the year was £0.

Advocacy

The Varkey Foundation continued to challenge governments to live up to their education commitments. The foundation hosted virtual summits for education leaders, teachers and students that focused on key education issues, including girls' education, educational technology and higher education. During the year, Varkey Foundation staff and Global Teacher Prize winners spoke at key events hosted by international bodies including the OECD and UNESCO. They also met with policymakers to discuss key education issues, including presidents, prime ministers and education ministers.

- In May 2021, the Varkey Foundation hosted the **Global Student Summit**, bringing together hundreds of participants to discuss the future of the higher education sector. Over 800 people from 110 countries registered for the conference, including students, higher education experts and several former ministers of education. The speakers included representatives of major global agencies (e.g. OECD, World Bank), experts from leading universities (e.g. Harvard, Oxford) and young activists and entrepreneurs.
- In July 2021, the Varkey Foundation, UNESCO and CJ Cultural Foundation hosted **Building The Bandwidth**, a high-level event on girls' digital access, skills and online learning. The event focused on the impact of COVID-19 on girls' education, and in particular, how the global move to online learning during the pandemic was affecting disadvantaged girls and young women. Participants included the heads of UNESCO, UNICEF and Education Cannot Wait, as well as other leaders and experts from across the public, private and philanthropic sectors. Following the event, participants signed a public statement committing themselves to action on girls' access to online learning and digital skills, and also called for action from the international community to protect financing for girls' education following the COVID-19 pandemic.

- In November 2021, the Global Teacher Prize Winner Keishia Thorpe addressed dozens of ministers of education at the UNESCO General Conference in Paris, urging them to do more to ensure that students from disadvantaged backgrounds were able to access higher education.
- Also in November, the Global Student Prize Winner Jeremiah Thoronoka met with Sierra Leone’s high commissioner to the United Kingdom to discuss his prize-winning work.
- In January 2022, Keishia travelled to Jamaica where she met with government officials, including the prime minister and ministers of foreign affairs, education and sports. During her visit, Keishia also met with companies and development groups to discuss paths to employment for students from disadvantaged backgrounds.
- In February 2022, Keishia travelled to the UAE where she spoke at Qudwa, a major education conference hosted by the country’s government in partnership with the OECD that aimed at building the capacity of teachers around the world.
- In March 2022, Keishia travelled to Colombia where she addressed skills ministers and the country’s president at a major event hosted by the OECD.
- Following her win in November 2021, Keishia also undertook a range of advocacy activities in the USA, including meeting with major development banks in Washington, DC. She also received a number of education dignitaries at her school, including federal officials and development leaders.

Networks

- The Varkey Foundation convened its **Atlantis Group** of former ministers of education and heads of government to seek advice on a range of issues, including the use of educational technology in low and middle-income countries.
- The Varkey Foundation continued to convene its **Global Teacher Prize Ambassadors**, a group of 300 Global Teacher Prize finalists, to discuss key issues affecting education in their countries. The foundation continued to explore ways to incubate, fund and scale teacher-led projects for positive social impact.
- The foundation partnered with 40 **National Teacher Prizes** around the world and at least four countries hosted prize ceremonies during the year.

Expenditure on advocacy in the year was £ 1,401,977.

Programmes

Argentina

Fundación Varkey Argentina remained the only Varkey Foundation entity to deliver education programmes during the year, principally through its Leadership and Innovation Programme in Argentina. The foundation also delivered smaller education capacity-building initiatives in Colombia, the Dominican Republic, Ecuador, Peru and Uruguay. Fundación Varkey Argentina also undertook other educational activities that complemented its programmatic work, including commissioning small-scale education research projects and publishing new thinking on education, including a book of interviews with former education ministers from around the world.

Leadership and Innovation Programme

During 2021/2022, Fundación Varkey Argentina continued its flagship programme to support school leaders in provincial jurisdictions in Argentina. Over 31,500 school leaders graduated from the programme during the course of the year.

Total expenditure on Programmes in the year was £ 1,231,770.

Partnerships and Grant Making

Partnerships

The Varkey Foundation continued its formal partnership agreement with UNESCO and remained part of the UNESCO-led **Global Education Coalition**, a network of philanthropic groups working to protect the right to education during the COVID-19 crisis. The Varkey Foundation also partnered with UNESCO on a number of advocacy initiatives during the year, including the Global Teacher Prize ceremony and the Building The Bandwidth event (see above, “Advocacy”).

During the year, Fundación Varkey Argentina led the **Global School Leadership Network**, a grouping of over 350 school leaders and 100 experts around the world that worked to make school leadership more effective. The Global School Leadership Network was launched in April 2021 as a joint initiative of the Varkey Foundation and Global School Leaders, and the network was part of UNESCO’s International Task Force on Teachers for Education.

The education advocacy organization **Chegg.org** sponsored the 2022 Global Student Prize and throughout the year the Varkey Foundation partnered with them on a number of different initiatives, including the Global Student Summit (see

above, “Advocacy”). Chegg.org is the social impact branch of Chegg, a major US educational technology company.

Grant Making

The Varkey Foundation’s principal grant making during the year remained its US\$1 million Global Teacher Prize, which aims at raising the status of teachers worldwide and celebrating the profession.

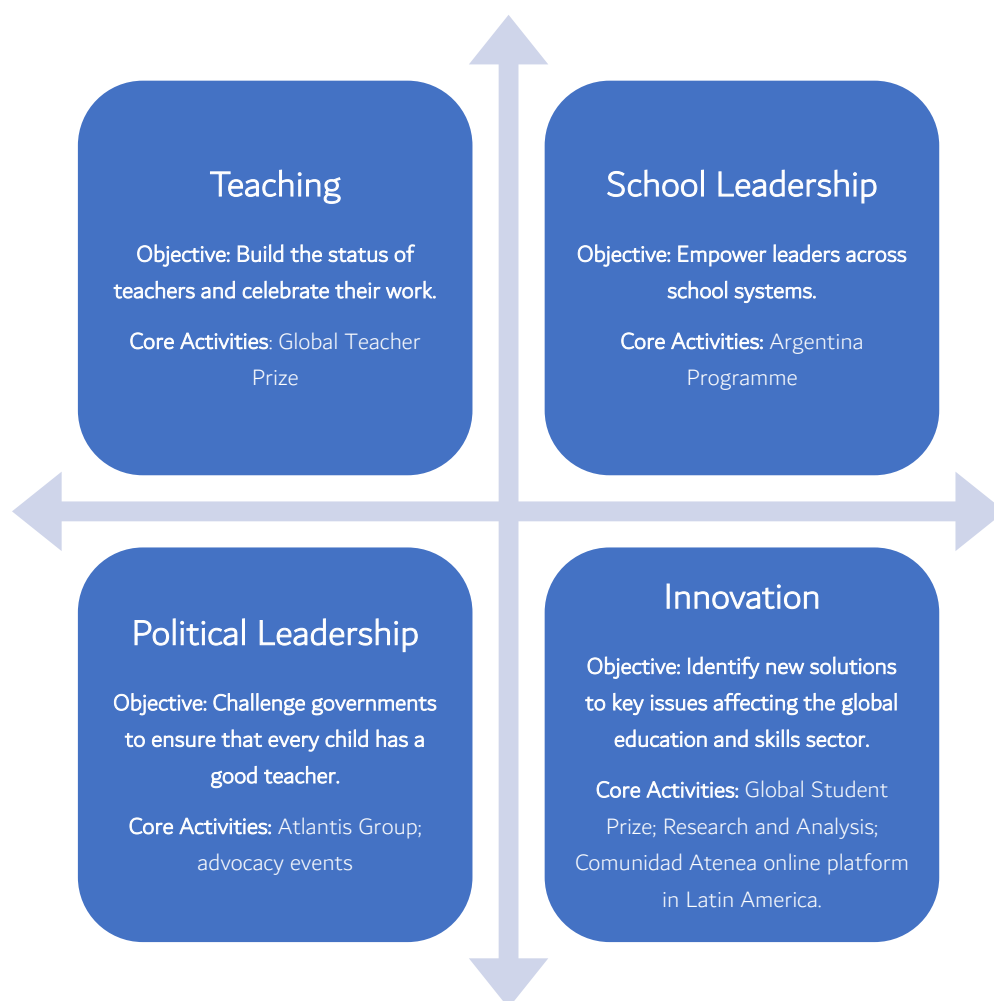
- The **Global Teacher Prize** remained the world’s most significant global education award. As noted above (“Teaching”), during the year the prize accumulated a total PR value of £333,881,052. In November, the Varkey Foundation awarded the seventh annual Global Teacher Prize to US high school teacher **Keishia Thorpe** for her work with refugee and immigrant students. The announcement, made at UNESCO headquarters in Paris, attracted considerable media attention from prominent news outlets, including The Washington Post and CNN.
- Also in November 2021, the Varkey Foundation awarded its inaugural \$100,000 **Global Student Prize** to Sierra Leonean student Jeremiah Thoronka for his work on sustainable energy. The winner’s announcement was made by award-winning actor Hugh Jackman, and Jeremiah received his winner’s trophy from Sierra Leone’s high commissioner to the UK. As noted above (“Innovation”), during the year the prize accumulated a total PR value of £66,547,278. The prize was sponsored by Chegg.org.

Expenditure on partnerships and grant-making from continuing operations this year was £ 1,133,140.



Future Plans

For the period 2022–2023, the Varkey Foundation’s strategy will continue to focus on its four priorities: Teaching, School Leadership, Political Leadership and Innovation. The foundation will meet its objectives for these four priorities through a set of core activities:



In 2022–2023, the Varkey Foundation will significantly grow its reach and impact worldwide. Throughout the year, the foundation will deliver on its mission of ensuring that every child has a good teacher by shining a light on the work of extraordinary teachers and students. It will also build change-making communities of teachers, school leaders and policymakers and commission ground-breaking new research into what the world thinks and feels about education. To achieve its targets, the

foundation will enact far-reaching changes to its business plan, diversifying its sources of funding and changing the way it delivers some of its core activities.

The Varkey Foundation will continue to champion the cause of teachers around the world. To do that, we will significantly increase the numbers of applications for our flagship Global Teacher Prize and Global Student Prize, and also aim to launch and co-fund a new Global Schools Prize to celebrate the critical work of school leaders. We will continue to challenge governments on education, through an expanded programme of advocacy and through new research on the global status of teachers. Our foundation will also support education change-makers at the grassroots, by growing our networks of National Teacher Prizes, Global Teacher Prize Ambassadors and the Atlantis Group. We will explore new ways to amplify teachers' voices and to fund and incubate their passion projects. Finally, our programmes in Latin America will continue to build the capacity of the region's school leaders and deliver badly needed change from the ground up.

To deliver on this programme of growth and increased impact, the Varkey Foundation will make fundamental and lasting changes to the way it does business. We will need to build new partnerships across the global education sector in order to fund major activities, including prize-giving and research. We will also need to invest in community-building, to level-up the foundation's global networks. Finally, and most significantly, we will need to change the way in which we run some of our core activities, including the Global Teacher Prize.

In 2023, the Foundation wants the Global Teacher Prize to reach more teachers, and to have more impact on education, than ever before. To do this, we have committed to delivering a significant increase in the numbers of applications and nominations for the prize. However, we recognize that we face significant challenges in doing so. The COVID-19 pandemic has depressed the numbers of nominations and applications for the prize – a result of school closures and low morale among the teacher workforce across the world. Therefore, while we are working to grow the prize worldwide, we also know that it will be more difficult to encourage teachers to apply for the prize.

In 2022–23, we also want to give our Global Teacher Prize winners and finalists a bigger platform to change education for the better. But today, our world is more divided than ever on how to address the key education issues that will affect our global future – from funding to learning technology. The pandemic and growing number of conflicts around the world also mean that there are fewer opportunities for the international community to come together to build a consensus for change.

In previous years, our winners and finalists had just a few months to campaign on the issues that mattered to them before they were overtaken by the next prize cycle. With the international community increasingly divided, our winner and finalists will no longer have enough time in the spotlight to have a meaningful impact on global education policy.

To address these challenges, we have taken the decision to award the next Global Teacher Prize in 2023 rather than in the 2022 calendar year, and after that to continue to award the prize every two years. This move will enable us to significantly increase the number of applications and nominations for the next cycle of the prize. It will also ensure that our prize winners and finalists are able to advocate for change more effectively, by remaining in the public eye for longer. In the interim year, we will sustain our foundation's relevance and impact through our annual Global Student Prize, as well as our planned Global Schools Prize, which we will award in partnership with other organizations.

At this time of great global division and uncertainty, it is more critical than ever that the world listens to the voices of teachers. The international community must not lose sight of the importance of education to securing our global future. We believe that our strategic plan will enable us to ensure that teachers are a part of the global agenda. To ensure that every child has a good teacher, we must first show the world how important they are.



Financial Review

Total income received in 2022 was £3,359,405 (2021: £2,434,021 from continuing operations). This included restricted income of £1,179,195 (2021: £965,314). Of the total income received £2,095,458 (2021: £1,928,828) was received from the Varkey Group Limited.

The balance of funding was received from other parties for use on the foundation's charitable activities, including sponsorship income of £314,546 (2021: £88,962) from the Chegg Inc., USA and consultancy fee £9,500 (2021: Nil) from Jacobs Foundations, Switzerland. The increase in income in comparison to the prior year was mainly due to full year sponsorship received from Chegg which compensated for the Gift Aid income not received in 2022.

Total expenditure for the year was £3,766,887 (2021: 3,485,537). This included restricted expenditure of £1,179,195 (2021: £965,314). The relative increase in expenditure this year was not high, despite a combined GTP and GSP ceremony held by the Foundation, and the higher costs for the live ceremony at the UNESCO Headquarters in Paris. This is primarily due to significant reduction in costs relating to Argentina to £1,018,369 (2021: £1,614,947) which operates now as a smaller team after the end of the ELIC Programme funded by the Argentina Government. There was also some synergy on the costs for having combined GTP and GSP costs (funded by Chegg).

The Foundation has reported a deficit of £407,482 for the year (2021: deficit £1,051,516), of which the Parent charity's deficit was £182,176 (2021: surplus £374,360), VF Trading Varkey's deficit was £153,508 (2021: surplus £27,878), and the deficit for Argentina was £71,798 (2021: deficit £1,447,157).

The results without Argentina would be a deficit of £335,684 (2021: surplus of £395,641). This was due to higher costs of the combined Global Teacher Prize and Global Student Prize ceremony, and not received gift aid (2021: £161,000 gift from Jay Varkey and £40,500 gift aid from HMRC).

The financial results for Argentina have improved from the prior year to a level comparable to before the income received from the Ministry of Education and Sports of Argentina ended. There was an increase in income of £778,781 due to a number of new sources of funding secured and a reduction in costs of £596,578 due to a restructure reducing base costs in Argentina.

As a result of the group deficit for the year ended 31 March 2022 the Foundation's funds reserve fell to £1,230,456 to compare with the prior year (2021: £1,637,938)

of which £66,272 (2021: £66,272) was restricted and £1,164,184 (2021: £1,571,666) was unrestricted.

Going Concern

The Trustees have assessed the foundation's ability to continue as a going concern. The Trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing the financial statements, including a review of the updated forecasts up to 31st December 2023 and a consideration of key risks such as the impact of high inflation, political situation, cost of living crisis in the UK, that could negatively impact the foundation and the funding agreements in place, including adherence to the timing of payments set out in the agreements. The high-level forecasts have been extended to 31 March 2024 to take these risks into consideration.

Funding agreements include Deeds of Donation in relation to major activities (such as Global Teacher prize) and an Annual Grant Framework Agreement to provide the future funds required for the residual funding requirements of the Foundation for all other activities. This includes funds for the long-term liability for the remaining years of the 2015 to 2021 Global Teacher Prizes. The Foundation is dependent on income from these agreements to fund the activities detailed above.

The Board have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements.

These include:

- Cash management controls are in place to ensure that sufficient working capital is available at all times. Cashflow forecasting has been completed to March 2024, however this remains reliant on the receipt of funding from the Varkey Group.
- Funding for the 2021/22 financial year under Deeds of Donation and the Annual Grant Framework Agreement was received in full. The core funding is until 30th September 2023 and the payment plan has been agreed in line with the final budget.
- Ongoing costs for the Foundation reflect the reduced cost base of the organisation and assumes the 2022 GSP ceremony will be held alone without a 2022 GTP ceremony, in New York during UN General Assembly

Week. For the financial year 2023/24 it is assumed GTP and GSP ceremony will be held in Dubai with sponsorship from Dubai Cares and/or GEMS Education.

- Argentina intercompany debt is shown as designated funds in the group accounts. The programme is planned to continue during the period of review without the need for additional funding from UK operations. The forecasts do not assume any remittance of funds between Argentina and the UK. Alternative funding sources are being secured by the subsidiary entity.

There continues to be close monitoring of income and expenditure, and cashflows, with regular reporting to the Board.

After considering these factors, the Trustees have concluded that the Foundation has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the accounts on a going concern basis.

Principal funding sources

As noted above, the principal source of funding is from Varkey Group Limited. The funding is covered by Deeds of Donation and an Annual Grant Framework, further details of which are included in the Going Concern section on page 15.

Fundraising

The Foundation does not presently raise funds directly from the public. The funds to cover the advocacy expenditure, research activities and other overheads of the Foundation are donated by the Varkey family.

The charity had no fundraising activities that require disclosure under S162A of the Charities Act 2011 during the financial year.

Grant making policy

The Foundation has specific agreements in place for the provision of grants for furtherance of its charitable objectives. Grants payable are made in line with the Foundation's strategic objectives. The Foundation monitors grants in accordance with the relevant grant agreement.

Reserves Policy

As at 31st March 2022 the Foundation had total reserves of £1,230,456 (2021: £1,637,938) of which £1,164,184 (2021: £1,571,666) was unrestricted and £66,272 (2021: £66,272) was restricted.

The policy of the Foundation is that unrestricted funds should be at a level suitable to sustain the activities of the Foundation for a period of at least three months after taking into account committed funds from other sources. This is calculated to be circa £115k.

In assessing our level of free reserves fixed assets and funds held in Argentina are excluded. Free reserves at 31 March 2022 were therefore £178,604 (2021: £402,503) which is in excess of the target level of £115k. Funds held in Argentina are designated due because repatriation of the funds from Argentina is not possible under current Argentinian Government regulation. As at 31st March 2022 designated funds held at Argentina were £985,580.

The costs associated with the GESF and GTP are excluded from the calculation of the funding required to sustain the activities of the Foundation for three months as they are covered by a separate Deed of Donation. The Trustees are comfortable with the level of free reserves at the end of financial year 2021/22.

Risk Management

Risk is considered in key decision processes in the foundation at executive and board level. The board reviews the major risks faced by the foundation on annual basis. The review includes the adequacy of actions being taken in response to each risk. The trustees have reviewed the major risks and uncertainties which the foundation faces and are satisfied that appropriate steps have been taken to mitigate these risks. The major risks and uncertainties facing the foundation and the action being taken to mitigate them are as follows:

Funding and Cashflow

Risk

- Funding and cashflow are insufficient to support ongoing operations.

Mitigation

- Detailed budgets and plans produced annually for board approval.
- Budgets and cashflow forecasts produced to ensure sufficient funding at all times, with ongoing monitoring and monthly reporting.
- Budgeted and unbudgeted expenditure controlled and managed through approvals processes.
- Financial commitments are only entered into once the source of the funding has been confirmed.
- Seek to cover central overheads from revenue generating activities.
- Deploy strong planning and financial management controls to manage the impact of any change in funding.
- Seek partnerships and sponsorships as supporting sources of finance.
- Continuously review the value for money of each component of the foundation's operations to preserve resources and plan for redesign in response to funding changes.
- Ensure that staff are aware and have regular training of the plan and are supported in the aftermath of any event.
- Creating an informal support network in each operating country.

Cyber Crime

Risk

- Loss of business days impacting business performance through system unavailability or data loss.
- Reputational damage and legal costs through data security breaches.
- Direct financial loss due to cyber fraud or ransomware.

Mitigation

- Identify critical data to help define and implement a business continuity plan.
- Develop and implement a cyber-security policy.
- Train and regularly remind all staff of key cyber-security issues and responsibilities.
- Continuously work with IT specialists to make cyber-security protection more robust.

Inappropriate Use of Funds by Recipients or Misuse through Fraud

Risk

- Inappropriate or ineffective use of donations/grants/prizes by recipients. E.g. funding illegal activities, inappropriate or fraudulent use of donor funds in country operations.

Mitigation

- Thorough due diligence carried out on all potential recipients.
- Funds transferred to organisational (not individual) bank accounts (with the exception of the Global Teacher Prize).
- Recipient bank accounts require two signatories (with the exception of the Global Teacher Prize).
- Clear expectations of how funds will be used to be agreed at the outset and usage monitored.
- Establish robust financial management systems and procedures throughout the organisation, and resource appropriately with in-country and head office support.
- Monitoring by local senior management and central finance through regular monthly reporting.
- Ensure all staff are aware of the Bribery Policy.

Organisational capacity & loss of key personnel

Risk

- Organisational capacity is insufficient to scale up and deliver quality programmes and loss of key personnel causing disruption.

Mitigation

- All new programmes planned thoroughly to ensure clear understanding of resources required, risks and mitigations.
- Recruitment prioritises quality balancing timelines and funding risk.
- Establish a strong, cohesive management team with individual and collective responsibility, knowledge sharing, collaboration and flexibility.
- Ensure clear strategic and operational plans to set direction and provide a framework for business continuity.
- Effective succession planning for key roles and organisational knowledge bank created.
- Invest in continuing professional development and provide rewarding job opportunities and career progression for key staff where possible.

Trustees/Directors

The trustees/directors during the year or appointed since the year end are those listed on company information page.

Statement of Disclosure to Auditors

The directors and trustees of the company have, individually, considered their responsibilities to provide information to the company's auditors and in so far as each of them are aware there is no relevant audit information of which the company's auditors are unaware and each trustee has taken all the reasonable steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of Trustees' Responsibilities

The trustees who are also directors for the purposes of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. Company and charity law requires trustees to prepare financial statements for each financial year. Under the law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP – United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the net movement of funds for the period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies, following UK GAAP, and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

On behalf of the board



Jay Sunny Varkey

Trustee

Date: 19 December 2022

Independent Auditor's Report to The Members of The Varkey Foundation

Opinion

We have audited the financial statements of the Varkey Foundation ('the 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 Consolidated Cash Flow and notes to the financial statements, including 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 the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company's or the group'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.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection and Taxation legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

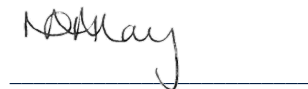
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of contract

income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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



Nicola May

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 19th December 2022

Financial Statements

For the year ended 31st March 2022



Consolidated Statement of Financial Activities (incorporating the income and expenditure account)

Year ended 31st March 2022

	Note	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £	2021 Total Funds £
Income from:					
Donations	2	377,476	-	377,476	1,189,674
Charitable activities	2	1,485,358	1,179,195	2,664,553	(147,243)
Other trading activities	2	314,546	-	314,546	88,962
Other income	2	2,830	-	2,830	49,096
Total		2,180,210	1,179,195	3,359,405	1,180,489
Expenditure on:					
Charitable activities:					
Advocacy	4	987,354	414,622	1,401,977	348,573
Partnerships & Grant-making	4	368,567	764,573	1,133,140	(295,774)
Programmes	4	1,231,770	-	1,231,770	2,179,206
Total		2,587,692	1,179,195	3,766,887	2,232,005
Net income / (expenditure)		(407,482)		(407,482)	(1,051,516)
Transfers between funds	12	-	-	-	-
Net movement in funds		(407,482)		(407,482)	(1,051,516)
Reconciliation of funds:		-	-	-	-
Total funds brought forward	12	1,571,666	66,272	1,637,938	2,689,454
Total funds carried forward	12	1,164,184	66,272	1,230,456	1,637,938

Registered Company No. 07774287

The notes on pages 32 to 54 form part of these financial statements.

Consolidated and Charity Balance Sheet

Year ended 31st March 2022

Registered Company No. 07774287

	Note	Consolidated		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets:					
Intangible assets	7			-	-
Tangible assets	8	3,586	7,042	-	744
Investments		-	100,000	-	100,000
Investment in subsidiary undertakings		-	-	4,171	4,171
		3,586	107,042	4,171	104,915
Current assets					
Debtors	9	3,148,572	2,762,896	3,644,458	3,207,099
Cash at bank and in hand		1,386,430	1,669,706	378,607	541,072
		4,535,002	4,432,602	4,023,066	3,748,171
Liabilities:					
Creditors: Amounts falling due within one year	10	(803,368)	(565,535)	(751,498)	(528,450)
Net current assets		3,731,634	3,867,067	3,271,567	3,219,721
Total assets less current liabilities		3,735,221	3,974,109	3,275,738	3,324,636
Creditors: Amounts falling due after more than one year	11	(2,504,764)	(2,336,171)	(2,469,450)	(2,336,171)
Total net assets		1,230,456	1,637,938	806,289	988,465
The funds:					
Restricted funds	12	66,272	66,272	66,272	66,272
Unrestricted funds	12	1,164,184	1,571,666	740,017	922,193
Total funds		1,230,456	1,637,938	806,289	988,465

The deficit for the financial year 2022 of the parent charity was £182,176 (2021: surplus £374,360).

The notes on pages 32 to 54 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:


Jay Sunny Varkey
Trustee

Date: 19 December 2022

Consolidated Cashflow Statement

Year ended 31st March 2022

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	(381,429)	(1,119,569)
Cash flows from investing activities:			
Proceeds from the sale of investment		100,000	-
Purchase of property, plant and equipment		(1,847)	(2,350)
Purchase of investments		-	-
Net cash provided by (used in) investing activities		98,153	(2,350)
Change in cash and cash equivalents in the reporting period		(283,276)	(1,121,919)
Cash and cash equivalents at the beginning of the reporting period		1,669,706	2,791,625
Cash and cash equivalents at the end of the reporting	B	1,386,430	1,669,706
		2022 £	2021 £
A Net income/(expenditure) for the reporting period (as per the statement of financial activities)		(407,482)	(1,051,516)
Adjustments for:		-	-
Depreciation charges		4,477	8,540
Revaluations		826	6,179
Loss on Sale of Fixed Assets		-	-
Non-cash movement		-	-
(Increase)/Decrease in debtors		(385,676)	2,806,312
Increase/(Decrease) in creditors		406,426	(2,889,084)
Net cash provided by (used in) operating activities		<u>(381,429)</u>	<u>(1,119,569)</u>
B Analysis of cash and cash equivalents		2022 £	2021 £
Cash in hand		<u>1,386,430</u>	<u>1,669,706</u>

The notes on pages 32 to 54 form part of these financial statements.

Notes to the financial statements

Year ended 31st March 2022

1. Accounting policies

a) Charitable company status and background

The Varkey Foundation is a not-for-profit organisation established to improve the standards of education for underprivileged children throughout the world.

The foundation is a company limited by guarantee, registration number 07774287 and a charity registered with the Charity Commission of England and Wales, charity number 1145119.

The liability of the members of the company in respect of the guarantee is limited to £1 per member of the company.

The Registered Office of the foundation is at: Oakwood Estate, Chertsey Road, Windlesham, Surrey, GU20 6HY

b) Basis of preparation

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1st January 2015.

The Trustees have referred to the Charity Commission's published guidance on public benefit when reviewing aims and objectives and planning activities. In particular, as required by the Charities Act 2011, the Trustees considered how activities contribute to the aims and objectives set. The Trustees consider that the aims, objectives and activities they have put in place are for the public benefit.

The financial statements are prepared under the historical cost convention.

c) Basis of consolidation

The consolidated Statement of Financial Activities and Balance Sheet consolidate the results of the Charity and its wholly-owned subsidiary undertakings, VF Trading Varkey Limited (company number 10402535) and Fundacion Varkey Argentina. The results of the subsidiaries are consolidated on a line-by-line basis. Intra group transactions and year end balances are eliminated on consolidation. In accordance with section 408 of the Companies Act 2006 no separate Statement of Financial Activities has been presented for the The Varkey Foundation (excluding its subsidiaries).

Notes to the financial statements

at 31st March 2022

d) Going concern

The Trustees have assessed the foundation's ability to continue as a going concern. The Trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing the financial statements, including a review of the updated forecasts up to 31st December 2023 and a consideration of key risks such as the impact of high inflation, political situation, cost of living crisis in the UK, that could negatively impact the foundation and the funding agreements in place, including adherence to the timing of payments set out in the agreements. The high-level forecasts have been extended to 31 March 2024 to take these risks into consideration.

Funding agreements include Deeds of Donation in relation to major activities (such as Global Teacher prize) and an Annual Grant Framework Agreement to provide the future funds required for the residual funding requirements of the Foundation for all other activities. This includes funds for the long-term liability for the remaining years of the 2015 to 2021 Global Teacher Prizes. The Foundation is dependent on income from these agreements to fund the activities detailed above.

The Board have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements.

These include:

Cash management controls are in place to ensure that sufficient working capital is available at all times. Cashflow forecasting has been completed to March 2024, however this remains reliant on the receipt of funding from the Varkey Group.

Funding for the 2021/22 financial year under Deeds of Donation and the Annual Grant Framework Agreement was received in full. The core funding is until 30th September 2023 and the payment plan has been agreed in line with the final budget.

Ongoing costs for the Foundation reflect the reduced cost base of the organisation and assumes 2022 GSP ceremony (held alone without 2022 GTP ceremony) in New York during UNGA week. For the financial year 2023/24 it is assumed GTP and GSP ceremony will be held in Dubai with sponsorship from Dubai Cares and/or GEMS Education.

Argentina intercompany debt is shown as designated funds in the group accounts. The programme is planned to continue during the period of review without the need for additional funding from UK operations. The forecasts do not assume any remittance of funds between Argentina and the UK. Alternative funding sources are being secured by the subsidiary entity.

There continues to be close monitoring of income and expenditure, and cashflows, with regular reporting to the Board.

After considering these factors, the Trustees have concluded that the Foundation has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have therefore prepared the accounts on a going concern basis.

Notes to the financial statements

at 31st March 2022

e) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy and there is probability of receipt. Incoming resources received that do not meet the criteria for recognition in the Statement of Financial Activities are accounted for as deferred income and included as liabilities at the balance sheet date.

Grants are recognised where there is an entitlement, probability of receipt and the amount can be measured with sufficient reliability.

Gifts in kind for use by the charity are included as income at their approximate fair value at the date of receipt. Fair value is deemed to be the market value the charity is willing to pay for the service. An amount equal to the value of receipts at the point received is included as charitable expenditure.

Donations receivable represent funds receivable committed by the representative donor at the year-end.

f) Resources expended

All resources expended are included on an accruals basis.

Charitable activities comprise those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those associated with meeting constitutional and statutory requirements of the charity and would include audit fees and costs linked to the strategic management of the charity.

Costs are allocated to activities, including grant making, where they can be directly attributed to them based on the actual expense incurred. Support costs are allocated to activities on the basis of time spent on them.

Redundancy costs (termination benefits) are recognised as an immediate cost and charged to the SOFA on a demonstrable commitment to termination, with provision for future redundancy costs measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

g) Fund accounting

Restricted funds are to be used for particular restricted purposes within the objectives of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Unrestricted funds are those funds that can be used in accordance with the company's charitable objectives at the trustees' discretion.

Designated funds are the funds of Fundacion Argentina and separated from the general unrestricted funds because the repatriation of this fund is not practically possible due to changes in Argentina's regulation.

**Notes to the financial statements
at 31st March 2022****h) Fixed assets**

Fixed assets, both tangible and intangible, are capitalised and depreciated/amortised over their useful economic life to the charity. The cost of minor additions or those less than £1,000 are not capitalised.

Depreciation of tangible assets is provided for as follows:

Computer and other equipment	33% straight line
Furniture and equipment	25% straight line
Motor vehicles	20% straight line

Amortisation of intangible assets is provided as follows:

Computer software	33% straight line
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i) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the average rate of the month published by HMRC. All differences are taken into the Statement of Financial Activities.

j) Financial instruments

The foundation 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 amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise, trade, other creditors and accruals.

k) Critical accounting judgement and key sources of estimation uncertainty

In the application of the Charity's accounting policies, which are described in Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

A key source of estimation uncertainty is the discounting rate of the long term commitments for GTP winners as they are paid over a period of ten years. The discount rate is based on management assumption on the future value of money and is based on forecast inflation predictions over the same period.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

l) Taxation

The Charity's activities fall within the exemptions afforded by the provisions of ICTA 1988. Accordingly, there is no tax charge in these accounts.

Notes to the financial statements

at 31st March 2022

2. Incoming Resources - Group

	Donor	Unrestricted £	Restricted £	2022 £	2021 £
Donations:					
Donations from VGL	VGL	377,476	-	377,476	990,329
Other donations	Others	-	-	-	199,345
Total Donations		377,476	-	377,476	1,189,674
Charitable Activities:					
Global Education and Skills Forum	VGL	-	27,433	27,433	-
Global Teacher Prize	VGL	538,787	1,151,762	1,690,549	938,499
TEFNA*	VGL	-	-	-	(1,253,533)
PLIE - Argentina		946,571	-	946,571	167,790
Total Charitable Activities		1,485,358	1,179,195	2,664,553	(147,243)
Other Trading Activities:					
Sponsorship Received	Various	314,546	-	314,546	88,962
Total Other Trading Activities		314,546	-	314,546	88,962
Other Income:					
Other Income	Various	2,830	-	2,830	49,096
Total Other Income		2,830	-	2,830	49,096
Total Incoming Resources		2,180,210	1,179,195	3,359,405	1,180,489

Notes to the financial statements

at 31st March 2022

2. Incoming Resources - Group (Continued..)

Total actual income for the year from continuing operations was £3,359,405 (2021: £2,434,021).

Of total £3.4 million income VGL funding amounted to £2,095,458 (2021: £1,928,828), Argentina income was £946,571 (2021: £167,790) which was received from various sources including online platform "Atenea" and Chegg sponsorship totalled £314,546 (2021: £88,962).

There was no Grants received (2021: £Nil) and no unrestricted donations in 2022.

Notes to the financial statements

at 31st March 2022

3. Staff Costs

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Wages & salaries	960,922	1,589,042	352,146	594,975
Social security costs	144,350	225,878	24,741	35,885
Pension costs	34,330	40,415	34,330	40,415
Total direct staff costs	1,139,603	1,855,335	411,217	671,275

The average number of employees including part time workers, analysed by function was:

	Group 2022	Group 2021	Charity 2022	Charity 2021
Programme delivery staff in Argentina	30	50	-	-
Programme delivery staff Ghana	-	-	-	-
Programme delivery staff Uganda	-	-	-	-
Support staff in the Dubai	1	2	1	2
Support staff in the UK	5	8	5	8
Total employees	36	60	6	10

Wages and Salaries include £Nil (2021: £1,579) of temporary staff costs

Reduction in Charity direct staff costs was due to £90,542 recharges of the staff costs to the GSP project to Trading subsidiary

Argentina £16,577 of termination settlements were paid during the year (2021: £267,236) and are included in wages and salaries above.

The number of employees whose total employee benefits (excluding employer pension costs) for the period exceeded £60,000 were as follows:

	Group 2022	Group 2021
£60,000 to £69,999	-	2.00
£70,000 to £79,999	2.00	-
£80,000 to £89,999*	1.00	-
£90,000 to 199,999	-	-
£100,000 to 109,999	-	-
£110,000 to 119,999	-	1.00
£120,000 to 129,999	-	1.00
£130,000 to 139,999**	1.00	-
£140,000 to 149,999	-	-
£150,000 to 159,999	-	1.00
£160,000 to 169,999	-	-
£170,000 to 179,999	-	-
£180,000 to 189,999	-	-
£190,000 to 199,999	-	-
£200,000 to 209,999	-	-

* This employee is paid in Argentina, and fully funded from the income received from the Ministry of Education Argentina;

** This employee is paid in Dubai, and fully funded by GEMS Global LLC Dubai. Employee works for VF pro-bono and treated as Gift in kind.

Notes to the financial statements

at 31st March 2022

3. Staff Costs (Continued..)

The gross salary, including employers' National Insurance and employers' pension, of the key management personnel for the financial year was £136,465 (2021: £157,196)

No trustees/directors were either remunerated for their services or for reimbursed expenses incurred during the current or preceding year.

Notes to the financial statements

at 31st March 2022

4. Charitable Activities - Group

	Support Costs	Grants Made	Project Costs	Total 2022	Total 2021
	£	£	£	£	£
GES/GTP Event	-	-	233,503	233,503	196,375
Global Teacher Prize - Running Costs	-	-	615,547	615,547	61,943
GSP Event	-	-	192,201	192,201	-
Global Student Prize - Running Costs	-	-	104,359	104,359	-
Advocacy and Policy	-	-	13,477	13,477	-
Support Costs	242,889	-	-	242,889	90,256
Total Advocacy	242,889	-	1,159,088	1,401,977	348,573
GTP - Prize Money	-	764,573	-	764,573	684,699
GSP - Prize Money	-	72,254	-	72,254	-
Rockefeller Advisors grant	-	100,000	-	100,000	-
TEFNA grant*	-	-	-	-	(1,253,533)
World Leadership Alliance Club De Madrid	-	-	-	-	-
Covid-Hero Award - Prize Money	-	-	-	-	33,827
Support costs	196,314	-	-	196,314	239,232
Total Partnerships and Grant-making	196,314	936,826	-	1,133,140	(295,774)
PLIE - Argentina	-	-	1,018,369	1,018,369	1,614,947
Support Costs	213,401	-	-	213,401	564,258
Total Programmes	213,401	-	1,018,369	1,231,770	2,179,206
Total charitable activities	652,604	936,826	2,177,457	3,766,887	2,232,005
Total charitable activities from continuing operations	652,604	936,826	2,177,457	3,766,887	3,485,537
Total charitable activities from discontinued operations	-	-	-	-	(1,253,533)

*These items relate to discontinued activities.

Support costs are comprised as follows:

	Total 2022	Total 2021
	£	£
Business development	-	-
Computer and telephone costs	29,498	32,903
Exchange (gain)/loss	6,239	9,661
Governance costs	35,233	49,614
Legal and professional fees	5,862	14,153
PR and advocacy costs	59,717	61,683
Office rental and other costs	(18,458)	45,004
Staff costs - direct	501,759	671,275
Staff costs - other	2,080	9,275
Travel and subsistence	30,674	179
Total support costs	652,604	893,746

Notes to the financial statements

at 31st March 2022

4. Charitable Activities - Group (Continued..)

Total charitable activities for the year were £3,766,887 (2021 - £3,485,537 from continuing operations). Discontinued operations in 2021 included TEFNA grant novation with negative income and negative expense of £1,253,533. There was no restricted programmes costs and discontinued operations in 2022.

2021 Global Teacher Prize ceremony was held in November 2021 in UNESCO headquarters in Paris. The winner of GTP 2021 was Keishia Thorpe, US teacher.

Governance costs of £35,233 (2021: £49,6146) included in support costs, include £19,000 (excluding VAT) (2021: £38,442) for the statutory audit.

In addition to the audit fees, a further £7,150 (excluding VAT) was incurred with Crowe U.K. LLP in the financial year for tax, VAT and other advice (2021: £5,754).

Support costs for the total of £652,604 (2021: £898,264) were met by VGL on behalf of the foundation.

Notes to the financial statements

at 31st March 2022

5. Related Party Transactions

On 3rd December 2015, the Foundation formalised its funding arrangements with the Varkey Group Limited (VGL) through Deeds of Donation and an Annual Grant Framework Agreement to provide the future funds for Global Teacher Prize, key programmes and the residual funding requirements of the Foundation for all other activities, with GEMS Global Schools Limited. This will fund the long term liability for the remaining years of Global Teacher Prizes.

Out of £1,917,904 of total VGL funding - £1,470,691 (2021: £1,565,934) were cash donations from VGL. VF Trading Varkey Limited received no donations or sponsorships from the Varkey Group Limited companies. The Foundation did not receive Gift-Aided donation from individuals or companies.

The Foundation did not make any recharges to VGL entities and all balances are carried forward from prior years. None of the Trustees received any payments from the Foundation in the form of employment or reimbursement of expenses.

There was one payment made to Fresh Start Media Limited for £30,000 (2021: Nil), in which the Varkey Foundation had a 39% investment. Nicole Lui - Executive director of the Varkey Foundation used to be a non-executive director of Fresh Start Media. The sale back of Fresh Start Media was finalised in 2022 at the face value of the investment to GEMS Eduventures Limited and paid by VGL on behalf of GEMS Eduventures as it's ultimate parent.

Related party transactions for the Year ended 31st March 2022

SUBSIDIARIES

Ownership	Related party (entity)	Nature of transaction	Amount of transactions	Balance as at 31.03.2022
100%	VF Trading Varkey Limited UK	Inter company payments	59,325	135,504
100%	Fundación Varkey Argentina	Inter company payments	4,744	368,340
Total payments made			64,070	503,844

CREDITORS

Trustee	Related party (entity)	Nature of transaction	Amount of transactions	Balance as at 31.03.2022
Jay Varkey	Fresh Start Media Limited	GSP finalists film payment	30,000	-
Total payments made			30,000	-

DEBTORS

Trustee	Related party (entity)	Nature of transaction	Amount of transactions	Balance as at 31.03.2022
Jay Varkey	GEMS Skills Africa (PTY) Limited	Recharges of salaries	-	2,907
Jay Varkey	SSV Investment	Recharges of salaries	-	50,306
Jay Varkey	TMRW Digital Limited	Courier cost recharge	-	18
Jay Varkey	GEMS Eduventures Limited	Sale-back of Fresh Start Media	100,000	-
Total payments made			100,000	53,231
Jay Varkey	Varkey Group Limited	VF total funding from VGL	2,095,458	2,827,718
Total funding received			2,095,458	2,827,718

Notes to the financial statements

at 31st March 2022

6. Investments and Investments in Subsidiaries

a) Investment in Fresh Start Media

During the 2018 financial year the Foundation purchased a 39% investment in Fresh Start Media Limited for £100,000. Investment has been sold back to GEMS Eduventures Limited in July 2021 at the face value. VGL as an ultimate parent of GEMS Eduventures Limited has paid on it's behalf the full value of the outstanding debt in March 2022.

b) Investments in Subsidiaries

On 7th September 2016, Fundación Varkey Argentina was incorporated in Argentina (with 80,000 ARS (£4,170) share capital) as a wholly owned formal subsidiary of the Foundation with File Number at the Registry of Commerce of 1904703, approved by Registry Resolution Number 0001752 and Registered Number 414 of Book 1FU relating to foundations. Its registered address is Marcelo T. de Alvear 684, Piso 6, C1058AAH, Buenos Aires, Argentina.

On 29th September 2016, VF Trading Varkey Limited was incorporated (with £1 share capital) as the wholly owned trading subsidiary of the Varkey Foundation. It is a company registered in England and Wales with company registration number 10402535. Its registered address is: Oakwood Estate, Chertsey Road, Windlesham, Surrey, GU20 6HY, UK.

	Period to 31st March 2022	Period to 31st March 2022	Period to 31st March 2021	Period to 31st March 2021
	Fundación Varkey Argentina	VF Trading Varkey Limited	Fundación Varkey Argentina	VF Trading Varkey Limited
Company Registration Number	7774287	10402535	7774287	10402535
	£	£	£	£
Income	946,571	314,546	167,790	88,962
Expenditure	1,018,369	468,054	1,614,947	61,084
Operating surplus/(deficit)	(71,798)	(153,508)	(1,447,157)	27,878
Gift Aid	-	-	-	-
Net surplus/(deficit)	(71,798)	(153,508)	(1,447,157)	27,878

Notes to the financial statements

at 31st March 2022

b) Investments in Subsidiaries (continued)

	Period to 31st March 2022	Period to 31st March 2022	Period to 31st March 2021	Period to 31st March 2021
	Fundación Varkey Argentina	VF Trading Varkey Limited	Fundación Varkey Argentina	VF Trading Varkey Limited
Company Registration Number	7774287	10402535	7774287	10402535
	£	£	£	£
Fixed assets	3,586	-	6,298	-
Debtors	7,959	-	5,061	-
Cash at bank and in hand	1,001,729	6,094	1,075,508	53,126
Total current assets	1,009,688	6,094	1,080,569	53,126
Creditors: amounts falling due within one year	(396,034)	(159,681)	(397,829)	(88,520)
Creditors: Amounts falling due after more than one year	-	(35,315)	-	-
Total net assets or liabilities	617,240	(188,902)	689,038	(35,394)
Capital	4,170	1	4,170	1
Unrestricted Funds	613,070	(188,903)	684,868	(35,395)
Restricted Funds	-	-	-	-
Total capital and funds	617,240	(188,902)	689,038	(35,394)

Notes to the financial statements

at 31st March 2022

7. Intangible Fixed Assets

	Group Total Computer Software £	Charity Total Computer Software £
Cost		
At 1st April 2021	3,160	-
Revaluations	-	-
Additions	-	-
Disposals	-	-
At 31st March 2022	3,160	-
Depreciation		
At 1st April 2021	3,160	-
Revaluations	-	-
Charge for the year	-	-
Disposals	-	-
At 31st March 2022	3,160	-
Net book value		
At 31st March 2022	-	-
Net book value		
At 31st March 2021	-	-

Notes to the financial statements

at 31st March 2022

8. Tangible Fixed Assets

	Group	Group	Group	Charity	Charity	Charity
	Computer Equipment £	Furniture & Equipment £	Total Fixed Assets £	Computer Equipment £	Furniture & Equipment £	Total Fixed Assets £
Cost						
At 1st April 2021	35,821	5,815	41,635	9,081	-	9,081
Revaluation on cost	(3,508)	(763)	(4,271)	-	-	-
Additions	1,847	-	1,847	-	-	-
Disposals	-	-	-	-	-	-
At 31st March 2022	<u>34,160</u>	<u>5,052</u>	<u>39,212</u>	<u>9,081</u>	<u>-</u>	<u>9,081</u>
Depreciation						
At 1st April 2021	29,848	4,744	34,592	8,337	-	8,337
Revaluation on depreciation	(2,822)	(622)	(3,444)	-	-	-
Charge for the year	3,668	809	4,477	744	-	744
Disposals	-	-	-	-	-	-
At 31st March 2022	<u>30,694</u>	<u>4,931</u>	<u>35,625</u>	<u>9,081</u>	<u>-</u>	<u>9,081</u>
Net book value						
At 31st March 2022	<u>3,466</u>	<u>121</u>	<u>3,587</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st March 2021	<u>5,972</u>	<u>1,070</u>	<u>7,043</u>	<u>744</u>	<u>-</u>	<u>744</u>

Notes to the financial statements

at 31st March 2022

9. Debtors

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Accrued income and prepayments	540,342	368,373	539,960	367,932
Due from group companies	-	-	503,844	449,263
Trade debtors	62,731	53,231	62,731	53,231
VAT Recoverable	67,972	-	67,972	-
Other debtors	8,077	5,121	500	500
Total amounts due in less than one year	679,122	426,725	1,175,007	870,927
Accrued income due in more than one year	2,469,450	2,336,171	2,469,450	2,336,171
Amounts due in more than one year	2,469,450	2,336,171	2,469,450	2,336,171
Total Debtors	3,148,572	2,762,896	3,644,458	3,207,098

Accrued income increase due to a much bigger cost of combined GTP ceremony 2022 at UNESCO Headquarters in Paris to compare with low key ceremony in 2021 which happened in London as a pre-recording only.

InterCo debt increase is due to recharges made from the Foundation to the Trading subsidiary for the GSP related costs, which were not paid by the end of the year 2022.

10. Creditors: Amounts falling due within one year

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Accruals	129,676	69,621	124,407	65,160
Due to Group Companies	-	-	-	-
Amounts payable in relation to the Global Teacher Prize	532,222	362,701	532,222	362,701
Amounts payable in relation to the Global Student Prize	18,091	-	-	-
Social tax and security	27,386	35,107	6,893	15,203
Pensions	2,454	3,934	2,454	3,934
Trade creditors	90,130	78,149	81,369	63,538
VAT Payable	-	15,089	-	15,089
Other creditors	3,408	933	4,153	2,825
Total amounts falling due in less than one year	803,368	565,535	751,498	528,450

Notes to the financial statements

at 31st March 2022

11. Creditors: Amounts falling due in more than one year

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Amounts payable in relation to the Global Teacher Prize:				
Due within up to five years	1,999,580	1,878,588	1,999,580	1,878,588
Due after five years	469,870	457,583	469,870	457,583
Amounts payable in relation to the Global Student Prize:				
Due within up to five years	35,315	-	-	-
Due after five years	-	-	-	-
	<u>2,504,765</u>	<u>2,336,171</u>	<u>2,469,450</u>	<u>2,336,171</u>

The Global Teacher Prize of \$1 million is payable over a period of 10 years. The portion relating to more than one year in respect of the 2015 to 2022 winners, payable in equal annual instalments of \$100,000 per winner, has a present value of £2,469,450 discounted at 3.7% and at exchange rate as at 31st March 2022.

Notes to the financial statements

at 31st March 2022

12. Analysis of Funds**Group:**

	Funded By	As at 01/04/21	Incoming Resources	Outgoing Resources	Transfers	As at 31/03/22
		£	£	£	£	£
Restricted Funds						
CEI *	R4D	21,270	-	-	-	21,270
Global Education and Skills Forum	VGL	-	27,433	27,433	-	-
Global Teacher Prize	VGL	-	1,151,762	1,151,762	-	-
Pratham (NGO Partner) *		45,002	-	-	-	45,002
Total Restricted Funds		66,272	1,179,195	1,179,195	-	66,272
Unrestricted Funds						
General Fund		509,543	1,233,639	1,564,579	-	178,604
Designated Fund (Argentina)**		1,062,122	946,571	1,023,113	-	985,580
Total Unrestricted Funds		1,571,666	2,180,210	2,587,692	-	1,164,184
Total Funds		1,637,938	3,359,405	3,766,887	-	1,230,456

Charity:

	Funded By	As at 01/04/21	Incoming Resources	Outgoing Resources	Transfers	As at 31/03/22
		£	£	£	£	£
Restricted Funds						
CEI	R4D	21,270	-	-	-	21,270
Global Education and Skills Forum	VGL/Atlantis	-	27,433	27,433	-	-
Global Teacher Prize	VGL	-	1,151,762	1,151,762	-	-
Pratham (NGO Partner)		45,002	-	-	-	45,002
Total Restricted Funds		66,272	1,179,195	1,179,195	-	66,272
Unrestricted Funds						
General Fund		922,193	919,093	1,101,269	-	740,016
		-	-	-	-	-
Total Unrestricted Funds		922,193	919,093	1,101,269	-	740,016
Total Funds		988,465	2,098,288	2,280,464	-	806,288

* Total Restricted funds £66,272 (2021: £66,272) consist of remaining balances of CEI (£21,270) and Pratham (£45,002) projects. Funds have been expended in full for dedicated projects, it is planned to request lifting of the restriction.

** Argentina funds are designated due to repatriation of the funds is not possible. This restriction was made by Argentina Government as a response to hyperinflation in the country.

Notes to the financial statements

at 31st March 2022

13. Analysis of Net Assets Between Funds

	Group			Charity		
	Unrestricted £	Restricted £	Total Funds £	Unrestricted £	Restricted £	Total Funds £
Fixed assets	3,586	-	3,586	4,171	-	4,171
Current Assets	1,413,652	3,121,350	4,535,002	955,121	3,067,944	4,023,066
Creditors < 1 year	(253,054)	(550,314)	(803,368)	(219,276)	(532,222)	(751,498)
Creditors > 1 year		(2,504,765)	(2,504,764)		(2,469,450)	(2,469,450)
Total Funds	1,164,184	66,272	1,230,456	740,017	66,272	806,289

Notes to the financial statements

at 31st March 2022

14. Grant Commitments

Grant commitments included in the financial statements are as follows:

Grant	Opening £	Additions £	Payments £	Novation £	Exchange £	Closing £
Global Teacher Prize	2,698,872	764,572	(362,702)	-	(99,072)	3,001,672
Global Student Prize	-	72,254	(18,848)	-	-	53,406
Rockefeller Strategic Advisors	-	100,000	(100,000)	-	-	-
Total	2,698,872	936,826	(481,549)	-	(99,072)	3,055,078

In November 2021 the Foundation held online ceremony and announced 2021 Global teacher prize winner - Keishia Thorpe and awarded with \$1,000,000 prize.

The first Global Student prize winner was Jeremiah Thoronka - a Sierra Leone student of Durham University, UK. The total value of the Global Student Prize is \$100,000 and it is paid within 2 years, \$50,000 in each calendar year from the date of the award.

Rockefeller Strategic advisors grant agreement was signed in March 2022 for £100,000 and was paid in full by May 2022.

15. Government Grants

Back in the year ended 31st March 2021, grants totalling £6,670 were received by the Varkey Foundation from the HMRC for the Job retention scheme at the start of the lockdown in UK. All funds received under the Job retention scheme were voluntarily paid back in 2022 when Foundation's funding resumed.

Notes to the financial statements

at 31st March 2022

16. Prior Year Comparatives

a) Prior Year Analysis of Group Funds

Group:	Funded By	As at 01/04/20 £	Incoming Resources £	Outgoing Resources £	Transfers £	As at 31/03/21 £
Restricted Funds						
CEI *	R4D	21,270	-	-	-	21,270
Global Teacher Prize	VGL	-	926,969	926,969	-	-
Covid-Hero Award	CVC	-	38,345	38,345	-	-
Pratham (NGO Partner) *		45,002	-	-	-	45,002
Total Restricted Funds		66,272	965,314	965,314	-	66,272
Unrestricted Funds						
General Fund		2,623,182	215,175	1,266,691	(1,062,122)	509,543
Designated Fund (Argentina)		-	-	-	1,062,122	1,062,122
Total Unrestricted Funds		2,623,182	215,175	1,266,691	-	1,571,666
Total Funds		2,689,454	1,180,489	2,232,005	-	1,637,938

b) Prior Year Analysis of Charity Funds

Charity:	Funded By	As at 01/04/20 £	Incoming Resources £	Outgoing Resources £	Transfers £	As at 31/03/21 £
Restricted Funds						
CEI	R4D	21,270	-	-	-	21,270
Global Education and Skills Forum	VGL/Atlantis	-	-	-	-	-
Global Teacher Prize	VGL	-	926,969	926,969	-	-
Covid-Hero Award	CVC	-	38,345	38,345	-	-
Pratham (NGO Partner)		45,002	-	-	-	45,002
Total Restricted Funds		66,272	965,314	965,314	-	66,272
Unrestricted Funds						
General Fund		549,658	1,250,300	877,766	-	922,193
Total Unrestricted Funds		549,658	1,250,300	877,766	-	922,193
Total Funds		615,930	2,215,614	1,843,080	-	988,465

* Total Restricted funds £66,272 (2021: £66,272) consist of remaining balances of CEI (£21,270) and Pratham (£45,002) projects. Funds have been expended in full for dedicated projects, it is planned to request lifting of the restriction.

Notes to the financial statements

at 31st March 2022

16. Prior Year Comparatives (continued)**c) Prior Year Analysis of Net Assets Between Funds**

	Group			Charity		
	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£	£	£	£
Fixed assets	107,042	-	107,042	104,915	-	104,915
Current Assets	1,667,457	2,765,144	4,432,602	983,026	2,765,144	3,748,171
Creditors < 1 year	(202,834)	(362,701)	(565,535)	(165,748)	(362,701)	(528,450)
Creditors > 1 year	-	(2,336,171)	(2,336,171)	-	(2,336,171)	(2,336,171)
Total Funds	1,571,666	66,272	1,637,938	922,193	66,272	988,465

Notes to the financial statements

at 31st March 2022

17. Controlling Party

The ultimate controlling party is Mr Sunny Varkey and his immediate family members.

18. Members' Liability

The company is limited by guarantee and has no share capital. The liability of the members is restricted to £1 each. The members are: Sunny Varkey and Dino Varkey.

19. Post balance sheet events

VF Trading intercompany debt to the Foundation was paid in full in May 2022.

20. Discontinued operations

There was no discontinued operations in 2022.



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