

# **BANK OF SCOTLAND** **Foundation**

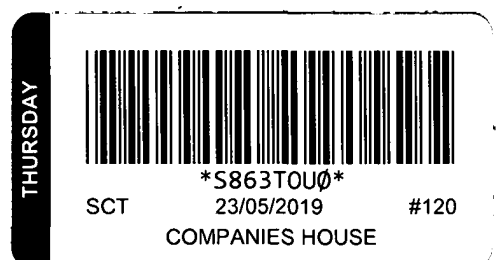
## Financial Statements for the year ended 31 December 2018

A Company Limited by Guarantee Registered in Scotland Number SC229825  
Scottish Charity Number SC032942

**COMPANIES HOUSE**  
**EDINBURGH**

**23 MAY 2019**

**FRONT DESK**



# Financial Statements for the year ended 31 December 2018

## Contents

Review of 2018 by the Chair	Page 3
Reference and Administrative Information	Page 4
Trustees' Report	Page 5
Statement of Trustees' Responsibilities	Page 11
Independent Auditors' Report	Page 12
Statement of Financial Activities	Page 16
Balance Sheet	Page 17
Statement of Cash Flows	Page 18
Reconciliation of net cash flow to movements in net funds	Page 18
Notes to the Financial Statements	Page 19

# Financial Statements for the year ended 31 December 2018

## Review of 2018 by the Chair

I am delighted to report that 2018 has been another successful year for Bank of Scotland Foundation across our Grants Programmes and Matched Giving Programme with the distribution of £2,417,029 to charities across Scotland. Since 2010, we have now distributed over £14m to charities to develop and improve communities and increase financial literacy and financial inclusion across Scotland, enabling over 600,000 people to benefit from a variety of much needed local services and personal support.

In 2018, our Small Grants Programme awarded over £310,000 to charities making a strong community impact, and our Medium Grants Programme provided over £500,000 to charities working with people who are excluded or disadvantaged in society. We launched a Mental Health Fund programme in 2018 and awarded over £350,000 to charities working in the mental health area or delivering mental health projects.

2018 was the fourth year of our Large Grants Programme and importantly, this flagship grant programme carries the additional advantage of providing steady, reliable, funding over a longer period. Six charities addressing a variety of issues across Scotland shared over £480,000 of funding through the 2018 Large Grants Programme.

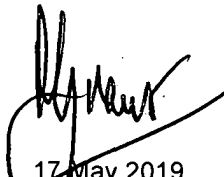
Our Matched Giving Programme supported the fundraising and volunteering efforts of Lloyds Banking Group plc (the "Group") employees with almost 2,000 applications received in 2018. Over 530 charities across Scotland shared £741,472 through this programme with a large number of employees choosing to support small, local charities enabling our funding to reach communities across Scotland at a grass-roots level.

In addition to our funding programmes, we continue to provide more support for Scotland's charities by engaging the Group's employees in Scotland as mentors, volunteers and providers of digital support. In 2018, our Enhance mentoring programme saw 14 Foundation funded charities matched with mentors from the Group, using the skills and expertise of the Group to make a difference.

Our work in Scotland is not possible without the support of our sole funder, Lloyds Banking Group plc (the "Group") who donated £2,442,890 to Bank of Scotland Foundation in 2018 as part of their commitment to Helping Scotland Prosper. The Trustees are delighted that the Foundation has entered in to a new funding covenant with the Group and received almost £5,000,000 as the 2019 annual donation. 'Supporting Positive Change Across Scotland', the Foundation's five-year strategic plan launched in March 2019 will see a range of new funding programmes open to ensure the increased funding can be distributed to Scotland's charities effectively and efficiently.

My thanks to the Trustees and Jillian and her team for maintaining another year of delivering a high level of service to charities whilst developing an exciting strategy for the future. Small and medium local charities are essential to our communities and society and we are proud to play our part in supporting them.

We very much look forward to launching the first of our new funding programmes in August 2019 and continuing to support the excellent work of charities in some of the most deprived areas of Scotland.



17 May 2019  
Philip Grant  
Chair

## Reference and Administrative Information

The names of the Trustees of the Bank of Scotland Foundation who were in office during the year and up to the date of signing the financial statements were:

Philip Grant (Chair)  
Robin Bulloch  
Sarah Deas  
Martin Fleming  
Donald Gateley  
Paul Grice

**Company Secretary:** Ryan Beattie

**Bankers:** Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

**Legal Advisors:** Lindsays  
Caledonian Exchange  
19a Canning Street  
Edinburgh  
EH3 8HE

**Independent Auditors:** PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

**Registered Office:** The Mound  
Edinburgh  
EH1 1YZ

**Registered Company No:** SC229825 (Company limited by guarantee)

**Scottish Charity No:** SC032942

# Financial Statements for the year ended 31 December 2018

## Trustees' Report

### Structure, Governance and Management

#### Incorporation

Bank of Scotland Foundation ("the Foundation") was incorporated in Scotland on 2 April 2002 as a company limited by guarantee and is registered as a charity. The Foundation is the focal point of charitable donations within Scotland of Lloyds Banking Group plc.

The purposes for which the Foundation has been established are laid out in a Charter which specifies two priorities namely – developing and improving communities and financial inclusion and financial literacy.

#### Organisation

The Foundation is governed by a Board of Trustees, with Philip Grant as Chair. The day to day operations of the Foundation are delegated to Jillian Baillie, Chief Executive of the Foundation and her team. The Chief Executive of the Foundation reports to Fiona Cannon, Responsible Business, Sustainability and Inclusion Director who reports into the Chief of Staff in the Group Chief Executive's Office of Lloyds Banking Group plc (the "Group").

The Trustees meet quarterly. Meetings are chaired by Philip Grant and are formally minuted. At each meeting of the Foundation, the Trustees determine overall policy, review all donations made in the previous quarter, note financial reports, review the budget position and decide on all grants which are submitted for approval. All decisions taken by the Trustees are in compliance with the Foundation Charter.

The Trustees have an agreed Investment Policy and Reserves Policy.

#### Trustees

The Trustees who served during the year and up to the date of signing the financial statements are listed on page 4. Each Trustee, except Sarah Deas and Paul Grice, is an employee of the Group.

The Trustees may appoint a Trustee provided that such person has first been recommended for appointment in accordance with the Trustee Appointment Policy. Trustees may only hold office for a maximum period of six years though in exceptional circumstances may be re-appointed for a third term of three years. Trustees appointed to the Foundation are Members of the company.

New Trustees are given induction training and regular updates are provided to all Trustees on all matters relating to their role as Trustees.

There is no maximum to the number of Trustees, but the minimum is three. Trustees may be paid expenses but may not be remunerated.

## Trustees' Report (continued)

### Risk Policy

The Trustees have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

The Trustees regularly review the governance and activities of the Foundation at quarterly board meetings through the review of a risk matrix and risk register to ensure any risks are identified and that actions can be implemented to mitigate the risks in early course.

### Objectives and Activities

The Foundation's policy is to make awards of grants in accordance with its charitable objectives:

- developing and improving communities; and
- financial inclusion and financial literacy

The Foundation meets these objectives through awarding grants to various organisations.

### Achievements and Performance

Designed to make a genuine, tangible difference to individuals and their communities, the programmes of the Foundation have continued to thrive in 2018:

**Small Grants** – our programme accepts applications of between £1,000 and £10,000 from charities registered in Scotland that meet the funding criteria of the Foundation.

Through our Small Grants Programme we make grants each quarter that have a strong community impact and make a tangible difference to the charities and the people they support. In addition, the Small Grants Programme aims to reach as many communities as possible across Scotland making positive and lasting change.

We distributed over £316,000 through our Small Grants Programme to 54 charities across Scotland in 2018. Applications were received from charities addressing a variety of issues such as homelessness, abuse and learning disabilities. Our online grant application process is straightforward and we are proud to be one of few grant makers to provide core funding and stability for small and medium sized charities.

**Medium Grants** – our programme accepts applications of between £10,001 and £25,000 from charities registered in Scotland that meet the funding criteria of the Foundation.

# Financial Statements for the year ended 31 December 2018

## Trustees' Report (continued)

The Medium Grants Programme provides funding for projects that will have a large-scale, long-term, positive impact on charities and communities and only supports charities that work with people who are excluded or disadvantaged in society.

We distributed in excess of £500,000 through our Medium Grants programme to 33 charities in 2018. Many of the charities work in the most deprived areas of Scotland, helping to ensure our funding is reaching some of the most vulnerable people.

**Large Grants** –our programme accepts applications of between £50,000 and £100,000 from charities registered in Scotland that meet the funding criteria of the Foundation.

The Large Grants Programme is an annual programme that provides sustainable funding up to two years. Sustained funding is of great value to charities and we are delighted to be able to include this programme in our grants giving portfolio and help to reduce the pressures of financial uncertainty and increasing demand.

We distributed over £480,000 through this programme to six charities across Scotland in 2018. £153,000 of this funding was provided to projects that specifically address financial literacy and financial inclusion.

**Mental Health Fund** - in 2018 we delivered an additional grant programme focussing on the theme of Mental Health. This stand-alone programme accepted applications of between £1,000 and £25,000 from charities registered in Scotland that meet the funding criteria of the Foundation.

We distributed over £350,000 through this programme to 28 charities working specifically in the mental health area or delivering mental health projects.

**Mentoring Programme** – In December 2017, Bank of Scotland Foundation launched its flagship Enhance Charity Mentoring Programme, offering Foundation funded charities the opportunity to be matched with a Mentor from Lloyds Banking Group. This programme pairs charities in receipt of a Foundation grant with the Group's employees in Scotland to provide them with skills-based mentoring support to strengthen them so they can become more sustainable and meet their longer term aims.

In 2018 over 100 charities were invited to participate in the Enhance Mentoring Programme with 50 charities registering their interest and 14 charities are now matched to a Lloyds Banking Group colleague.

## Trustees' Report (continued)

**Matched Giving** – charities supported by the fundraising and volunteering efforts of the Group employees shared over £740,000 in 2018. With over 13,000 Group employees across Scotland, our programme encourages them to become involved in their community by providing Matched Giving of up to £1,000 per employee per year. In 2018, the Group's Charity of the Year, Mental Health UK, were awarded £104,578 from the Foundation as a result of 344 employee applications, with employees undertaking a variety of fundraising activities throughout the year including cake sales, abseils and quiz nights. Overall, almost 2,000 applications were received for Matched Giving in 2018 and the top 10 charities who received funding were:

Charity	Amount (£)
Mental Health UK (Lloyds Banking Group Charity of the Year)	104,578
Macmillan Cancer Support	29,824
Cancer Research UK	20,938
Children's Hospices Across Scotland	18,602
Debra	12,000
Social Bite Fund	11,897
Spina Bifida, Hydrocephalus Scotland	11,690
Maggie's Centres	9,982
Beatson Cancer Charity	9,366
Marie Curie	8,743

## Funding and Investment

The Foundation is an independent registered charity and is funded solely by Lloyds Banking Group plc (the "Group").

The Foundation's funds are directed towards charitable donations with, in 2018, all its administrative costs borne by the Group. In meeting its commitment to the Foundation, the Group provides:

- All staff costs plus related office and administration overheads.
- Support from Group Corporate Affairs on the marketing and promotion of activities.

In February 2019 the Foundation entered into a new funding covenant with the Group, and going forward the Foundation will now be meeting most of its own administrative costs.

## Financial Review

In 2018, the Foundation received a donation of £2,442,890 from the Group.

During the year £2,417,029 was awarded to charities working in Scotland via the Small Grants Programme, Medium Grants Programme, Large Grants Programme, Mental Health Fund, December Donations and Matched Giving Programme.



# Financial Statements for the year ended 31 December 2018

## Trustees' Report (continued)

The Trustees are of the opinion that 2018 has been another successful year for the Foundation.

### Investment Policy

The Trustees adopt an investment policy that is prudent, cautious and practical. In general, Trustees are under a duty to obtain the best investment performance without undue risk to the investment funds. For the Foundation, the key requirements are:

**Liquidity** - there is a need to have funds available to distribute to the charitable projects agreed by the Trustees in accordance with project timetables.

**Convenient and Efficient Services** - prompt and accurate advice and information about the financial statements and their management is required.

**Risk Aversion** - the purpose of the Foundation is to contribute to charitable projects that meet the necessary funding criteria. The Foundation should prudently manage its funds and it would be inappropriate therefore to seek to invest money for capital growth or to adopt any strategy that would attract risk or impact adversely on the ability of the Trustees to achieve its objectives.

### Reserves Policy

It is the policy of the Foundation to maximise charitable giving whilst maintaining unrestricted funds at such a level to allow the charity to fulfil its existing obligations. This policy is reviewed at least annually as part of the approval of the budget for the following year.

As at 31 December 2018 the Foundation held £511,680 in unrestricted funds reserves (equal to total free reserves).

The Foundation aims to hold free reserves to cover current programme funding and running costs at any one time. The current reserves will be used to fund future donations in line with the Foundation's charitable objectives such that free reserves are maintained at a level appropriate to the Foundation's current commitments.

### Plans for Future Years

The Foundation plans to continue to award grants to charities working across Scotland through its Grant Programmes and provide Matched Giving to charities supported by the Group's employees. This is made possible only by the continuing support of the Group through its annual donation which we are delighted to announce has been increased to £4,913,326 in 2019 as part of its commitment to Helping Scotland Prosper.

# Financial Statements for the year ended 31 December 2018

## Trustees' Report (continued)

The Trustees were pleased with the continuing success of the Foundations Grants Programmes in 2018 and will develop a range of new funding programmes in 2019 to ensure the increased funding can be distributed effectively and efficiently.

### Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the Trustees



Philip Grant  
Chair  
Bank of Scotland Foundation  
17 May 2019

# Financial Statements for the year ended 31 December 2018

## Statement of Trustees' responsibilities

The Trustees (who are also directors of Bank of Scotland Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Account and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state that applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

In so far as the Trustees are aware:

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

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

# Financial Statements for the year ended 31 December 2018

## ***Independent auditors' report to the members and trustees of Bank of Scotland Foundation***

### **Report on the audit of the financial statements**

---

#### **Opinion**

In our opinion, Bank of Scotland Foundation's financial statements (the financial statements):

- give a true and fair view of the state of the charitable company's affairs as at 31<sup>st</sup> December 2018 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have audited the financial statements, included within the Financial Statements for the year ended 31<sup>st</sup> December 2018 (the "Annual Report"), which comprise: the Balance Sheet as at 31<sup>st</sup> December 2018; the Statement of Financial Activities (incorporating an Income and Expenditure account), the Statement of Cash Flows for the year then ended; the accounting policies; and the notes to the financial statements.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

# Financial Statements for the year ended 31 December 2018

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

---

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Trustees' Annual Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Annual Report. We have nothing to report in this respect.

---

## Responsibilities for the financial statements and the audit

### Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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.

# Financial Statements for the year ended 31 December 2018

## **Auditors' responsibilities for the audit of the financial statements**

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Use of this report**

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---

## **Other required reporting**

---

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

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

# Financial Statements for the year ended 31 December 2018

---

## Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' Annual Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abraham  
(Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

# Financial Statements for the year ended 31 December 2018

## Audited Financial Statements

### STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)

For the year ended 31 December 2018

	Note	Unrestricted Funds 2018 £	Total 2018 £	Total 2017 £
<b>Income and endowments from:</b>				
Donations and legacies	2.1.4	2,434,390	2,434,390	2,113,515
Investments		6,921	6,921	8,151
Other income	2.1.5	369,285	369,285	298,547
<b>Total income</b>		<b>2,810,596</b>	<b>2,810,596</b>	<b>2,420,213</b>
<b>Expenditure on:</b>				
Charitable Activities	3	2,661,227	2,661,227	2,385,060
Other expenditure	4	65,976	65,976	60,668
<b>Total expenditure</b>		<b>2,727,203</b>	<b>2,727,203</b>	<b>2,445,728</b>
<b>Net movement in funds / net income / (expenditure) for the year</b>		<b>83,393</b>	<b>83,393</b>	<b>(25,515)</b>
<b>Total funds brought forward</b>		<b>428,287</b>	<b>428,287</b>	<b>453,802</b>
<b>Total funds carried forward</b>		<b>511,680</b>	<b>511,680</b>	<b>428,287</b>

All activities are derived from continuing operations.

The fund balances brought forward and carried forward are unrestricted and are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

The notes on pages 19 to 27 form part of these financial statements.



# Financial Statements for the year ended 31 December 2018

## BALANCE SHEET

As at 31 December 2018

	Note	2018 £	2017 £
<b>Current Assets</b>			
Cash at Bank and in hand		856,956	716,415
<b>TOTAL CURRENT ASSETS</b>		<u>856,956</u>	<u>716,415</u>
Creditors: amounts falling due within one year	6	<u>(345,276)</u>	<u>(288,128)</u>
<b>NET CURRENT ASSETS</b>		511,680	428,287
<b>NET ASSETS</b>		<u>511,680</u>	<u>428,287</u>
<b>The funds of the charity:</b>			
Unrestricted funds		<u>511,680</u>	<u>428,287</u>
<b>Total Charity Funds</b>		<u>511,680</u>	<u>428,287</u>

The financial statements were approved by the Board of Trustees on 17 May 2019 and signed on its behalf by:

  
Philip Grant, Chair of Bank of Scotland Foundation

  
Robin Bulloch, Trustee of Bank of Scotland Foundation

The notes on pages 19 to 27 form part of these financial statements.

A Company Limited by Guarantee Registered in Scotland Number SC229825

# Financial Statements for the year ended 31 December 2018

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 £	2017 £
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income/(outgoings) for the reporting period (as per the statement of financial activities)	83,393	(25,515)
Interest from investments	(6,921)	(8,151)
Increase in creditors	57,148	32,281
<b>Net cash inflow / (outflow) provided by operating activities</b>	<u>133,620</u>	<u>(1,385)</u>
<b>Cash flows from investing activities:</b>		
Interest from investments	6,921	8,151
<b>Increase / (Decrease) in cash</b>	<u>140,541</u>	<u>6,766</u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the year ended 31 December 2018

	2018 £	2017 £
Increase / (Decrease) in cash in year	140,541	6,766
Net funds at 1 January	<u>716,415</u>	<u>709,649</u>
Net funds at 31 December	<u>856,956</u>	<u>716,415</u>

The notes on pages 19 to 27 form part of these financial statements.

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018

### 1. Guarantee company

Bank of Scotland Foundation ("the Foundation") is a charitable company limited by guarantee in Scotland and does not have any share capital. Its registered office is The Mound, Edinburgh, EH1 1YZ. The liability of the members is limited by the Articles of Association to £1 each. At 31 December 2018 there were six Trustees each of whom was also a Director and member.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. For those Directors who are also employees of Lloyds Banking Group plc the indemnity is in the form of a Lloyds Banking Group plc Directors and Officers Insurance Policy which was in force throughout the last financial year and is currently in force. For the remaining Directors the indemnity is in the form of a separate policy taken out by the Foundation and which is currently in force.

### 2. Statement of compliance

The financial statements of the Foundation have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Charities Statement of Recommended Practice (FRS 102), and the Companies Act 2006.

#### 2.1.1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements.

#### 2.1.2 Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006. Accordingly, the arrangements and headings have been adapted as provided for in the Companies Act 2006.

The Trustees have considered 2019 and beyond and based on discussions with Lloyds Banking Group plc, who provide funding to the Foundation and staff services, the Trustees have prepared the financial statements on a going concern basis.

The Foundation is a public benefit entity.

#### 2.1.3 Fund accounting

The Foundation's funds are all unrestricted and are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

#### 2.1.4 Donations and legacies

All income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, the flow of economic benefit to the Foundation is probable and the amount can be measured reliably. The Foundation received £2,000,000 under the terms of the funding covenant with Lloyds Banking Group and a further donation of £434,390 in the year from Lloyds Banking Group.

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 2.1 Accounting policies (continued)

#### 2.1.5 Other income

All costs incurred by the Foundation, including staff costs, are paid by Lloyds Banking Group plc. Where this expenditure is readily quantifiable, it is recognised as income to, and expenditure of, the Foundation. The split is detailed in the table below.

	Staff Costs £	Office Costs £	Total 2018 £	Total 2017 £
Developing & Improving Local Communities	197,375	52,364	249,739	198,943
Money Advice	35,620	9,450	45,070	38,936
Corporate Governance	47,816	18,160	65,976	60,668
	<u>280,811</u>	<u>79,974</u>	<u>360,785</u>	<u>298,547</u>

#### \* Staff costs

	£
Salaries	172,733
Social security costs	24,587
Pensions	35,864
Other staff costs	<u>47,627</u>
Total	<u>280,811</u>

The auditors are appointed for the 2018 financial statements, and audit fee is paid for by Lloyds Banking Group. The value of the audit of £8,500 has been included in the 2018 financial statements as a donated receipt within Other Incoming Resources (Corporate Governance) and as a donated service within Other Expenditure.

#### 2.1.6 Expenditure

Charitable activities include grants payable which are charged in the year when the offer is conveyed and a valid expectation created with the recipient that the grant will be paid. All multi-period grants have no performance related conditions and the only conditions are outside the Foundation's control. All multi-period grants are recognised in full as a liability in year of award if the payment of the grant is probable.

Grants and matched giving awards returned or cancelled are credited to expenditure in the year the monies are returned, or obligation terminated (if not yet paid).

Other expenditure included within charitable activities are shown in Note 3.

Other expenditure comprises governance costs, such as the legal fees, the audit fee, and staff costs associated with the strategic management of the charity. This is shown in Note 4.

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 2.1.7 Allocation of costs

Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Support costs are allocated between charitable programmes and governance on the basis of estimated time spent by staff. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice.

### 2.1.8 Taxation

The Foundation is recognised as a charity. As a result the charity is exempt from taxation on its charitable activities.

### 2.1.9 Financial instruments

The Foundation has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### (i) Financial assets

Basic financial assets, including cash and bank balances, are recognised at transaction price and subsequently carried at amortised cost.

#### (ii) Financial liabilities

Basic financial liabilities, including other creditors, are initially recognised at transaction price and subsequently carried at amortised cost.

## 3. Charitable Activities

	Grants Payable (3a) £	Matched Giving (3b) £	Support Costs £	Total 2018 £	Total 2017 £
Developing and improving local communities	1,261,685	735,757	258,239	2,255,681	1,996,070
Money advice and financial literacy	360,476	-	45,070	405,546	388,990
	<u>1,622,161</u>	<u>735,757</u>	<u>303,309</u>	<u>2,661,227</u>	<u>2,385,060</u>

During 2018 the Foundation made 104 grants to developing and improving local communities ranging from £1,000 to £100,000 and 17 grants to money advice and financial literacy causes ranging from £6,000 to £78,646. December donations of £3,600 to each of 4 charities are also included under developing and improving local communities

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 3. Charitable Activities (continued)

Support costs primarily include other staff costs that are paid for by Lloyds Banking Group plc. Staff costs relate to four employees of Lloyds Banking Group plc who carried out certain administrative duties of the Foundation during the year. One of these employees received employee benefits (excluding employer pension costs) between £60,000 and £70,000, and one received employee benefits between £70,000 and £80,000.

The Foundation did not have any employees during the year (2017: nil).

#### 3a. Reconciliation of Grants Payable

	2018 £	2017 £
Grants awarded in the year	1,675,557	1,272,468
Grants returned	(53,396)	-
	<u>1,622,161</u>	<u>1,272,468</u>

#### 3b. Reconciliation of Matched Giving Payable

	2018 £	2017 £
Matched Giving awarded in the year	741,472	870,986
Matched Giving cancelled	(5,715)	(4,788)
	<u>735,757</u>	<u>866,198</u>

### 4. Other expenditure

	2018 £	2017 £
Staff Costs	47,816	48,904
Auditor's remuneration	8,500	8,515
Legal Fees	9,660	3,249
	<u>65,976</u>	<u>60,668</u>

### 5. Trustees' expenses

No Trustees received remuneration or accommodation expenses during the year from the Foundation. Reimbursed expenditure of £25 was made to one Trustee in relation to travel expenses during the year (2017: £62 to one Trustee for travel expenses).

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 6. Creditors: amounts falling due within one year

	2018	2017
	£	£
Grants payable	345,276	288,128
	<u>345,276</u>	<u>288,128</u>

Grants payable relate to applications received for colleague Matched Giving prior to 31 December 2018 that had not been paid at the year-end (£71,670) and the second year instalments for 2018 Large Grant beneficiaries (£273,606).

### 7. Related party transactions

The Foundation is related to and derives its revenue solely from Lloyds Banking Group plc. In February 2019 the Foundation entered into a funding covenant with Lloyds Banking Group plc, where the Foundation is to receive 0.1946% of the Lloyds Banking Group's adjusted pre-tax profits averaged over three years subject to a minimum amount of £2.9m, and a maximum amount of £9.73m.

This new funding formulae resulted in the annual donation for 2019 being £4,913,326.

The following transactions took place with Lloyds Banking Group plc during the year, and with which there were the following balances at the year-end:

The Foundation received £2,000,000 (2017: £2,000,000) under the terms of the funding covenant and a further donation of £434,390 (2017: £105,000) in the year. Lloyds Banking Group plc also paid costs of £369,285 (2017: £307,062) on behalf of the Foundation. These costs have been paid in accordance with the terms of the funding covenant.

The costs of £369,285 includes £280,811 (2017: £232,405) for four staff members who work for the Foundation but are employed by Lloyds Banking Group plc, and the audit fee of £8,500.

Each Trustee, except Sarah Deas and Paul Grice, is an employee of Lloyds Banking Group plc and receives remuneration as a result of this employment.

At 31 December 2018 a balance of £856,956 (2017 - £716,415) was held at Bank of Scotland plc. The Foundation also received interest of £6,921 (2017 - £8,151) in the year.

### 8. Controlling party

The Trustees are of the opinion that there is no controlling party.

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9. Analysis of charitable expenditure

The following table lists all Grants made during the year and the amount disclosed represents the amount which is recorded in the Statement of Financial Activities for the year ended 31 December 2018. No grants to individuals were approved in the year.

Small Grants	£
Lasswade High School PHAB Club	1,000
The Ellon and District Men's Shed	1,200
Forth Valley University of the Third Age	1,750
Brain Injury Grampian (BIG) Group	3,000
Sparcs SCIO	3,000
Town Break SCIO	3,000
YDance (Scottish Youth Dance)	3,050
Greenock Recovery Alcohol Support Project (GRASP)	3,068
Community Law Advice Network (Clan Childlaw)	3,500
3D Drumchapel	3,694
Cranhill Arts Project	4,000
New Caledonian Woodlands	4,000
North Glasgow Community Food Initiative	4,000
QUIET WATERS	4,000
Baillieston Community Care	4,000
Carers of West Dunbartonshire	4,485
Daisy Drop In	4,488
Bazooka Arts	4,500
Cruse Bereavement Care Scotland	4,800
Light Up Learning	4,848
The PBC Foundation	4,883
Ocean Youth Trust Scotland	5,000
Central Carers Association	5,000
Home-Start Mid-Argyll, Jura, Islay & Kintyre	5,000
Banchory & District Initiative Ltd	5,000
Befriend a Child	5,000
Positive Help	5,000
Dundee Therapy Garden	5,000
Glasgow City Mission	5,000
Whiteinch Transformation	5,200
Interest Link Borders	5,418
CABIA	6,000
Citizens Theatre Ltd	6,408
The Preshal Trust	6,500
Home-Start Leith & North East Edinburgh	6,520
Home-Start Kincardine	7,000
Community Central Hall	7,000
Befriend Motherwell	7,500
K-Otic Productions	7,500



# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9. Analysis of charitable expenditure (continued)

#### Small Grants (continued)

	£
Disabilities Fife	7,612
SEAL Community Health Project	8,000
Dumfries & Galloway Befriending Project	8,000
Angus Special Playscheme	8,187
Edinburgh Food Project	8,519
Cumbernauld Action for Care of the Elderly	8,800
Glasgow East End Community Carers	9,330
Crossroads Youth and Community Association	9,500
Home-Start Caithness	9,564
Horsecross Arts Ltd	9,600
Fife Employment Access Trust	9,953
Sports Driving	9,985
Street Connect	10,000
Bowel Cancer UK and Beating Bowel Cancer	10,000
The Learning Tree Partnership	10,000
<b>Total Small Grants</b>	<b><u>316,362</u></b>

#### Medium Grants

	£
WEA Scotland	10,250
Lothian Autistic Society	10,257
South Ayrshire Foodbank	10,500
Community One Stop Shop	10,500
Renfrew YMCA SCIO	10,545
North East Sensory Services	11,000
Care Lochaber	11,000
Aberdeen Citizens Advice Bureau	11,000
Kindred Advocacy	12,000
East Renfrewshire Citizens Advice Bureau	12,000
Music in Hospitals & Care Scotland	12,000
Edinburgh Headway Group	12,147
Bute Advice Centre	12,500
Carr Gomm	12,500
Community Help and Advice Initiative (CHAI)	13,000
Care & Repair Edinburgh	13,000
Home Link Family Support	14,000
Baillieston Community Care	14,283
RAMH	15,000
Edinburgh City Mission	15,000

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9. Analysis of charitable expenditure (continued)

<b>Medium Grants (continued)</b>	<b>£</b>
The Yard	15,730
Indepen-dance (Scotland) Ltd.	16,593
Positive Action in Housing	16,736
Fresh Start (Scotland)	17,000
Ross & Cromarty Citizens Advice Bureau	18,000
Dunblane Centre	19,000
Aberdeen Foyer	19,000
East Ayrshire Citizens Advice Bureau	19,048
Second Chance Project	22,700
Girvan Youth Trust	24,863
Scottish Drugs Forum	25,000
Western Isles Citizens Advice Service	25,000
Tannochside Information & Advice Centre	25,000
<b>Total Medium Grants</b>	<b>506,152</b>
<b>Large Grants</b>	<b>£</b>
YMCA Glenrothes	56,416
Coatbridge Citizens Advice Bureau	74,413
Glasgow's Golden Generation	78,646
Lodging House Mission	82,965
Healthy Valleys	89,730
Thenue Housing Association	100,000
<b>Total Large Grants</b>	<b>482,170</b>
<b>December Donations</b>	<b>£</b>
Lodging House Mission (Glasgow)	3,600
South Ayrshire Foodbank (Prestwick)	3,600
Samaritans (Dunfermline)	3,600
Gorgie Salvation Army (Edinburgh)	3,600
<b>Total December Donations</b>	<b>14,400</b>

# Financial Statements for the year ended 31 December 2018

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 9. Analysis of charitable expenditure (continued)

<b>Mental Health Fund Grants</b>	<b>£</b>
Talkmatters	2,990
Human Development Scotland	3,430
Hibernian Community Foundation	4,000
The Moira Anderson Foundation	4,900
Bridge Community Project	4,986
Harbour Counselling Service Limited	5,000
Deafblind Scotland	6,585
Turning Point Scotland	8,273
Toonspeak Young People's Theatre Ltd	9,291
Mikeysline	10,000
Theatre Nemo	10,000
Common Wheel	10,000
East Kilbride & District Dementia Carers Group	10,000
Tweeddale Youth Action	10,339
PND Borders	11,331
Impact Arts (Projects) Ltd	11,565
Dundee and Angus ADHD Support Group	12,355
Rag Tag and Textile Ltd	13,000
Edinburgh Young Carers	14,000
IWORK4ME	17,010
Church House, Bridgeton	17,545
Glasgow East Women's Aid	19,300
Orkney Alcohol Counselling & Advisory Service	20,000
Scottish Families Affected by Alcohol and Drugs	21,330
Midlothian Young Peoples Advice Service	24,307
Clackmannanshire Citizens Advice Bureau	24,936
Venture Scotland	25,000
Counselling Care Skye and Lochalsh	25,000
<b>Total Mental Health Fund Grants</b>	<b>356,473</b>