

BANK OF SCOTLAND **Foundation**

Annual Report and Financial Statements for the year ended 31 December 2024

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

Contents

Review of 2024 by the Chair	Page 3
Reference and Administrative Information	Page 5
Trustees' Report (incorporating the Directors' Report)	Page 6
Statement of Trustees' Responsibilities	Page 13
Independent Auditor's Report	Page 14
Statement of Financial Activities (Incorporating Income and Expenditure Report)	Page 19
Balance Sheet	Page 20
Statement of Cash Flows	Page 21
Reconciliation of net cash flow to movements in net funds	Page 21
Notes to the Financial Statements	Page 22

Review of 2024 by the Chair

In 2024, the Scottish charity sector showed incredible resilience and growth. The Office of the Scottish Charity Regulator (OSCR) reported an increase of 743 new registered charities. Volunteering remains a cornerstone of the sector's success, with 69% of charities being run entirely by resolute volunteers. Nearly half of these organisations focused on supporting children and young people, highlighting the sector's commitment to nurturing future generations.

Despite financial challenges, with over half of the charities having an income of less than £25k and around 31% having an income of below £5k, the sector demonstrated unwavering dedication. Many charities continued to make a significant impact in their communities, highlighting the sector's ability to adapt and persevere.

In support of the Scottish charity sector, 2024 also marked the introduction of Bank of Scotland Foundation's five-year strategy, "Building a Brighter Future for Scotland." Our crucial operations are only possible thanks to the generous support of Lloyds Banking Group. In the first year of our new strategy, we experienced the most successful year of funding awarded since the Foundation was established supporting 192 charities throughout Scotland with grants totalling over £6.3 million.

Our new strategy also saw the introduction of three exciting grants programmes: Empower, Energise, and Enable aimed at charities across Scotland who are supporting people in vulnerable circumstances.

Our Empower grants programme provides significant unrestricted funding and in 2024, we distributed £2.1 million to 14 Scottish charities, each receiving £50k per year for the next three years. This flexible funding allows charities to allocate resources where they are most needed, such as core costs, project expenses or delivery costs.

Our Energise grant programme allows eligible charities to apply for a two-year unrestricted grant of up to £20k. In 2024, 63 Scottish charities benefited from £1.26 million in funding, allowing them to respond effectively to the ever-evolving needs of vulnerable individuals within their communities such as those who are experiencing education barriers, domestic abuse or family breakdown.

Lastly, our Enable programme, developed in partnership with Lloyds Banking Group, is an innovative initiative aimed at enhancing community volunteering efforts. This programme offers funding to eligible charities for projects that rely on volunteers. In addition to funding from the Foundation, Lloyds Banking Group colleagues across Scotland will generously contribute their time and expertise to help deliver these projects and provide essential support. Charities can apply for grants ranging from £30k to £90k over three years to fund various volunteering projects, costs, and initiatives. In 2024, the Foundation proudly supported 24 charities with £1.44 million.

As the first Scottish funder to extend a second year of funding without requiring an additional application, we also allocated a further £1.5 million to our previous Reach grant programme beneficiaries to support them through the ongoing challenges arising from the cost-of-living crisis. By facilitating these additional payments, the Foundation played a vital role in strengthening Scotland's charity sector and ensuring that essential services remain available to those in need.

Review of 2024 by the chair (continued)

In addition to our three grants programmes, Bank of Scotland Foundation is proud to support Scotland's charity sector through our Matched Giving Programme. This initiative encourages Lloyds Banking Group colleagues in Scotland to actively engage with the charity sector, either by fundraising through personal efforts or by volunteering their time to support charities across the country. By doing so, the programme ensures our funding reaches grassroots charities, making a lasting positive impact in local communities. In the past year alone, we paid out almost £470k through the Matched Giving Scheme, as a result of over 1,250 individual colleague claims.

Our work is only made possible by the generous support of Lloyds Banking Group. Since 2010, their financial backing has empowered us to assist over 2,700 charities across Scotland with more than £35 million in charitable grants. In 2025, the Bank of Scotland Foundation received almost £7m of funding from Lloyds Banking Group, which will enable us to continue our mission of aiding and supporting the growing Scottish charity sector.

In June 2024, we were delighted to host our first ever reception at the historic Bank of Scotland headquarters at The Mound in Edinburgh. The evening was a wonderful opportunity to celebrate the fantastic work of our funded charities. One of the highlights of the evening was the announcement of the first beneficiaries of the Empower grants programme. As we look ahead to our 2025 reception, we are excited to continue celebrating the success of our funded charities and the meaningful support they have provided to those who need it most.

As Chair of Bank of Scotland Foundation, I am incredibly proud of the strides we have made in 2024. Our new strategy, "Building a Brighter Future for Scotland," has already shown great promise, enabling us to provide more funding than ever before in our 15-year history. Together, with the unwavering support of Lloyds Banking Group and our dedicated volunteers, we will continue to build a brighter future for Scotland, ensuring that the invaluable work of our charity partners can flourish and thrive.



Donald MacKechnie
Chair
22 May 2025

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:

Donald MacKechnie (Chair)
Jon Alexander
Laura Armstrong
Graham Blair (resigned 10 December 2024)
George Booth (appointed 9 April 2025)
Jackie Leiper
Veronica Lennon (appointed 9 April 2025)
Alison Macdonald (resigned 31 January 2025)
Kenneth Macintosh
Jim McCaffrey (appointed 9 April 2025)
Julianne Reddin
Graeme Thompson
Karen Watt

Company Secretary: Lindsays LLP
100 Queen Street
Glasgow
G1 3DN

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

Legal Advisors: Lindsays LLP
100 Queen Street
Glasgow
G1 3DN

Independent Auditor: Deloitte LLP
Abbots House
Abbey Street
Reading
RG1 3BD

Registered Office: The Mound
Edinburgh
EH1 1YZ

Registered Company No: SC229825 (Company limited by guarantee)

Scottish Charity No: SC032942

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 "Group"). The registration details of the Foundation have been included within Reference and Administrative Information.

Organisation

A Board of Trustees govern the Foundation, with Donald MacKechnie 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 Karen Tighe, Head of Community Engagement who reports into Chris Turner, Director of Reputation and Community Engagement of the Group.

The Trustees generally meet quarterly, the meetings are chaired by Donald MacKechnie and are formally minuted. At each meeting of the Foundation, the Trustees determine overall policy, review all donations made since the previous meeting, note financial reports, review the budget position, and decide on all grants which are submitted for approval.

The Trustees have a Trustee Recruitment Policy, and all Trustees are recruited and appointed in line with this policy.

The Trustees have an agreed Investment Policy and Reserves Policy.

Risk Policy

The Trustees have examined the major strategic, business, financial 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 key financial risk is that the Foundation may not receive the annual donation from the Group. This is mitigated by the terms of the funding covenant which require that the Group provide a three-year notice period before all covenanted donations cease and the inclusion of a floor and ceiling in the covenant for the minimum and maximum amounts that can be donated to the Foundation.

The Trustees review the governance and activities of the Foundation each quarter through the detailed 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. The risks outlined in the register are reviewed and updated annually by the Trustees.

Objectives and Activities

The Foundation is established for charitable purposes and works with charitable organisations across Scotland, supporting people and their local communities. The Foundation is a Public benefit entity and meets the requirements for such entity.

Trustees' Report (continued)

Foundation activities are centred on three key areas:

- Grant programmes - providing grants to charities across Scotland.
- Matched Giving programme - providing Matched Giving for charities supported by Group employees in Scotland.
- Mentoring programme - offering Foundation funded charities support, advice, and motivation through an employee mentor from the Group.

Building a Brighter Future for Scotland

The Foundation launched its new five- year strategy "Building a Brighter Future for Scotland" in January 2024. The needs and aspirations of vulnerable people will drive the work of the Foundation, as we aim to fund, support and champion the small and local charities that work to improve their quality of life.

Four strategic aims will determine our programme of work over the next five years:

- Flexibility and mutual understanding will underpin our work as we make more of **multi-year and unrestricted funding**, enabling charities to use their grants in the way that helps them best.
- Through collaboration with Lloyds Banking Group, we'll be a **source of added value for charities** offering strategic development support and colleague volunteers.
- Working with charities and other funders we aim to become more influential by championing the work of charities and raising awareness of the challenges vulnerable people face.
- We'll keep listening and learning, and monitoring and evaluating to continually improve ourselves and ensure we work effectively and efficiently to maximise our contribution and the impact of the charities we support.

Achievements and Performance

Designed to fund, support and champion small and local charities that work to improve the lives of vulnerable people, the launch of the Foundation's five-year strategic plan "Building a Brighter Future for Scotland" in 2024, saw the introduction of three new multi-year grants programmes to meet the needs of charities.

Empower Grants – the first programme under the new strategy launched in early February offering a three- year unrestricted grant offering of £150,000 (£50,000 per annum) for charities with an income between £150,000 and £500,000. Through collaboration with Lloyds Banking Group, the Foundation also aims to identify opportunities to add strategic value for funded charities and help them grow stronger and thrive beyond the lifetime of their grant.

In 2024, we distributed £2,100,000 through this programme to 14 charities across Scotland. The charities funded support vulnerable people who are experiencing a range of challenges such as household poverty, family breakdown, alcohol misuse and poor mental health.

Trustees' Report (continued)

Energise Grants – this programme accepted applications from charities with an annual income of £150,000 or less. Charities could apply for two-year unrestricted grants of £20,000 (£10,000 per annum). These grants give charities much greater scope to cover all essential costs and deal with challenges quickly and effectively.

In 2024, we distributed £1,260,000 through this programme to 63 charities across Scotland. The programme provided unrestricted funding which can be used towards core costs, delivery costs, project costs and/or general running costs, enabling charities to use their funding in the way that helps them best support people in vulnerable circumstances within their communities.

Enable Grants – this is an innovative joint grants programme in partnership with Lloyds Banking Group designed to enhance community volunteering efforts. The programme provides funding to eligible charities for projects that rely on volunteers, with Lloyds Banking Group colleagues across Scotland volunteering their time and expertise to help deliver projects and offer support. This initiative allows charities to apply for grants ranging from £30,000 to £90,000 over three years (£10,000 to £30,000 per annum) for various volunteering projects, costs, and initiatives.

In 2024, we distributed £1,440,000 through this programme to 24 charities across Scotland.

Reach Grants Second Year Funding – in 2023 the Trustees agreed that the 119 Reach grant recipients from September 2022 to June 2023 should be offered a repeat second-year continuation grant. This offer was accepted by all grant recipients and as a result over £1.5m was paid in 2024.

Enhance Mentoring Programme – this programme offers charities in receipt of a Foundation grant the opportunity to be matched with an employee mentor from the Group. Employees provide tailored business support to help strengthen charities enabling them to become more sustainable and meet their longer term aims, and employees often also acquire new skills and experience themselves throughout the mentoring journey.

As at 31 December 2024, 18 charities continue to be matched to a Group employee.

Matched Giving – charities supported by the fundraising and volunteering efforts of the Group's employees in Scotland shared almost £470,000 in 2024. Our programme encourages employees to become involved in their community by providing Matched Giving of up to £1,000 per employee per year. In 2024, the Group's Charity of the Year, Crisis was awarded £71,455 from the Foundation as a result of 288 employee applications, with employees undertaking a variety of fundraising activities throughout the year including bake sales, sporting events and city walks.

Trustees' Report (continued)

Overall, 1,253 applications were received for Matched Giving in 2024 and the top 10 charities who received funding were:

Charity	Amount (£)
Crisis (Lloyds Banking Group Charity of the Year)	71,455
Macmillan Cancer Support	19,115
Children's Hospice Across Scotland	16,066
Cancer Research UK	14,349
Musselburgh Windsor Community Football Club	9,000
Beatson Cancer Charity	8,446
The Guide Dogs For The Blind Association	7,550
British Heart Foundation	7,179
Inverkeithing Hillfield Swifts Community Club	6,700
Child Bereavement UK	6,000

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 all its staff and office costs borne by the Group in 2024.

The Foundation has a funding covenant with the Group, where each year the Foundation receives 0.1946% of the Lloyds Banking Group's adjusted pre-tax profits averaged over the previous three Accounting Reference periods subject to a minimum amount of £3.9m, and a maximum amount of £9.73m. This funding covenant has been in place since February 2019.

Financial Review

In 2024, the Foundation received a donation of £6,859,192, (2023: £4,805,052) from the Group under the terms of the funding covenant. In addition, staff costs of £396,384 (2023: £415,308) and audit fee of £10,058 (2023: £9,861) were borne by the Group.

During the year £6,775,720 (2023: £3,844,103) was awarded to charities working in Scotland via our Grants Programmes, Charity Donations and Matched Giving Programme.

Trustees' Report (continued)

Investment Policy

The Trustees adopt an investment policy that is prudent 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 as it is funded by an annual donation from the Group, 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 therefore be inappropriate 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 2024 the Foundation held £2,725,207 (2023: £2,562,407) in unrestricted funds reserves (equal to total free reserves).

The Foundation holds free reserves to cover current programme funding commitments and 12 months' running costs at any one time. The current reserves will be used to fund future grants in line with the Foundation's Grants programmes as outlined in the Foundation's new Strategy "Building a Brighter Future for Scotland."

Going Concern

The Trustees have considered the budget plans and financial outlook of Bank of Scotland Foundation for at least twelve months from the date of approval of these financial statements.

Based on the funding covenant in place with the Group and discussions with the Group, who also provide staff services, the Trustees have a reasonable expectation that the charity has adequate reserves to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

Trustees' Report (continued)

Appointment, Induction, and training of Trustees and Indemnity

The Trustees (who are also directors of Bank of Scotland Foundation for the purposes of company law) who served during the year and up to the date of signing the financial statements are listed on page 5.

Each Trustee, except for Karen Watt, Julianne Reddin, Ken Macintosh, and Graeme Thompson, is an employee of the Group.

The Trustees may appoint additional Trustees provided that each such person has first been recommended for appointment in accordance with the Trustee Appointment Policy, which is implemented by the Nominations Committee for all Trustee recruitment and subsequent appointments. Trustees are appointed for an initial term of three years and 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, and as such undertake to pay £1 to the Foundation's assets in the event of the Foundation being wound up. Trustee indemnity is also included in note 1 to the Financial Statements.

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 number of Trustees, but the minimum is three. Trustees may be paid expenses but may not be remunerated.

Plans for Future Years

Following the launch of our new Strategy "Building a Brighter Future for Scotland" in January 2024, we will continue to award grants to charities working across Scotland through our new 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 to the Foundation, which in February 2025 was £6,567,365 as part of its commitment to Helping Scotland Prosper.

The Trustees were pleased with the success of the Foundation's Grants Programmes in 2024 and now look forward to continuing with the five-year strategy, as we strive to make an even greater difference and build a brighter future for Scotland.

Independent auditor

Deloitte LLP have expressed their willingness to continue in office as auditor. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte 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.

Trustees' Report (continued)

The Trustees' Report was approved by the Board of Trustees and authorised for issue on 22 May 2025.

Signed on its behalf by

A handwritten signature in black ink, appearing to read 'Donald MacKechnie', written in a cursive style.

Donald MacKechnie – Chair
Bank of Scotland Foundation
22 May 2025

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the 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. The Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice) comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law. 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 (2019);
- make judgments and estimates that are reasonable and prudent;
- state that 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 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.

The Trustees are responsible for the maintenance and integrity of the Corporate and financial information included in 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.

Statement of disclosure to auditors

As far as the Trustees are aware at the time of approving our Trustees' report:

- there is no relevant audit information of which the charitable 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.

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 the financial statements of Bank of Scotland Foundation (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements, which comprise:

- the statement of financial activities (Incorporating an Income & Expenditure account);
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 11.

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).

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 ability to continue as a going concern for a period of at least 12 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the charitable company for the purpose 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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the charitable company's industry and its control environment, and reviewed the charitable company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and Trustees about their own identification and assessment of the risks of irregularities including those that are specific to the charitable company's business sector.

We obtained an understanding of the legal and regulatory framework that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- did not have a direct effect on the financial statements but compliance with which may be fundamental to the charitable company's ability to operate or to avoid a material penalty. These included the Scottish Charity Regulator (OCSR) Regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it are described below:

- we identified a fraud risk related to the application of grant expenditure in line with charitable objectives, and the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information in order to understand the purpose of the grant, any conditions present and ascertain the correct level of expenditure and related liability to recognise.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, 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 has been prepared in accordance with applicable legal requirements.

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

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 in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Helen Perkins

Helen Perkins CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

22 May 2025

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

For the year ended 31 December 2024

	Note	Unrestricted Funds 2024 £	Total 2024 £	Unrestricted Total 2023 £
Income from:				
Donations	4	7,265,634	7,265,634	5,230,221
Investments		190,090	190,090	210,710
Total income		<u>7,455,724</u>	<u>7,455,724</u>	<u>5,440,931</u>
Expenditure on:				
Charitable Activities	3	(7,292,924)	(7,292,924)	(4,409,142)
Total expenditure		<u>7,292,924</u>	<u>7,292,924</u>	<u>4,409,142</u>
Net movement in funds / net income for the year		<u>162,800</u>	<u>162,800</u>	<u>1,031,789</u>
Total funds brought forward		<u>2,562,407</u>	<u>2,562,407</u>	<u>1,530,618</u>
Total funds carried forward		<u>2,725,207</u>	<u>2,725,207</u>	<u>2,562,407</u>

All activities are derived from continuing operations.

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

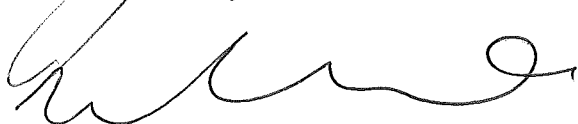
The notes on pages 22 to 30 form part of these financial statements.

BALANCE SHEET

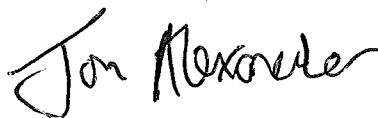
As at 31 December 2024

	Note	2024 £	2023 £
CURRENT ASSETS			
Investments	6	4,500,000	-
Cash at Bank and in hand		2,233,397	5,459,547
TOTAL CURRENT ASSETS		<u>6,733,397</u>	<u>5,459,547</u>
 Creditors: amounts falling due within one year	7	<u>(2,372,690)</u>	<u>(1,884,743)</u>
NET CURRENT ASSETS/Total assets less current liabilities		<u>4,360,707</u>	<u>3,574,804</u>
 Creditors: amounts falling due after one year	8	<u>(1,635,500)</u>	<u>(1,012,397)</u>
TOTAL NET ASSETS		<u>2,725,207</u>	<u>2,562,407</u>
 The funds of the charity:			-
Unrestricted Funds		2,725,207	2,562,407
 Total Charity Funds		<u>2,725,207</u>	<u>2,562,407</u>

The financial statements were approved by the Board of Trustees on 22 May 2025 and signed on its behalf by:



Donald MacKechnie, Chair of Bank of Scotland Foundation



Jon Alexander, Trustee of Bank of Scotland Foundation

The notes on pages 22 to 30 form part of these financial statements.

A Company Limited by Guarantee Registered in Scotland Number SC229825

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 £	2023 £
Reconciliation of net income to cash generated by operations.		
Net income for the year	162,800	1,031,789
Interest from investments	(190,090)	(210,710)
Increase in creditors	1,111,050	361,662
Net cash flows generated by operating activities	<u>1,083,760</u>	<u>1,182,741</u>
Cash flows from investing activities:		
Interest from investments	190,090	210,710
Purchase of current asset investments	(4,500,000)	-
Net (decrease)/increase in cash	<u>(3,226,150)</u>	<u>1,393,451</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the year ended 31 December 2024

	2024 £	2023 £
Net Cash outflow during the year	(3,226,150)	1,393,451
Net funds at 1 January	<u>5,459,547</u>	<u>4,066,096</u>
Net funds at 31 December	<u><u>2,233,397</u></u>	<u><u>5,459,547</u></u>

The notes on pages 22 to 30 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2024

1. Company and Charitable Status

Bank of Scotland Foundation ("the Foundation") is a charitable company limited by guarantee incorporated 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 2024 there were nine Trustees each of whom was a Director and member of the company. The Foundation is a registered charity.

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 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. Accounting Policies

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 (SORP second edition – October 2019), and the Companies Act 2006. The functional currency is in pounds sterling.

Bank of Scotland Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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

2.1.1 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 the budget plans and financial outlook of Bank of Scotland Foundation for at least twelve- months from the date of signing these financial statements.

Based on the funding covenant in place with the Group and discussions with the Group, who also provide staff services, the Trustees have a reasonable expectation that the charity has adequate reserves to continue in operational existence for the foreseeable future, being at least twelve- months from the date of approval of these financial statements. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

The Foundation is a public benefit entity.

2.1.2 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.

Notes to the financial statements for the year ended 31 December 2024 (continued)

2.1 Accounting policies (continued)

2.1.3 Cash and Cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.1.4 Current Asset Investments

Current Asset Investments include a term deposit account with a maturity date of more than three months but less than one year from the reporting date.

2.1.5 Donated Services

All office, utilities and staff costs incurred by the Foundation, are paid by Lloyds Banking Group plc. Donated services and facilities are valued and included as income and expenditure at the price the Foundation would pay in the open market for an equivalent service or facility.

The auditors are appointed for the 2024 financial statements, and audit fee is paid for by the Group. The value of the 2024 audit of £10,058 (2023: £9,861) has been included in the 2024 financial statements as a donated service.

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-year grants have no performance-related conditions, and the only conditions are outside the Foundation's control. All multi-year 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).

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 based on estimated time spent by staff. Governance costs comprise all costs involving the public accountability of the Foundation 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.

Notes to the financial statements for the year ended 31 December 2024 (continued)

2.1 Accounting policies (continued)

2.1.10 Critical accounting judgements and estimates

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

3. Charitable Activities

	Grants Payable (3a) £	Matched Giving (3b) £	Support Costs £	Total 2024 £
People in Vulnerable Circumstances	6,245,148	468,988	578,788	7,292,924
Total Charitable Activities	<u>6,245,148</u>	<u>468,988</u>	<u>578,788</u>	<u>7,292,924</u>
	Grants Payable (3a) £	Matched Giving (3b) £	Support Costs £	Total 2023 £
Social Exclusion and Disadvantage	3,440,016	396,774	572,352	4,409,142
Total Charitable Activities	<u>3,440,016</u>	<u>396,774</u>	<u>572,352</u>	<u>4,409,142</u>

During 2024 the Foundation awarded 101 grants to charities through our new grants programmes (Empower, Energise and Enable) supporting People in vulnerable circumstances. The grants awarded ranged from £30,000 to £150,000. In addition to the 2024 programme awards, a further 91 grants totalling £1,504,847 were made in respect of Reach 2023 second year Funding. This gives an overall total for 2024 of 192 grants with a value of £6,304,847.

Support costs primarily include staff costs that are paid for by Lloyds Banking Group plc, and operating costs paid for by the Foundation. Staff costs relate to employees of Lloyds Banking Group plc who carried out certain administrative duties of the Foundation during the year.

3a. Reconciliation of Grants Payable

	2024 £	2023 £
Grants awarded in the year	6,304,847	3,443,016
Grants returned/written off	(59,699)	(3,000)
	<u>6,245,148</u>	<u>3,440,016</u>

3b. Reconciliation of Matched Giving Payable

	2024 £	2023 £
Matched Giving awarded in the year	469,623	401,087
Matched Giving cancelled	(635)	(4,313)
	<u>468,988</u>	<u>396,774</u>

3c. Analysis of support costs

Support costs primarily include other staff costs that are paid for by Lloyds Banking Group plc, and operating costs paid for by the Foundation. Staff costs relate to employees of Lloyds Banking Group plc who carried out certain administrative duties of the Foundation during the year. The Foundation does not have any employees.

	Staff Costs £	Office Costs £	Total 2024 £
People in Vulnerable Circumstances	331,347	139,916	471,263
Corporate Governance	<u>65,037</u>	<u>42,488</u>	<u>107,525</u>
	<u>396,384</u>	<u>182,404</u>	<u>578,788</u>

	Staff Costs £	Office Costs £	Total 2023 £
Social Exclusion and Disadvantage	342,869	117,053	459,922
Corporate Governance	<u>72,439</u>	<u>39,991</u>	<u>112,430</u>
	<u>415,308</u>	<u>157,044</u>	<u>572,352</u>

Staff Costs are split as follows:

	2024 £	2023 £
Salaries	273,914	257,182
Social security costs	34,170	34,953
Pensions	67,655	80,024
Other staff costs	<u>20,645</u>	<u>43,149</u>
	<u>396,384</u>	<u>415,308</u>

Notes to the financial statements for the year ended 31 December 2024 (continued)

4. Donations

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 £6,859,192 under the terms of the funding covenant with Lloyds Banking Group. All office space, utilities and staff costs incurred by the Foundation, are paid by Lloyds Banking Group plc. The staff costs total £396,384 (2023: £415,308) and details are in Note 3c above. Audit fees of £10,058 (2023: £9,861) were also paid by Lloyds Banking Group. Total donations from Lloyds Banking Group were £7,265,634 (2023: £5,230,221).

General office running costs totalling £182,4045 (2023: £157,044) were paid for by the Foundation. These costs are primarily for IT, legal fees, marketing, and design costs.

5. Trustees' expenses

No Trustees received remuneration or accommodation expenses during the year from the Foundation. No reimbursed expenditure was made in 2024. (2023: £56 Travel expenses for one Trustee).

6. Current Asset Investments

The Foundation has placed cash in a term deposit account with a maturity date of more than three months but less than one year from the reporting date.

7. Creditors: amounts falling due within one year

	2024 £	2023 £
Grants payable	2,372,690	1,875,240
Accruals	-	9,503
	<u>2,372,690</u>	<u>1,884,743</u>

Grants payable relate to applications received for employee Matched Giving prior to 31 December 2024 that had not been paid at the year-end £5,793, (2023: £4,520) and the amounts due in 2025 for Invest Grants beneficiaries £556,897, (2023: £880,813), Empower Grants beneficiaries £700,000, (2023: £0), Energise Grants beneficiaries £630,000, (2023: £0), Enable Grants beneficiaries £480,000 (2023: £0). The grants payable at the end of 2023 also included amounts in respect of Change Grants beneficiaries (£704,818), Reach Grants beneficiaries (£281,207) and uplift grants (£3,882). There were no outstanding balances at 31 December 2024 for these programmes.

Notes to the financial statements for the year ended 31 December 2024 (continued)

8. Creditors: amounts falling due after one year

	2024	2023
	£	£
Grants payable	1,635,500	1,012,397
	<u>1,635,500</u>	<u>1,012,397</u>

Grants payable relate to the annual amounts due after 2024 for Invest, Empower and Enable Grant beneficiaries.

Multi-year grants awarded but not paid are recognised as liabilities in accordance with the Foundation's accounting policy totalled £4,002,397 (2023: £2,879,235).

This comprises £2,366,897 due in less than one year as per note 6 above for Invest, Empower, Energise and Enable Grants (2023: £1,866,838), and £1,635,500 due after one year as per note 7 above for Invest, Empower and Enable Grants (2023: £1,012,397).

The 2023 comparative also includes Change, Reach and Uplift grant beneficiaries as per note 6 above with no outstanding balances at the end of 2024.

9. Related party transactions

The Foundation is connected to and derives its revenue solely from Lloyds Banking Group plc. ("the Group")

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

The Foundation received £6,859,192 (2023: £4,805,052) under the terms of the funding covenant in the year. The Group also paid costs of £406,442 (2023: £425,169) on behalf of the Foundation. These costs have been paid in accordance with the terms of the funding covenant.

At 31 December 2024 a balance of £6,733,397 (2023: £5,459,547) was held in bank accounts with Bank of Scotland plc. The Foundation also received interest of £190,090 (2023: £210,710) in the year.

Each Trustee, except Kenneth Macintosh, Julianne Reddin, Graeme Thompson, and Karen Watt is an employee of the Group and receives remuneration as a result of this employment.

10. Controlling party

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

Notes to the financial statements for the year ended 31 December 2024 (continued)

11. Analysis of charitable expenditure

During 2024, 101 charities were awarded £4.8m of multi-year, unrestricted funding through our Empower, Energise and Enable grants programmes enabling them to support thousands of people in vulnerable circumstances such as those who are experiencing household poverty, poor mental health, or housing and employment difficulties. The full list is below:

Grants Awarded	£
Scott Martin Foundation	20,000
Badenoch and Strathspey Therapy Gardens	20,000
Sunrise Partnership SCIO	20,000
Megan's Space	20,000
NODA Ayrshire	20,000
PLAYPEACE SCIO	20,000
Rainbow Rogues	20,000
TOGS SCIO	20,000
77th Glasgow Disabled Scout Group	20,000
Grangemouth Old People's Welfare	20,000
Fool On	20,000
SEAL Community Health Project	20,000
Ladywell Neighbourhood Network SCIO	20,000
Glasgow Action for Pensioners	20,000
Glasgow North East Food Bank	20,000
Ross of Mull and Iona Community Transport Scheme	20,000
SUNSHINE CLUB	20,000
Stirling4Community	20,000
New Way	20,000
Special Needs Adventure Playground	20,000
CABIA	20,000
Ups and Downs Theatre Group	20,000
Paul's Parcels (food poverty prevention group)	20,000
Castlemilk Community Football Trust	20,000
Youth Vision	20,000
MOOD Scio	20,000
Forth and Tay Disabled Ramblers	20,000
Disabled Persons Housing Service Aberdeen	20,000
S.I.S.G Enterprises Ltd (Charity)	20,000
Moray HandyPerson Services	20,000
The Community Bureau SCIO	20,000
Forres, Nairn & District RDA	20,000
Headway Highland	20,000
The School Bank West Lothian	20,000
Trossachs Search And Rescue Team	20,000
Disability Sport Fife	20,000
Ritual Abuse Network Scotland	20,000
Dumfries & Galloway Hard of Hearing Group	20,000
Standing Tall Scotland	20,000
Emmanuel Christian Ministries	20,000

**Notes to the financial statements for the year ended 31 December 2024
(continued)**

11. Analysis of charitable expenditure (continued)

Grants Awarded	£
Kinship Care Midlothian SCIO	20,000
Strathmore Centre for Youth Development	20,000
Comics Youth SCIO	20,000
ParentSpace (SCIO)	20,000
Rhu and Shandon Community Centre	20,000
Garelochhead Station Trust	20,000
Sunny Govan Community Media Group	20,000
Spiral - Creative Arts Therapies	20,000
Glasgow Street Aid	20,000
Highland Group RDA	20,000
Ewen's Room	20,000
Highland Action for Little Ones (Halo)	20,000
Daisy Drop In	20,000
Angus Special Playscheme	20,000
Tayside Cancer Support	20,000
Feeling Strong SCIO	20,000
Scottish Network for Arthritis in Children	20,000
Inverclyde Faith in Throughcare	20,000
Re-Employ	20,000
Quiet Waters	20,000
Polish Family Support Centre	20,000
Haemophilia Scotland	20,000
Talk Lipoedema	20,000
Crisis	30,000
Cumbernauld and Kilsyth Care	30,000
Families First St Andrews	30,000
Home-Start Aberdeen	30,000
Let's All Talk North East Mums	30,000
Massive Outpouring of Love (MOOL)	30,000
Old Kilpatrick Food Parcels	30,000
Spark	30,000
Street Assist (SCIO)	30,000
Badenoch & Strathspey Community ConnXions	60,000
Bridge Community Project SCIO	60,000
Galloway Action Team	60,000
Home-Start Clackmannanshire	60,000
Lanarkshire Cancer Care Trust	60,000
Pilton Community Health Project	60,000
Befrienders Highland	90,000
Central and West Integration Network SCIO	90,000
Diamonds in the Community	90,000
Dochas Carers Centre	90,000
Group Recovery Aftercare Community Enterprise	90,000
Healthy and Active in East Kilbride	90,000
Letham4All	90,000

**Notes to the financial statements for the year ended 31 December 2024
(continued)**

11. Analysis of charitable expenditure (continued)

Grants Awarded	£
Mearns and Coastal Healthy Living Network	90,000
Refuweegee	90,000
Ability Shetland	150,000
Caithness Mental Health Support Group	150,000
Cumbernauld & Kilsyth Citizens Advice Bureau	150,000
Family Addiction Support Service (FASS)	150,000
Firsthand Lothian	150,000
Glasgow East Alcohol Awareness Project	150,000
Hear Me	150,000
Home-Start West Lothian	150,000
Interest Link Borders	150,000
Orkney Disability Forum	150,000
Safe Space Ltd	150,000
The Lighthouse for Perth	150,000
The Senior Centre Castlemilk	150,000
Tykes	150,000
	<u>£4,800,000</u>