



Financial Statements for the
year ended
31 December 2014

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

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Review of 2014 by the Chair

I am pleased to report that 2014 has been another successful year for the Bank of Scotland Foundation across all of our Programmes.

Our Grant Programmes provide funding to develop and improve communities or support financial inclusion and financial literacy across Scotland. The Small Grants programme awarded over £350,000 to charities with a strong community impact, and our Medium Grants Programme, which launched in April 2014, provided over £380,000 to charities working with people who are excluded or disadvantaged in society.

The Matched Giving Programme continues to be a great success with over 2,400 applications received from Lloyds Banking Group plc employees across Scotland. Over 450 charities shared over £906,000 in 2014, a 34% increase on 2013. The Matched Giving Programme supports a large variety of charities, with some employees selecting small, local charities and others applying for Matched Giving for some of Scotland's large national charities.

2014 was the first year of our Financial Inclusion Grants Programme, a joint initiative with Lloyds Banking Group plc aimed at promoting financial education and money advice through volunteering. The Foundation made funding available to charities for projects aimed at new volunteering opportunities and the Group then ensured the successful charities were given access to a network of employee volunteers to deliver the projects. Six charities shared over £79,000 through this initiative in 2014.

Our work in Scotland is not possible without the support of our sole funder, Lloyds Banking Group plc (the "Group") who donated £2,240,000 to the Foundation in 2014. The Trustees are delighted that the Group has confirmed that its annual donation for 2015 will be £2,000,000.

Alasdair Gardner and Peter Navin resigned as Trustees on December 13th 2014 and I would like to take this opportunity to thank Alasdair, Peter and the rest of the Board for their support and commitment in 2014. It is with great pleasure that I welcome two new Trustees to the Board in 2015 with the appointment of Robin Bulloch and Ed Smith.

The Trustees continue to give freely of their time to the Foundation and I would like to thank them for continued support and commitment, without which the achievements of the Foundation would not have been possible.

I would like to thank Jillian Baillie, Chief Executive of Bank of Scotland Foundation and her team for their continued hard work which has ensured another successful year.

For 2015, we look forward to supporting a wide range of charities, particularly through our new Large Grants Programme which will help charities make positive change to communities across Scotland

Kate Guthrie
Chair

Reference and Administrative Information

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

Kate Guthrie (Chair)
Robin Bulloch (Appointed 13 December 2014)
Jim Coyle
Sarah Deas
Alasdair Gardner (Resigned 13 December 2014)
Paul Grice
Peter Navin (Resigned 13 December 2014)
Ed Smith (Appointed 13 December 2014)

Company Secretary: Lysanne Black

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

Legal Advisors: Sheperd & Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

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

Trustees' Report

Structure, Governance and Management

Incorporation

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

Bank of Scotland Foundation is governed by a Board of Trustees, with Kate Guthrie as Chair. The day to day operations of the Bank of Scotland Foundation are delegated to Jillian Baillie, Chief Executive of the Bank of Scotland Foundation and her team. The Chief Executive of Bank of Scotland Foundation reports to Graham Lindsay, Group Responsible Business Director who reports into the Director of Group Corporate Affairs of Lloyds Banking Group plc.

The Trustees meet quarterly. Meetings are chaired by Kate Guthrie 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 Lloyds Banking Group plc.

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 Bank of Scotland Foundation have continued to thrive in 2014:

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.

We distributed in excess of £350,000 through our Small Grants programme to charities across Scotland in 2014 and have continued to provide funding for essential core costs. Our funding is helping to improve the lives of many people across Scotland addressing areas such as health, exclusion, isolation and increased community engagement.

Trustees' Report (continued)

Medium Grants – launched in April 2014 our programme accepts applications of between £10,001 and £25,000 from charities registered in Scotland that meet the funding criteria of the Foundation.

The Medium Grants Programme provides funding each quarter for projects that will make a lasting impact and only supports charities that work with people who are excluded or disadvantaged in society.

We distributed in excess of £380,000 through our Medium Grants programme to charities across Scotland in 2014. Our funding is helping to improve the lives of many people across Scotland addressing areas such as mental health, isolation, debt management, increased community engagement and supporting job creation.

Financial Inclusion Grants – through our joint initiative with Lloyds Banking Group plc we accepted applications of between £1,000 and £20,000 from charities registered in Scotland to fund projects that promoted financial inclusion and money advice and needed volunteers to support the projects. We distributed over £79,000 through this programme to six charities across Scotland in 2014.

Matched Giving – charities supported by the fundraising and volunteering efforts of Lloyds Banking Group plc employees shared over £906,000 in 2014. With just under 15,500 Lloyds Banking Group plc employees across Scotland, our programme encourages employees to become involved in their community by providing Matched Giving of up to £1,000 per employee per year.

The top 10 charities who received funding through Matched Giving in 2014 were;

Charity	Amount (£)
Alzheimer Scotland	259,937
Marie Curie Cancer Care	66,343
Cancer Research	36,902
Macmillan Cancer Support	26,477
The Sick Kids Friends Foundation	16,721
SANDS	16,385
Children's Hospice Association Scotland	16,189
Aberlour Childcare Trust	9,514
Yorkhill Children's Hospital	9,390
Maggies Cancer Care	9,168

Trustees' Report (continued)

Funding and Investment

Bank of Scotland Foundation is a registered charity and is funded by Lloyds Banking Group plc.

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

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

Financial Review

In 2014, the Foundation received a donation of £2,240,000 from Lloyds Banking Group plc. During the year £1,721,733 was awarded to charities working in Scotland via the Small Grants Programme, Medium Grants Programme, Financial Inclusion Grants Programme and Matched Giving Programme.

The Trustees are of the opinion that 2014 has been another successful year.

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 Bank of Scotland 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.

Trustees' Report (continued)

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 2014 Bank of Scotland Foundation held £551,628 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 Periods

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 Lloyds Banking Group plc employees. This is made possible by the continuing support of Lloyds Banking Group plc through its annual donation of £2,000,000 in 2015.

The Trustees were delighted to launch a new Large Grants Programme in October 2014, with funding available from 2015. This Large Grants Programme will offer sustainable funding over multiple years, and will accept applications of between £50,000 and £100,000 from charities across Scotland who strive to make a difference to the communities they serve.

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.

Trustees' Report (continued)

Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Foundation's auditors are unaware; and each Trustee has taken all the steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

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

Kate Guthrie
Chair
Bank of Scotland Foundation
22 May 2015

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Charities SORP;
- make judgments and estimates that are reasonable and prudent; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF BANK OF SCOTLAND FOUNDATION

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 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; 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 (as amended).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Bank of Scotland Foundation, comprise:

- the balance sheet as at 31 December 2014;
- the statement of financial activities and the summary income and expenditure account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF BANK OF SCOTLAND FOUNDATION (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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 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.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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: 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF BANK OF SCOTLAND FOUNDATION (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members 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 (as amended) 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.

Sheila Fazal (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One,
144 Morrison Street
Edinburgh
EH3 8EX
22 May 2015

- (a) The maintenance and integrity of the Bank of Scotland Foundation website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audited Financial Statements

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

For the year ended 31 December 2014

	Note	Unrestricted Funds 2014 £	Total 2014 £	Total 2013 £
Incoming Resources				
Incoming resources from generated funds				
Voluntary Income		2,240,000	2,240,000	1,100,000
Investment Income		10,771	10,771	4,223
Other Incoming Resources	2.4	320,778	320,778	293,694
Total incoming resources		2,571,549	2,571,549	1,397,917
Resources expended				
Charitable Activities	3	1,971,455	1,971,455	1,573,884
Governance Costs	4	60,392	60,392	49,279
Total resources expended		2,031,847	2,031,847	1,623,163
Net movement in funds / net income/(expenditure) for the year		539,702	539,702	(225,246)
Fund balances brought forward at 1 January		11,926	11,926	237,172
Fund balances carried forward at 31 December		551,628	551,628	11,926

There were no recognised gains and losses other than those disclosed above. There is no difference between the net expenditure for the financial years and the historical cost equivalent.

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 18 to 24 form part of these financial statements

Financial Statements for the year ended 31 December 2014

BALANCE SHEET

As at 31 December 2014

	Note	2014 £	2013 £
Current Assets			
Cash at Bank and in hand		<u>721,311</u>	<u>70,883</u>
TOTAL CURRENT ASSETS		<u>721,311</u>	<u>70,883</u>
Creditors: amounts falling due within one year	6	<u>(169,683)</u>	<u>(58,957)</u>
TOTAL CURRENT LIABILITIES		<u>(169,683)</u>	<u>(58,957)</u>
NET CURRENT ASSETS		551,628	11,926
NET ASSETS		<u>551,628</u>	<u>11,926</u>
The funds of the charity:			
Unrestricted Income Fund		<u>551,628</u>	<u>11,926</u>
Total Charity Funds		<u>551,628</u>	<u>11,926</u>

The financial statements were approved by the Board of Trustees on 22 May 2015 and signed on its behalf by:

Kate Guthrie, Chair of Bank of Scotland Foundation

Robin Bulloch, Trustee of Bank of Scotland Foundation

The notes on pages 18 to 24 form part of these financial statements.

A Company Limited by Guarantee Registered in Scotland Number SC229825

Financial Statements for the year ended 31 December 2014

CASH FLOW STATEMENT

For the year ended 31 December 2014

	2014 £	2013 £
Reconciliation of net incoming / (outgoing) resources to net cash flow from operating activities		
Net incoming/ (outgoing) resources	539,702	(225,246)
Interest receivable	10,771	4,223
Increase/(Decrease) in current liabilities	110,726	(10,657)
Net cash inflow / (outflow) from operating activities	<u>661,199</u>	<u>(231,680)</u>
Return on investment and servicing of finance		
Interest received	(10,771)	(4,223)
Increase/(Decrease) in cash	<u>650,428</u>	<u>(235,903)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For the year ended 31 December 2014

	2014 £	2013 £
Increase/(Decrease) in cash in year	650,428	(235,903)
Net funds at 1 January	<u>70,883</u>	<u>306,786</u>
Net funds at 31 December	<u>721,311</u>	<u>70,883</u>

The notes on pages 18 to 24 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2014

1. Guarantee company

The Foundation is a charitable company limited by guarantee and does not have any share capital. The liability of the members is limited by the Articles of Association to £1 each. At 31 December 2014 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. The indemnity is in the form of an Lloyds Banking Group Directors and Officers Insurance Policy which was in force throughout the last financial year and is currently in force.

2. Accounting policies

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

2.1 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, the Statement of Recommended Practice, Accounting and Reporting by Charities, issued in February 2005, the Companies Act 2006, Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Accordingly, the arrangements and headings have been adapted as provided for in the Companies Act 2006.

The Trustees have considered 2015 and beyond and based on discussions with Lloyds Banking Group plc, who provide funding to the Foundation and administrative support services, the Trustees have prepared the financial statements on a going concern basis.

2.2 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.

2.3 Income

All income is recognised in the SOFA when the Foundation is legally entitled to the income, receipt is certain and the amount can be quantified with reasonable accuracy.

**Notes to the financial statements for the year ended 31 December 2014
(continued)**

2.4 Other incoming resources

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.

	Other incoming resources		Total 2014	Total 2013
	Staff Costs	Office Costs		
	£	£	£	£
Developing & Improving Local Communities	118,546	114,139	232,685	234,632
Money Advice	14,113	13,588	27,701	9,783
Corporate Governance	45,415	14,977	60,392	49,279
	<u>178,074</u>	<u>142,704</u>	<u>320,778</u>	<u>293,694</u>

*** Staff costs**

	£
Salaries	129,766
Social security costs	16,275
Pensions	17,004
Other staff costs	<u>15,029</u>
Total	<u>178,074</u>

2.5 Resources expended

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. Where the grant is conditional, such grant will not be recognised as expenditure until the conditions attached are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

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

Governance costs comprise the audit fee, legal fees and staff costs associated with the strategic management of the charity. This is shown in Note 4.

2.6 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.

**Notes to the financial statements for the year ended 31 December 2014
(continued)**

2.7 Taxation

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

3. Charitable Activities

	Grants Payable (3a) £	Matched Giving (3b) £	Support Costs £	Total 2014 £	Total 2013 £
Developing and improving local communities	622,393	906,461	232,684	1,761,538	1,510,898
Money advice and financial literacy	182,014	-	27,903	209,917	62,986
	<u>804,407</u>	<u>906,461</u>	<u>260,587</u>	<u>1,971,455</u>	<u>1,573,884</u>

During 2014 the Foundation made 82 grants to developing and improving local communities ranging from £1,000 to £25,000 and 16 grants to money advice and financial literacy causes ranging from £5,300 to £20,000.

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

The Foundation did not have any employees during the year. (2013: nil)

3a. Reconciliation of Grants Payable

	2014 £	2013 £
Grants awarded in the year	815,271	658,795
Grants returned	(10,864)	(5,000)
	<u>804,407</u>	<u>653,795</u>

4. Governance Costs

	2014 £	2013 £
Staff Costs	45,415	35,578
Audit remuneration	7,027	6,775
Legal Fees	7,950	6,926
	<u>60,392</u>	<u>49,279</u>

**Notes to the financial statements for the year ended 31 December 2014
(continued)**

5. Trustees' expenses

No Trustees received remuneration, travel or accommodation expenses during the year from Bank of Scotland Foundation. Re-imbursed expenditure of £205 was made to one Trustee in relation to a luncheon held with the Trustees during the year.

6. Creditors: amounts falling due within one year

	2014 £	2013 £
Grants payable	162,661	52,135
Other creditors	7,022	6,822
	169,683	58,957

Grants payable relate to applications received for colleague Matched Giving prior to 31 December 2014 but had not been paid at the year end.

7. Related party transactions

The Foundation is related to Lloyds Banking Group plc as it derives its revenue solely from the Group. The Foundation entered into a Funding Covenant with Lloyds Banking Group plc, where the Group will provide annual funding of £2m.

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 (2013: £1,000,000) under the terms of the funding covenant and a further donation of £240,000 (2013: £100,000) in the year. The Group also paid costs of £320,778 (2013: £293,694) on behalf of the Foundation. These costs have been paid in accordance with the terms of the funding covenant.

The costs of £320,778 includes £178,074 (2013: £173,666) for three staff members who work for the Foundation but are employed by Lloyds Banking Group plc.

Each Trustee, except Sarah Deas and Paul Grice, is an employee of Lloyds Banking Group plc.

At 31 December 2014 a balance of £721,311 (2013 - £70,883) was held at Bank of Scotland plc and received interest of £10,771 (2013 - £4,223) in the year.

8. 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 2014
(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 2014. No grants to individuals were approved in the year.

	£
Lasswade Physically Handicapped and Able Bodied Club	1,000
Bonnyrigg Seniors Social Club	1,000
Sandhead Learning and Internet Centre	1,810
Arbroath & District Lipreading Group	2,000
Penicuik YMCA YWCA	2,000
The Octagon Club	2,000
Deaf Action	2,400
Family Mediation Shetland	2,500
Samaritans of Dunfermline	2,500
Forrester React 2 Rugby Trust	2,500
Musically Active Dudes	2,625
Carers of West Dunbartonshire	3,000
Greater Easterhouse Alcohol Awareness Project	3,385
Kiddiwinks	3,500
Ross-shire Women's Aid	3,600
Canongate Youth	3,800
Simeon Care for the Elderly	3,888
Hearts & Minds	4,000
Carers Forum Stirling T/A Stirling Carers Centre	4,000
Kids in the Street	4,000
Twechar Community Action	4,250
Fly Cup Catering	4,500
The Wynd Centre	4,500
Cancer Support Scotland	4,682
Links Park Community Trust	4,820
Interest Link Borders	4,827
Glenboig Neighbourhood House	4,900
Headway Ayrshire	5,000
North Glasgow Community Food Initiative	5,000
Butterfly Trust	5,000
Edinburgh Women's Rape and Sexual Abuse Centre	5,000
Ocean Youth Trust Scotland	5,000
Streetwork UK	5,000
Project Ability	5,000
Peebles and District Citizens Advice Bureau	5,300
South Ayrshire Foodbank	5,585
Gardening Leave	6,150
Revive MS Support	6,290
West Lothian Youth Action Project	6,720

Financial Statements for the year ended 31 December 2014

MND Scotland	7,000
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Notes to the financial statements for the year ended 31 December 2014 (continued)

9. Analysis of charitable expenditure (continued)

	£
The PBC Foundation	7,257
Govan Youth Information Project (GUIP)	7,500
Columba 1400	7,500
Spectrum	7,500
Breast Cancer Care Scotland	7,500
Home- Start Edinburgh West and South West	7,500
Motherwell & Wishaw Citizens Advice Bureau	7,771
Stirling Family Support Service	8,302
Muirhouse Youth Development Group	8,400
The Green Team (Edinburgh & Lothians) Ltd	8,948
Positive Action in Housing	9,032
Royal Voluntary Service	9,243
Citizens Advice Bureau West Lothian	9,270
Maryhill and Possilpark Citizens Advice Bureau	9,861
Home Start East Ayrshire	9,949
Checklin Works	9,950
Waverley Care	10,000
Bute Advice Centre	10,000
Edinburgh Cyrenians	10,000
Edinburgh Science Foundation	10,000
Perfect Harmony SCIO	10,000
Bankie Talk Talking Newspaper	10,000
Flourish House	10,061
Eildon West Youth Hub	10,077
Hot Chocolate Trust	10,248
The Broomhouse Centre	10,500
Pennyburn Regeneration Youth Development Enterprise (PRYDE)	10,500
Skye and Lochalsh Mental Health Association	10,500
Reidvale Adventure Play Association Ltd	10,500
Financial Fitness Resource Team	10,500
Cantraybridge	10,671
Positive Help	10,754
Bield Housing & Care	11,000
Stepping Stones for Families	11,364
Fresh Start (Scotland)	11,500
The Prince's Trust Scotland	11,500
Indepen-dance	11,500
LinkLiving	11,500
Fife Voluntary Action	11,510
Castlemilk Law & Money Advice Centre	11,750
The Hidden Gardens Trust	12,000
Liber8 Lanarkshire Ltd	12,000
Getting Better Together Ltd	12,240
SW Aberdeenshire Citizens Advice Bureau	12,498

Financial Statements for the year ended 31 December 2014

Ocean Youth Trust Scotland	12,500
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Notes to the financial statements for the year ended 31 December 2014 (continued)

9. Analysis of charitable expenditure (continued)

	£
Down's Syndrome Scotland	12,500
The Haven	12,500
The Shirly Project	12,500
Befrienders Highland Limited	12,500
roshni	12,500
Edinburgh Headway Group	13,980
Stepping Stones (North Edinburgh)	14,819
Coatbridge Citizens Advice Bureau	15,046
PEEK - Possibilities East End Kids	15,726
Argyll Voluntary Action	15,800
Stirling District Citizens Advice Bureau	19,712
Citizens Advice Bureau (Grangemouth & Bo'ness)	
Ltd	20,000
CHILDREN 1ST	25,000