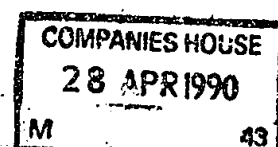


TSB
FOUNDATION FOR
ENGLAND AND WALES

ANNUAL REPORT & ACCOUNTS

1989



TSB FOUNDATION FOR ENGLAND AND WALES
REPORT AND ACCOUNTS

Year ended 31 October 1989

Chairman	His Grace the Duke of Westminster DL	
Deputy Chairman	The Lord Chapple	- from 3 October 1989 - previously an Independent Trustee
	<i>Retired 21 July 1989 - R. Tilbury OBE JP</i>	
Trustees	<i>For the year -</i>	
	K.H. Allen	- South East
	J.R.T. Douglas OBE	- West Midlands
	Lady Mary Holborow JP	- South West
	<i>From 21 July 1989 -</i>	
	P. Charlton OBE	- Independent
	Lord Edward FitzRoy DL	- Eastern
	D.A. Hinton	- Tyne Tees
	J.P.R. Holt JP	- Yorkshire
	K.A. Millichap	- North West
	Lady Prior	- Independent
	E. Rea OBE	- Wales
	<i>Retired 21 July 1989 -</i>	
	C.G. Murray MBE JP DL	- Yorkshire
	Dame Kathleen Ollerenshaw DBE DL	- North West
	P.J. Perkins	- Wales
	The Rt Revd John Taylor	
	The Lord Bishop of St Albans	- Eastern
	The Viscountess Ridley	- Tyne Tees
Director General	Sir Simon Cassels KCB CBE	
Secretary	R.W. Jenkins	

Bankers	TSB Bank plc, Lombard Street, London EC3V 9EA
Solicitors	Theodore Goddard
Auditors	KPMG Peat Marwick McLintock
Address	25 Milk Street, London EC2V 8LU
Telephone	01-606 7070
Telex	8812487 (TSBCB)
Facsimile	01-606 0510
Company Limited by Guarantee	Registered Number 1971242
Registered Charity	Charity Commissioners Reference Number 327114

TSB FOUNDATION FOR ENGLAND AND WALES

CHAIRMAN'S STATEMENT

Year ended 31 October 1989

I have much pleasure in presenting this report on the Foundation's third full year of operations.

As will be seen from page 5, the Foundation's activities continue to grow at an encouraging pace. Nearly £2.2 million (1987/88 £1.6 million) went to 613 (1987/88 466) charities, an increase of 31.25% and 31.55% respectively.

The wide variety of applications from charities in need of financial support has fully substantiated the Foundation's policy of working to clear guidelines. This year there has been an even more thorough review of these guidelines than previously, not only as a prudent stocktaking measure after three years of increasing activity but also to ensure that these reflect the changes in the scope and interests of the expanding TSB Group.

An updated leaflet setting out the revised guidelines will be published shortly together with a brochure illustrating the spread of donations according to region and particular activity.

Together with my colleagues the Chairmen of the TSB Foundations for Scotland, Northern Ireland and the Channel Islands, we reviewed the percentage of annual income which should be set aside for National Appeals. Whereas for 1988/89 this was reduced to 7.5%, we determined that this should be increased to 10% for 1989/90, to accord with the TSB Group's growing wider interests. It is our intention that the percentage allocation will be reviewed annually for the year ahead.

After three years of valuable service, six Trustees retired from the Board during the year. I am deeply indebted to Mr. Graham Murray, Dame Kathleen Ollerenshaw, Mr. Peter Perkins, The Viscountess Ridley and the Rt Revd John Taylor, The Lord Bishop of St Albans, for their unstinted support during these formative years of the Foundation. They can be proud of their share in shaping it into what it is today.

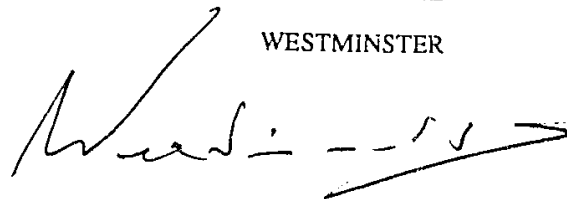
In their place I welcome Mr. Philip Charlton, Lord Edward FitzRoy, Mr. David Hinton, Mr. Peter Holt, Mr. Kenneth Millichap, The Lady Prior and Mr. Edward Rea. I am delighted with the way in which they have already made an impressive contribution to the conduct of the Foundation's business.

My special appreciation for his assistance goes to Mr. Ron Tilbury, who retired as Deputy Chairman during the year. With his advice and counsel he piloted the Foundation from its inception to being a major donor to the community. The new Deputy Chairman, Lord Chapple, is one of the original Independent Trustees: I shall value his continued help and judgement.

My thanks are also due to the senior management of the TSB Bank Retail Banking Division and their staff for the important part they have played in enabling the Foundation to function and deliver, especially towards the end of the year when they were undergoing a major reorganisation themselves.

Next year will be no less challenging. The revised guidelines offer wider opportunities for helping the community, especially where there are social problems of particular current concern.

WESTMINSTER



TSB FOUNDATION FOR ENGLAND AND WALES

DIRECTOR GENERAL'S ANNUAL REPORT

Year ended 31 October 1989

This has been another increasingly busy year. The volume of applications received by Head Office and the Regions was reason enough to review the Foundation's procedures, besides the guidelines which the Chairman has mentioned. This was also timely as the TSB Bank Retail Banking Division, which of all the Group's subsidiaries the Foundation works most closely with, was undergoing a wide ranging reorganisation as well.

Revised procedures are now in place, including those for the small donations where the Foundation has taken over the donations previously made by the Bank under its Community Relations Budget. They need further testing to ensure that they are simple to follow, not only by those familiar with the Foundation but the new Retail Banking Division staff as well. These procedures include the delegation of some powers from the Board to individual Regional Trustees and senior bank management.

In the course of the year, the Foundation mounted one particular initiative in conjunction with the TSB Bank Retail Banking Division: the 80th Anniversary National Children's Home Appeal. Each Region made a donation to one selected NCH home or family centre in that Region, which was augmented by personal donations by bank staff in that locality. The total sum was the Foundation's largest single donation to one charity for the year. More interestingly, it was a novel form of Give as You Work, with the Foundation providing substantial backing to the staff contributions. Such an arrangement may have further possibilities in future - not least in attracting greater publicity for the Foundation and the TSB Group.

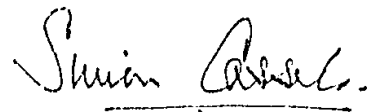
The Foundation is now receiving some useful public awareness for its donations in the regional press and in various charity and medical house journals and newsletters. Publicity for its work at national level has been less successful. Initiatives are in hand to remedy this in the coming year.

Last year, I drew attention to the withdrawal of HMG funding from particular charities, which was leading to an increasing number of applications for financial help to offset the shortfall from hitherto secure funds. As expected, this has required careful attention and will continue to do so.

I also mentioned the formation of the "Bridge Group" as being a welcome means of tackling the regeneration of inner cities, employment training and related activities. The Foundation has now made several donations to members of the Bridge Group. On behalf of the Trustees I will continue to explore ways of making its presence felt in this area of particular concern.

The Foundation's activities have been refreshed and reshaped. Business is likely to be even brisker next year. The Secretariat is confident and well set to meet this task.

SIR SIMON CASSELS



TSB FOUNDATION FOR ENGLAND AND WALES

TRUSTEES REPORT

Year Ended October 1989

The Trustees present their annual report and the audited accounts for the year ended 31 October 1989.

Incorporation The TSB Foundation for England and Wales was incorporated on 13 December 1985 as a company limited by guarantee. It is one of four Foundations created to preserve in a permanent framework the TSB's traditional role of contributing to the life of the community. The other three Foundations cover Scotland, Northern Ireland, and the Channel Islands. Each Foundation is separate from the other and from the TSB Group and is directed by its own independent Board of Trustees.

Objects The TSB Foundation for England and Wales is established to do anything which is a charitable purpose according to the laws of England and Wales from time to time principally in, but not limited to, England and Wales and the Isle of Man including in particular:

To advance education and training in all aspects of knowledge by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards.

To advance scientific or medical research, on the condition that all useful results of such scientific or medical research are published, and education in scientific or medical research by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards.

To promote the provision of facilities in the interest of social and community welfare for recreation and leisure time occupation and enjoyment of the arts with the object of improving the conditions of life of people who are disadvantaged by youth, age, infirmity or disablement, poverty or social and economic circumstances.

Activities The Income and Expenditure Account on page 5 shows the Income received quarterly under the Deed of Covenant with TSB Group plc, together with the Expenditure and the balance brought forward from last year. The authorised Donations amounted to some £2.2 million. The undistributed income carried forward at 31 October 1989 included the tax recoverable on the last quarter's income received on that date. It is anticipated that this income will be authorised as donations during the next financial year.

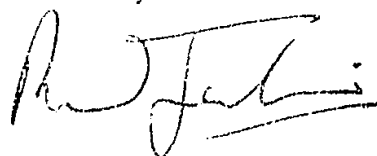
Future Prospects The Foundation following the publication of the TSB Group results, is expecting to receive further Income in 1989/90 under the Deed of Covenant.

Trustees The Trustees who are also directors are as listed on page 1. On 21 July 1989 the three year appointment of the Trustees was completed. The new appointments included some of the previous trustees, one being Lord Chapple who was appointed Deputy Chairman at the Board Meeting on 3 October 1989.

Auditors On 1 January 1990 our Auditors changed the name under which they practise to KPMG Peat Marwick McLintock and accordingly have signed their report in their new name. A resolution concerning their reappointment as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

R.W. Jenkins
Secretary
16 January 1990



TSB FOUNDATION FOR ENGLAND AND WALES

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 October 1989

	Note	1989 £	1988 £
Income	3		
	Covenant Interest	2,169,824. 53,967	1,570,292 45,821
		<hr/>	<hr/>
		2,223,791	1,616,113
Expenditure	Administration expenses	82,375	75,546
		<hr/>	<hr/>
Income less expenditure	For the year	2,141,416	1,540,567
Undistributed income	Brought forward from last year	326,181	450,069
		<hr/>	<hr/>
		2,467,597	1,990,636
Donations		2,184,469	1,664,455
		<hr/>	<hr/>
Undistributed income	Carried forward	<u>283,128</u>	<u>326,181</u>

The notes on page 8 form part of these accounts.

**AUDITORS' REPORT TO THE TRUSTEES OF THE TSB
FOUNDATION FOR ENGLAND AND WALES**

We have audited the accounts on pages 5 to 8 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Foundation at 31 October 1989 and of its transactions and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick McLintock
KPMG Peat Marwick McLintock
Chartered Accountants

London
16 January 1990

TSB FOUNDATION FOR ENGLAND AND WALES

BALANCE SHEET

31 October 1989

	Note	1989 £	1988 £
Fund	Excess of income over expenditure	<u>283,128</u>	<u>326,181</u>
Represented by Fixed Assets	4 Investments	--	--
Current Assets	5 Debtors Cash at bank	149,064 188,071	111,093 245,208
		<u>337,135</u>	<u>356,301</u>
Current Liabilities	Creditors: amounts falling due within one year Donations payable	31,297	20,900
	Amounts owed to TSB Group companies	15,875	4,077
	Accruals	6,835	5,143
		<u>54,007</u>	<u>30,120</u>
Total Assets less Current Liabilities		<u>283,128</u>	<u>326,181</u>

The accounts were approved by the Trustees on 16 January 1990

The Duke of Westminster
The Lord Chapple
P. Charlton
Trustees

[Handwritten signatures: "The Duke of Westminster", "The Lord Chapple", "P. Charlton"]

The notes on page 8 form part of these accounts

TSB FOUNDATION FOR ENGLAND AND WALES
STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended 31 October 1989

		1989 £	1988 £
Source of Funds	Income less expenditure for the year	2,141,416	1,540,567
Application of Funds	Donations	2,184,469	1,664,455
		<u>(43,053)</u>	<u>(123,888)</u>
Represented by Movements in Working Capital	Debtors	37,971	27,449
	Creditors falling due within one year	(23,887)	54,111
	Movement in net liquid funds: Decrease/Increase in cash at bank	(57,137)	(205,448)
		<u>(43,053)</u>	<u>(123,888)</u>

TSB FOUNDATION FOR ENGLAND AND WALES

NOTES ON THE ACCOUNTS

Note 1

Guarantee Company The Foundation is a company limited by guarantee not having a share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees who are also members at 31 October 1989 was twelve.

Note 2

Basis of Preparation The accounts are prepared on the basis of the accruals concept.

Note 3

Income The Foundation derives its revenue from TSB Group plc which has entered into a covenant to make annual payments to the England and Wales Foundation of a total amount equal to 0.7212 per cent of one-third of the aggregate pre-tax profits (less pre-tax losses) of the Group for the three years ended on 31 October in the year preceding the year of payment.

Note 4

Investments The Foundation holds 56,936,842 limited voting shares of 25p each of TSB Group plc, representing 72.12% of such shares in issue, which themselves represent 5% of the issued share capital of the TSB Group plc. The shares have no rights to dividend; have voting rights only in limited circumstances; and may be converted into ordinary shares of TSB Group plc under certain circumstances.

The Foundation also holds a Special Rights Redeemable Preference Share of £1 in TSB Bank plc. This share carries the right to appoint two directors to the Board of TSB Bank plc.

These investments have been stated in the accounts at a cost of nil. The Trustees consider this to be the market value.

Note 5

Debtors Debtors represent tax recoverable on covenanted donations received and amounts due from other TSB Foundations.

Note 6

Donations The Trustees have approved in principle the payment of donations payable by instalment in future years totalling £758,900.

Note 7

Director General's Fee The Director General received a fee of £25,000.

Note 8

Auditors' Remuneration The auditors' remuneration for the year was £600.

Note 9

Trustees' Fees The Trustees, who are also directors, received no remuneration during the year.