

Scottish Company Number: SC342461
Scottish Charity Number: SC039747

**YORKSHIRE AND CLYDESDALE BANK FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

30 SEPTEMBER 2010

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YORKSHIRE AND CLYDESDALE BANK FOUNDATION
TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS
30 SEPTEMBER 2010

Contents	Page
Trust Information	1
Report of the Trustees	2 - 4
Statement of Trustees' Responsibilities	5
Report of the Independent Auditor	6 - 7
Statement of Financial Activities	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11 - 14

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Trust Information

Trustees

Andrew Barnard
Dean Cutbill
Lynne Peacock
Iain Smith
David Thorburn

Secretary to the Trustees

Lorna McMillan

Registered Office

30 St Vincent Place
Glasgow
G1 2HL

Bankers

Yorkshire Bank
Leeds
LS2 8NZ

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Solicitors

Dundas Wilson CS LLP
191 West George Street
Glasgow
G2 2LD

YORKSHIRE AND CLYDESDALE BANK FOUNDATION

Report of the Trustees

The Trustees of Yorkshire and Clydesdale Bank Foundation ("the Foundation") present their Report and Financial Statements for the year ended 30 September 2010. These are prepared in accordance with the revised Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005.

The Foundation was incorporated and commenced operating on 7 May 2008 as a Company limited by guarantee of £10 per guarantor with no share capital. The guarantors for the Foundation are Clydesdale Bank PLC and Dean Cutbill. The Foundation is registered in Scotland with company number SC342461 and is governed by the Memorandum and Articles of Association adopted by special resolution dated 29 February 2008 and 28 April 2008 respectively.

The Foundation was registered with the office of the Scottish Charity register under number SC039747 on 22 July 2008. The Foundation was recognised as a charity for the purposes of s505 of the Income and Corporation Taxes Act 1988. Consequently there is no liability to taxation on any of its income used for charitable purposes.

Day to day running of the Foundation is delegated to the Community Affairs Team, within the Corporate Affairs Department of Clydesdale Bank PLC. The management team meet with the Trustees on a quarterly basis to discuss the operations of the Foundation.

Trustees appointment

Trustees are appointed in accordance with the Articles of Association and are recruited for their skills and experience in Corporate Responsibility. Policies and procedures are in place for the induction and training of Trustees.

Appointments

Lorna McMillan was appointed as Secretary of the Company on 12 October 2010.

Resignations

Bernadette Lewis resigned as Secretary of the Company on 12 October 2010.

Objectives of the Foundation

The Foundation is established to support the charitable objects and purposes only of registered charities, not for profit organisations and community and other voluntary organisations. Such support shall be provided by way of grants or donations to the relevant organisation provided that the use to which the organisation is to put the grant or donation received falls within one of the following categories:

- the prevention or relief of poverty,
- the advancement of education,
- the advancement of health,
- the advancement of citizenship or community development,
- the advancement of the arts, heritage, culture or science,
- the advancement of public participation in sport,
- the promotion of equality and diversity,
- the advancement of environmental protection or improvement, and
- the relief of those in need by reason of age, ill health, disability, financial hardship or disadvantage,
- the advancement of animal welfare,
- the saving of lives, and
- any other purpose that may reasonably be regarded as analogous to any of the preceding purposes.

Public benefit statement

The Clydesdale Bank PLC has a long tradition of providing funds that help external organisations to make life safer, healthier and better for all of the community. The Foundation will continue this tradition of supporting people and their local communities. The Foundation will provide support to registered charities, not-for-profit organisations, community and other voluntary organisations. Activities should take place inside the Foundation's Beneficial Area (areas covered by branches of the Clydesdale Bank PLC, Financial Solutions Centres and Head Office locations).

YORKSHIRE AND CLYDESDALE BANK FOUNDATION

Report of the Trustees (continued)

Organisation of the Foundation

In order to achieve the above objectives the Foundation holds capital and income on trust, and will continue to do so for the foreseeable future. The Foundation applies the income and capital for charitable purposes, and makes donations to charitable institutions and causes in such a manner that the Trustees in their absolute discretion see fit.

Donations policy

The Community Affairs Team submit a proposal upon receipt of the funding requesting the Board approve an allocation of the funds into fixed costs and variable costs. This allows for a more expeditious review and disbursement of funds as well as allowing the Board to focus on the high value, low volume applications.

Performance during the year

The Foundation received income of £1,135,299 (2009: £1,102,541) and made donations of £920,963 (2009: £722,556), leaving a surplus for the year of £214,336 (2009: £379,985), which is available for future donations.

The donations were given to around 665 (2009: 540) organisations in pursuance of the general aims of the Foundation. Note 5 provides a list of all donations over £1,000.

The Trustees held the investments within a deposit bank account held at Yorkshire Bank and are satisfied with the performance of their investments during the period.

Strategy and future developments

The Foundation will continue to be used as a vehicle to support the Bank's community investment programme. This is in line with its objectives and current approach.

Key performance indicators

The Trustees do not rely on key performance indicators in the managing of the Foundation.

Risk management

The Trustees are ultimately responsible for the management of risk with detailed review delegated to its Community Affairs Team. The major risks to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to manage and mitigate those risks.

A risk overview of the process governing applications was submitted to the Board meeting on 5 June 2008 together with procedures and limits on the Bank Account signing authorities.

In addition, the duties of the Foundation are segregated with the responsibility for the administration and reconciliation being a non-signatory to the account to mitigate risks in this area.

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Report of the Trustees (continued)

Funds management

The Trustees consider that sufficient funds need to be held to enable charitable grants to be made from the Foundation. Whilst levels of income and expenditure are not subject to significant fluctuations, and can be forecast with a reasonable degree of certainty, some cover is needed to protect against the consequences of any short term variances. The Trustees periodically review the funds levels taking into account existing commitments and planned future activities. Unrestricted funds at 30 September 2010 amounted to £594,321 (2009: £379,985).



David Thorburn
Trustee

30 St. Vincent Place
GLASGOW
G1 2HL

10 February 2011

YORKSHIRE AND CLYDESDALE BANK FOUNDATION

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' 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 elected to prepare 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 affairs of the Foundation and of the Funds Carried Forward for that period. In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation 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 charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor's report to the trustees and members of Yorkshire and Clydesdale Bank Foundation

We have audited the financial statements of Yorkshire and Clydesdale Bank Foundation for the year ended 30 September 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash flow Statement and related notes 1 to 8. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with our appointment under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As stated in the Statement of Trustees' Responsibilities set out on page 5, the trustees (who are also the directors of Yorkshire and Clydesdale Bank Foundation for the purposes of company law) are responsible for the preparation of the Report of the Trustees' and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted accounting Practice) and for being satisfied that the financial statements gives a true and fair view.

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

We also report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial



statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the charitable company as at 30 September 2010 and of its incoming resources and application of resources including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Ernst & Young LLP

Javier Faiz, Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
10 February 2011

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Statement of Financial Activities for the year ended 30 September 2010

	Note	Year to 30 Sept 2010 £	17 months to 30 Sept 2009 £
Incoming Resources			
Donations	3	1,131,590	1,092,800
Activities for generating funds:			
Interest receivable	4	3,709	9,741
Total incoming resources available for charitable application		<u>1,135,299</u>	<u>1,102,541</u>
Resources Expensed			
Total charitable expenditure		(920,963)	(722,556)
Net movement in funds		<u>214,336</u>	<u>379,985</u>
Funds brought forward at 1 October		379,985	-
Funds carried forward at 30 September		<u><u>594,321</u></u>	<u><u>379,985</u></u>

The Foundation has no recognised gains or losses during the current year other than the net movement in funds for the year and this net movement all relates to the unrestricted fund.

The incoming resources and resulting net movement in funds arise from continuing operations.

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Balance Sheet as at 30 September 2010

	Note	2010 £	2009 £
Current Assets			
Cash at bank	7	594,321	379,985
Total assets		<u>594,321</u>	<u>379,985</u>
 The Funds of the Charity			
Unrestricted funds carried forward	7	594,321	379,985
Total funds		<u>594,321</u>	<u>379,985</u>

The Financial Statements were approved by the Board of Trustees on 10 February 2011 and were signed on its behalf by:



David Thorburn
Trustee

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Cash Flow Statement for the year ended 30 September 2010

	Note	Year to 30 Sept 2010 £	17 months to 30 Sept 2009 £
Cash flows from operating activities			
Receipts from Clydesdale Bank PLC		1,131,590	1,092,800
Interest received		3,709	9,741
Donations paid		<u>(920,963)</u>	<u>(722,556)</u>
Net cash provided by operating activities		<u>214,336</u>	<u>379,985</u>
Net increase in cash and cash equivalents		214,336	379,985
Cash and cash equivalents at the beginning of the period		379,985	-
Cash and cash equivalents at the end of period	7	<u><u>594,321</u></u>	<u><u>379,985</u></u>

YORKSHIRE AND CLYDESDALE BANK FOUNDATION

Notes to the Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

Basis of preparation

These Financial Statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in February 2005, and applicable accounting standards.

Income and expenditure recognition

All donations received are treated as income in the year received. Interest income is recognised on a cash basis. Donations are charged to the Statement of Financial Activities during the period in which they are committed. Expenditure is included on an accruals basis.

Fund accounting

Unrestricted funds are either general or designated. General funds are available for use at the discretion of the Trustees in furtherance of the general objective of the Foundation and which have not been designated for another purpose. Designated funds are those set aside for particular purposes (please refer to note 7).

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, namely cash and liquid assets.

Cash and cash equivalents are brought to account at the face value or the gross value of the outstanding balance where appropriate.

2. Related party disclosures

Trustees take no remuneration out of the Foundation and there are no related party transactions within the accounts, other than the banking relationship, which is held in normal terms. Management and administration costs are borne by Clydesdale Bank PLC.

3. Incoming resources - donations

	Year to 30 Sept 2010 £	17 months to 30 Sept 2009 £
Donations received from Clydesdale Bank PLC	<u>1,131,590</u>	<u>1,092,800</u>

4. Interest receivable

	Year to 30 Sept 2010 £	17 months to 30 Sept 2009 £
Bank interest	<u>3,709</u>	<u>9,741</u>

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Notes to the Financial Statements (continued)

5. Resources expensed	Year to 30 Sept 2010	17 months to 30 Sept 2009
	£	£
Summary by charity sector:		
Health	285,224	284,067
Citizenship or Community development	228,335	131,074
Relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage	164,250	63,145
Education	103,823	152,954
Sports	53,109	51,869
Environmental protection or improvement	41,620	2,940
Arts, heritage, culture or science	18,773	31,107
Equality and Diversity	1,300	1,250
Saving of lives	900	2,250
Animal welfare	700	1,000
Other	-	900
	<u>898,034</u>	<u>722,556</u>
Bank Note Auction Costs	22,929	-
	<u>920,963</u>	<u>722,556</u>

The 2009 donations by sector has been reallocated to align with the categories as listed in the Foundation's Memorandum of Association.

Donations paid of over £1,000:	Year to 30 Sept 2010
	£
Help the Hospices	268,724
Scottish Business in the Community	40,833
Business in the Community	35,667
The Royal Highland Education Trust	26,927
Caudwell Children	20,000
Lineham Farm Children's Centre	10,000
Lancashire Education Business Partnership	10,000
The Growing Zone Group	10,000
Chantry YMCA	5,000
Seaham & District Training Trust	5,000
Bradford Nightstop	5,000
WorldWide Volunteering	5,000
Turnaround Homes 3.13	5,000
South Tyneside Training & Enterprise Network	5,000
Sheffield Royal Society for the Blind	5,000
Focus	5,000
Bradford Environmental Action Trust	5,000
Green City Action	5,000
Morecambe and Heysham Citizens Advice Bureau	5,000
Northern Architecture	5,000
Barnsley Biodiversity Trust	5,000
Centre for Equality and Diversity	5,000
Harehills Youth in Partnership	5,000
CREATE	5,000
Macmillan Cancer Support	4,850
Arts & Business	3,833
Arts & Business Ltd	3,525
Leeds Ahead	3,525
The Multiple Sclerosis Society of Great Britain and Northern Ireland	2,850
Alzheimer Scotland	2,818
Leeds Teaching Hospitals Charitable Foundation	2,818
West of Scotland Federation of Swimming Clubs for People with a Disability	2,500
Marie Curie Cancer Care Nursing Fund	2,500

YORKSHIRE AND CLYDESDALE BANK FOUNDATION
Notes to the Financial Statements (continued)

5. Resources expended (continued)

	Year to 30 Sept 2010 £
Donations paid of over £1,000 (continued):	
Wooden Spoon Society	2,350
Leukaemia & Lymphoma Research	2,100
Religious Sisters of Charity	2,000
The Bankers Benevolent Fund	2,000
Teeside & District Society for the Blind	2,000
The Pied Piper Appeal	2,000
Angelman Syndrome Support Education & Research Trust (ASSERT)	2,000
Headway Nottingham	2,000
Blantyre Chernobyl Childrens Project	2,000
Breast Cancer Haven	2,000
Womens support network	2,000
Central Notts Mind	2,000
Parent and Toddler Care in Hartlepool (Patch)	2,000
Manchester cash for Kids	2,000
Remedi	2,000
Little Heroes Cancer Trust	2,000
Samantha Dickinson brain tumour trust	2,000
Lochside Theatre	2,000
Enable Scotland (Greyfriars Club of Elgin)	2,000
Scottish Society for Autism (Ridgepark House)	2,000
Special Olympics Scotland West	2,000
Maggies Centre	2,000
East Ayrshire Carers	2,000
Friends of Thor House	2,000
Deafblind Scotland	2,000
The British Diabetic Association (Diabetes UK - Aberdeen & Grampian Group)	2,000
Cystic Fibrosis Trust	2,000
Willow Foundation	1,820
Baildon Village Pre-School	1,818
Candlelighters (Leeds)	1,818
Child Dynamix - Hull	1,818
Erskine Hospital	1,818
Beatson Oncology Centre Fund	1,818
Spinal Injuries Scotland	1,818
Dunbartonshire District Scout Association	1,818
Royal National Life Boat Institution (RNLI) (Rhu)	1,818
Accord and Riddrie Social Firm Ltd	1,600
Bradford Samaritans	1,500
The Samaritans of Leeds	1,500
Chapelton Football Youth Development Centre	1,500
The Adam Mugridge Memorial Fund	1,500
The Hospital Broadcasting Service	1,500
Reeltime Music	1,500
Meningitis Research Foundation	1,500
Radio Lollipop (Edinburgh)	1,500
The Guide Association	1,390
The Children's Foundation	1,250
Essex & Herts Air Ambulance Trust	1,250
	619,674
Other donations paid of £1,000 or less	278,360
	898,034
Auction costs	
Spink and Son Ltd	17,138
Cameron Presentations	3,399
En Croute Catering	2,392
	22,929

YORKSHIRE AND CLYDESDALE BANK FOUNDATION

Notes to the Financial Statements (continued)

5. Resources expensed (continued)

Help the Hospices was adopted as the Clydesdale Bank PLC Charity Partner on 1 February 2008. The Foundation is supporting both the national organisation and 112 local hospices. All employee fund-raising is matched pound for pound.

Business in the Community and **Scottish Business in the Community** are membership organisations committed to mobilising businesses for the good through their Corporate Responsibility. A total of £76,500 has been distributed in the year in donations from £23 to £19,652.

The Royal Highland Education - Clydesdale Bank PLC works together on the 'Count & Grow' project which uses an animated potato hero, 'Superspud' to encourage numeracy in primary Schools. The project is currently operating in over 400 Primary Schools across Scotland.

Caudwell Children is a charity which helps sick, autistic & disabled children with specialist equipment, treatment, therapy & Destination Dreams. At the Yorkshire Bank 150th Anniversary Community Awards Caudwell Children won the Volunteering Award and were the overall Outstanding Award Winner.

6. Audit fee

The Foundation's audit fees of £3,000 are borne by its Guarantor, Clydesdale Bank PLC.

7. Unrestricted fund

The use of this fund has not been restricted to a particular purpose by the donors, other than for the Yorkshire Bank anniversary spend noted below. The fund receives donations and the income is spent to support general charitable work in the fields as set out by the Trust Deed.

Cash at Bank:

	2010 £	2009 £
Opening Balance	379,985	-
Cash received	1,135,299	1,102,541
Donations paid	(920,963)	(722,556)
Closing Balance at 30 September 2010	594,321	379,985

A Board meeting held on 6 September 2010 agreed £18,000 spend for Careers Academy UK to fund regional conferences in 2011 these funds have not been paid as at 30 September 2010.

8. Events after the balance sheet date

No information has been identified since the balance sheet date about conditions existing at the balance sheet date which is required to be disclosed in these Financial Statements.