

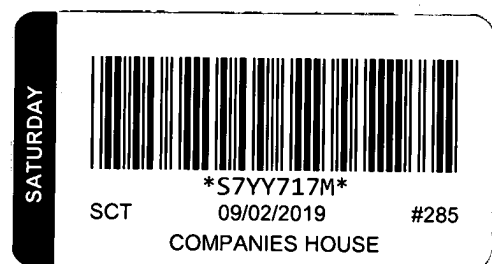
Annual Report & Financial Statements

Yorkshire and Clydesdale Bank Foundation (a company limited by guarantee)

For the year ended 30 September 2018

Scottish Company Number: SC342461

Scottish Charity Number: SC039747



Yorkshire and Clydesdale Bank Foundation

Annual Report & Financial Statements

For the year ended 30 September 2018

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Yorkshire and Clydesdale Bank Foundation

Trust Information

For the year ended 30 September 2018

Directors	David Blair Debbie Crosbie (resigned on 18 November 2018) Sandra Delamere Lorna McMillan (resigned on 9 February 2018) Simon Wright
Secretary	Graeme Duncan
Registered Office	30 St Vincent Place Glasgow G1 2HL
Independent Auditors	Ernst & Young LLP Atria One, 144 Morrison Street Edinburgh EH3 8EX
Bankers	Yorkshire Bank 20 Merrion Way Leeds LS2 8NZ
Solicitors	CMS Cameron McKenna Nabarro Olswang LLP 1 West Regent Street Glasgow G2 1AP

Yorkshire and Clydesdale Bank Foundation

Report of the Trustees

The Trustees of Yorkshire and Clydesdale Bank Foundation ("the Foundation") present their Report of the Trustees for the year ended 30 September 2018. These are prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Ireland" ("FRS 102") and the revised Statement of Recommended Practice ("SORP") "Accounting and Reporting by Charities" issued in 2015.

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 Foundation is a registered charity supported by Clydesdale Bank PLC ("CB PLC"). The Guarantors for the Foundation are CB PLC and Lorna McMillan. 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, with the most recent revision being made on 22 July 2016.

The Foundation was registered with the Office of the Scottish Charity Regulator under number SC039747 on 22 July 2008. The Foundation is 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 Chief of Staff team of CB PLC. The management team meet with the Trustees on a quarterly basis to discuss the operations of the Foundation. For further information on the work of the Foundation, see the CYBG PLC financial statements (parent company of CB PLC).

Trustees appointment and remuneration

Trustees are appointed in accordance with the Articles of Association and are recruited to ensure a broad breadth of skills including Corporate Responsibility and Governance. Policies and procedures are in place for the induction and training of Trustees. Lorna McMillan resigned as a Trustee during the year. The Trustees are not remunerated for their duties. Further details of Trustee remuneration are disclosed in note 3.

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 charitable grants 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 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 prevention or relief of poverty;
- the promotion of equality and diversity;
- the advancement of environmental protection or improvement;
- 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; or
- any other purpose that may reasonably be regarded as analogous to any of the preceding purposes.

Public benefit statement

CB 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 Clydesdale Bank and Yorkshire Bank, Customer Banking 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 charitable grants to charitable institutions and causes in such a manner that the Trustees in their absolute discretion see fit.

Charitable grants policy

Upon receipt of annual funding, the Chief of Staff team submit a proposal to the Board requesting approval to allocate these funds for invoices and applications over £5,000. 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.

Strategic report

The Company is exempt from presenting a Strategic Report under section 414B(b) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Financial review

The Foundation is in a surplus position as at 30 September 2018, having been in a deficit position at the 2017 financial year end. The Foundation has received income of £1,002,309 (2017: £710,462) and made charitable grants of £922,640 (2017: £722,985), resulting in a surplus for the year of £79,669 (2017: £12,523 deficit). All funds received in the period were unrestricted. The principal source of income to the Foundation continues to be donations received from CB PLC which are re-distributed as charitable grants.

Reserves policy

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 cash flow variances. In the unlikely event of income not being received from CB PLC, sufficient reserves should be held to ensure that regular charitable grants can be made in the short term.

The Trustees periodically review the appropriate target range for cash reserves taking into account existing commitments and planned future activities then set internal levels. As at 30 September 2018, unrestricted funds held as cash reserves amounted to £100,742 (2017: £21,073) which the Trustees deem to be sufficient to comply with the Foundation's reserve policy.

Performance during the year

Charitable grants were given to 314 (2017: 322) organisations in pursuance of the general aims of the Foundation. Note 6 provides a list of all charitable grants of £5,000 and over made during the year to 30 September 2018.

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

The surplus generated during the year of £79,669 (2017: £12,523 deficit) represents the under-utilisation of existing cash reserves. The current cash reserves level is considered reasonable by the Trustees.

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 the Chief of Staff 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. In addition, the Secretary of the Foundation independently reviews the statement of financial activities on a quarterly basis.

Yorkshire and Clydesdale Bank Foundation

Report of the Trustees (continued)

Going concern

The Trustees have made an assessment of the Foundation's ability to continue as a going concern. The Trustees are satisfied that there are no material uncertainties and the Foundation has the resources to continue to operate for the foreseeable future, and at least 12 months from the date of the approval of the accounts.

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;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state that applicable UK Accounting Standards, comprising "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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, the Charities and Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Yorkshire and Clydesdale Bank Foundation

Report of the Trustees (continued)

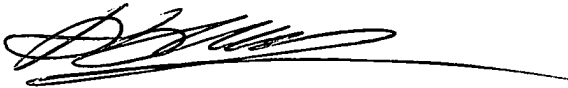
Disclosure of information to auditors

The Trustees who held office at the date of approval of this Trustee's 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 and the Trustees have elected to have this audited.

The auditor, Ernst & Young LLP, has expressed their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, Ernst & Young LLP, subject to any resolution to the contrary, are deemed to have been re-appointed as auditor of the Company.

On behalf of the Trustees



David Blair
Trustee
30 St Vincent Place
Glasgow
G1 2HL
15 January 2019

Yorkshire and Clydesdale Bank Foundation

Independent Auditor's Report to the Trustees of Yorkshire and Clydesdale Bank Foundation

We have audited the financial statements of Yorkshire and Clydesdale Bank Foundation for the year ended 30 September 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 9, including a summary of significant accounting policies. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2018 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; 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.

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 below. 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 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

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

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

Other information

The other information comprises the information included in the Report of the Trustees, set out on pages 2 to 4, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Yorkshire and Clydesdale Bank Foundation

Independent Auditor's Report to the Trustees of Yorkshire and Clydesdale Bank Foundation (continued)

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 Report of the Trustees, which includes the directors' report prepared for the purpose 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 Report of the Trustees has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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 material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 4, the trustees (who are also the directors of the charitable company for the purposes 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 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 under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Yorkshire and Clydesdale Bank Foundation

Independent Auditor's Report to the Trustees of Yorkshire and Clydesdale Bank Foundation (continued)

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 Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Nathan Pietsch (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

18 January 2019

Yorkshire and Clydesdale Bank Foundation

Statement of Financial Activities (including income and expenditure account)

For the year ended 30 September 2018

	Note	Unrestricted funds 2018 £	Unrestricted funds 2017 £
Income and endowments from:			
<i>Donations and legacies:</i>			
Donations received	4	1,001,022	710,000
<i>Other income:</i>			
Interest receivable	5	1,287	462
Total income and endowments		1,002,309	710,462
Expenditure on:			
Charitable activities	6	(922,640)	(722,985)
Net expenditure and net movement in funds for the year		79,669	(12,523)
Total funds brought forward at 1 October 2017		21,073	33,596
Total funds carried forward at 30 September 2018		100,742	21,073

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.

The notes on pages 12 to 14 form an integral part of these financial statements.

Yorkshire and Clydesdale Bank Foundation

Balance Sheet

As at 30 September 2018

	Note	2018 £	2017 £
Current assets			
Cash at bank and in hand	8	100,742	21,073
Total assets		<u>100,742</u>	<u>21,073</u>
The funds of the charity			
Unrestricted funds	8	100,742	21,073
Total charity funds		<u>100,742</u>	<u>21,073</u>

The notes on pages 12 to 14 form an integral part of these financial statements.

The financial statements were approved by the Trustees on 15 January 2019 and were signed on its behalf by:



David Blair
Trustee
15 January 2019

Scottish Company Number: SC342461

Yorkshire and Clydesdale Bank Foundation

Statement of Cash Flows

For the year ended 30 September 2018

	Note	2018 £	2017 £
Operating activities			
Receipts from donations		1,001,022	710,000
Interest received		1,287	462
Charitable grants paid		(922,640)	(722,985)
Net cash provided/(used) by operating activities		79,669	(12,523)
Net cash provided by investing activities		-	-
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		79,669	(12,523)
Cash and cash equivalents at beginning of year		21,073	33,596
Cash and cash equivalents at end of year	8	100,742	21,073

The notes on pages 12 to 14 form an integral part of these financial statements.

Yorkshire and Clydesdale Bank Foundation

Notes to the Financial Statements

1. 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, Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Charities Statement of Recommended Practice (FRS 102). Trustees have considered the relevant 'Financial Reporting Council' guidance when performing their assessment of going concern.

2. Accounting policies

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

Income and expenditure recognition

All donations received are treated as income in the year received when their receipt is probable. Interest income is recognised on an accruals basis. Charitable grants are charged to the Statement of Financial Activities during the period in which they are committed.

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 objectives of the Foundation and which have not been designated for another purpose. Designated funds are those set aside for particular purposes (refer to note 8).

Cash and cash equivalents

Cash and cash equivalents includes cash at bank carried at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

Currency of presentation

The financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentation currency, rounded to the nearest pound (£) unless otherwise stated.

3. Trustee and staff remuneration and related party disclosures

Trustees receive no remuneration from the Foundation and there were no donations made by any of the Trustees to the Foundation during the year (2017: £Nil). There were no expenses paid to, or waived by, Trustees during the current or prior year. There were no payments to key management personnel in the current or prior year.

There are no related party transactions within the accounts, other than the banking relationship, which is held on normal terms, and the donations received from CB PLC (note 4). Management and administration costs are borne by CB PLC.

Yorkshire and Clydesdale Bank Foundation

Notes to the Financial Statements (continued)

4. Donations and endowments received

	2018 £	2017 £
Donations received from CB PLC	<u>1,001,022</u>	<u>710,000</u>

5. Interest receivable

	2018 £	2017 £
Bank interest	<u>1,287</u>	<u>462</u>

6. Expenditure on Charitable activities

Summary by charity sector:	2018 £	2017 £
The prevention or relief of poverty	391,022	-
Health	172,383	283,593
Education	30,109	158,497
Relief of those in need by reason of age, ill health, disability, financial hardship or other disadvantage	11,950	79,000
Citizenship or Community development	123,538	61,251
Sports	72,124	75,486
Environmental protection or improvement	61,000	54,580
Arts, heritage, culture or science	4,560	7,578
Animal welfare	1,500	1,000
Saving of lives	52,954	2,000
Equality and diversity	1,000	-
Other	500	-
	<u>922,640</u>	<u>722,985</u>

Charitable grants paid of over £5,000:

	£
Social Bite	291,022
Hospice UK	222,837
Business in the Community	51,782
Money Advice Trust	50,000
SOTC – Emerge 3RJ	10,000
	<u>625,641</u>
Other donations of £5,000 or less	<u>296,999</u>
	<u>922,640</u>

Yorkshire and Clydesdale Bank Foundation

Notes to the Financial Statements (continued)

6. Expenditure on Charitable activities (continued)

Social Bite is a Scottish social enterprise operating as a chain of not-for-profit sandwich shops. A quarter of the company's staff are from homeless and severely excluded backgrounds. In December 2017, CYBG employees participated in the organisation's Sleep in the Park event, with the Foundation paying a grant of £291,022 towards helping eradicate homelessness in Scotland.

Hospice UK was adopted as the CB PLC Charity Partner on 1 February 2008. The Foundation is supporting both the national organisation and local hospices. All employee fund-raising is matched pound for pound.

Business in the Community is a membership organisation committed to mobilising businesses for the good through their Corporate Responsibility activities.

Money Advice Trust is a charity providing free independent money advice across the UK. This charity is funded by both governments and banks.

Emergence 3RJ was presented with the Yorkshire and Clydesdale Bank Foundation Special Innovation Award at the Spirit of the Community Awards 2018. Now in its sixth year, the Spirit of the Community Awards recognises charities and not-for-profit organisations for the invaluable contributions they make to their local communities.

7. Audit fee

The Foundation's audit fees of £3,340 (2017: £3,260) are borne by its Guarantor, CB PLC.

8. Unrestricted funds

The use of this fund has not been restricted to a particular purpose by the donors. The fund receives donations and the income is spent to support general charitable work in the fields as set out by the Trust Deed.

	2018 £	2017 £
Balance at beginning of the year	21,073	33,596
Cash received	1,002,309	710,462
Charitable grants paid	(922,640)	(722,985)
Balance at the end of the year	100,742	21,073

9. Events after the balance sheet date

There have been no subsequent events which have occurred since 30 September 2018 that would require disclosure in the financial statements of the Company.