

Leeds Building Society Charitable Foundation

(A company limited by guarantee)

Trustees' Annual Report and Financial Statements

Year ended 31 December 2020

Registered Charity Number: 1074429

Registered Company Number: 03724612

Reference and administrative information

Registered Company Number: 03724612

Registered Charity Number: 1074429

Trustees

Gary Hetherington

Carla Marshall

David Marsh

Deborah Walker

Timothy Steere

Gary Brook (resigned 10 March 2021)

Peter RP Chadwick (resigned 14 October 2020)

All Trustees are Directors of the Charitable Foundation.

Secretary

Rachel Cooke (appointed 1 July 2020)

Luke Wellock (resigned 1 July 2020)

Bankers

Leeds Building Society

105 Albion St

Leeds

LS1 5AS

Auditor

Deloitte LLP

Statutory Auditor

1 City Square

Leeds

LS1 2AL

Registered office

26 Sovereign Street

Leeds

LS1 4BJ

Trustees' Annual Report and Directors' Report

The Trustees, who are also the Directors of the charitable foundation for the purpose of company law, present their Annual Report together with the Audited Financial Statements for the year ended 31 December 2020. The Financial Statements comply with the Charities Act 2011, the Companies Act 2006 and Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Foundation qualifies as a small company in accordance with s382(3) of the Companies Act 2006 and this report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, which includes an exemption from preparing a Strategic Report.

Structure, Governance and Management

Governing Document

Leeds Building Society Charitable Foundation ("the Foundation") is a company limited by guarantee, incorporated on 26 February 1999. The Foundation was established under a Memorandum and Articles of Association which established the objects and powers of the Foundation. It was established, pursuant to a Framework Agreement between the Foundation and Leeds Building Society ("the Society"). The Society is considered to be the Charitable Foundations only related party as it is complementary to and supportive of the Charitable Foundations objectives.

Appointment of Trustees

The Articles of Association provide that the number of Trustees shall be not more than eight, and no more than three may be Directors, officers or employees of the Society. Any such appointment is made by notice in writing signed on behalf of the Society and takes effect when the notice is lodged at the office of the Foundation or produced at any meeting of the Board of Trustees. Each of the remaining Trustees, who must not be connected to the Society, may be proposed by the other Trustees and appointed by resolution passed at a meeting of the Board subject to approval by the Society. The Trustees are the Directors of the charitable foundation.

There is no formal Trustee training programme in place; however, all of the Trustees have experience of working with or within charitable organisations. One or more of the Trustees and Secretary attend the meetings of the Yorkshire Grant Makers' Forum and feedback any current matters to the other Trustees via the Trustee meetings.

The Trustees did not receive any remuneration or any other benefits from the Foundation during the current or prior year.

Organisational Structure

The Board of Trustees administers the Foundation. To facilitate effective operations the Trustees have delegated authority, within terms of delegation approved by the Trustees, for operational matters to the Company Secretary.

Risk Management

The Trustees have examined the major strategic business and operational risks which the Foundation faces and confirm that processes have been established to enable the necessary steps to be taken to reduce the impact of these risks. The key risks are the financial risk of misappropriation of funds, the operational risk of inappropriate donations being made and the reputational risk of donations being made to a charity that does not meet the criteria. The Trustees monitor these risks closely and consider the controls in place to mitigate the risks to be appropriate.

Following detailed due diligence procedures, the Trustees review all applications and confirm that they are compliant with the Charitable Foundation's criteria. The Trustees then approve the payment of charitable donations depending on the strength of the application and how closely it aligns to the Foundation's purpose; to support those who are disadvantaged or in vulnerable circumstances.

Going concern

The activities of the Charitable Foundation are dependent upon the future level of funding received. There are no plans to terminate the operations of the Charitable Foundation within the next year.

Despite the economic uncertainty that is related to the COVID-19 pandemic, the Charitable Foundation has maintained a consistent level of income when compared to the previous two financial years. Annual Leeds Building Society donation (£90,000) and AGM funding (£2,000) were both received by the Foundation during May 2021. Furthermore, income from the 'Your Interest in Theirs' member scheme of £49,000 was also received during February 2021. The Charitable Foundation does not have any overhead costs and as at the date of signing there were no future commitments with regards to donations. During the 2021 financial year the Charitable Foundation has made £34,500 of donations.

The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the Trustees' Report and Financial Statements.

Objectives and activities

The Foundation's income is utilised for the purposes of achieving the objects for which the Foundation was established as set out in the Foundation's Memorandum of Association: "to promote such purposes being exclusively charitable according to the law of England and Wales as the Directors ("Trustees") of the Foundation shall from time to time determine and therefore the objects meet public benefit requirements."

The Trustees have agreed that they will consider applications and grant donations to UK registered charities which are improving the lives of people who are disadvantaged or in vulnerable circumstances. It mainly supports charities to purchase equipment or materials which directly support their beneficiaries. In accordance with the general duty of a Trustee to protect Foundation's funds, the Trustees of the Foundation have agreed to place funds not needed for immediate expenditure within an appropriate investment and cheque account with a competitive rate of interest.

The Trustees meet four times a year to consider requests for funding. The donations granted normally range between £250 and £1,000. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and future activities.

Achievement and performance

For the year under review grants totalling £148,207 (2019: £155,607) have been made to registered charities. Charities which have benefited include those working in the following areas: support for the homeless; centres offering facilities for the local community with emphasis on the young and elderly; skills training for young people with special needs; provision of transport for the physically disabled; practical equipment for the terminally ill; and recreational and educational opportunities for children and young people from disadvantaged backgrounds.

In light of the Coronavirus pandemic and the additional challenges faced by small charities, Trustees directed a proportion of the Foundation's 2020 funds to establish a COVID-19 Support Fund. This funding provided 'unrestricted' grants of up to £1,000, which were used by charities to reach communities impacted by COVID-19 and help them stay financially resilient during the challenging period.

Financial review

There was total income of £149,379 (2019: £150,240) and total expenditure of £148,207 (2019: £155,607) resulting in net surplus for the financial year of £1,172 (2019: £5,367 deficit).

Reserves Policy

It is the policy of the Foundation to maintain unrestricted funds, which are the free reserves of the Foundation at a level which provides sufficient funds to respond to emergency applications for grants which arise from time to time along with cover for management, administration or support costs should they not be funded by Leeds Building Society. There is no further policy with regards to reserves. At 31 December 2020 the unrestricted funds were £2,282 (2019: £1,110).

Plans for future periods

Trustees have agreed that the funding limit will be lifted from £1,000 to £2,000 if charities are nominated by a member or colleague of the Society. This change will take effect once the relevant systems are built to manage referrals. The Trustees of the Leeds Building Society Charitable Foundation are delighted to support the work of local charities and look forward to benefiting many more worthy causes in the future. The Trustees will ensure that the retained reserves are sufficient to meet the ongoing operational requirements of the Foundation. The timeline for developing technology to enable recommendation is dependent on Leeds Building Society and delays have occurred due to the ongoing COVID-19 situation and reprioritisation of projects by the business.

Disclosure of information to auditor

The Trustees who held office at the date of the approval of this Trustees' Report confirms that, so far as they are aware, there is no relevant audit information of which the Foundation's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditor is aware of that information.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Signed on behalf of the Trustees



Rachel Cooke

Secretary

30 June 2021

Trustees' Responsibilities Statement

The Trustees (who are also Directors of Leeds Building Society Charitable 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 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".

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and of the incoming resources and application of resources, including the income and expenditure, of the Foundation for that period. In preparing these Financial Statements, the trustees are required to:

- select appropriate accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice ('SORP');
- make judgments and estimates that are reasonable, relevant and reliable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Financial Statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy 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.

Independent Auditor's Report to the members and trustees of Leeds Building Society Charitable Foundation

Opinion

In our opinion the financial statements of Leeds Building Society Charitable Foundation (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities (including income and expenditure account);
- the balance sheet; and
- the related notes 1 to 5

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

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

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

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

- we presume a risk of material misstatement due to fraud in revenue recognition which is related to the completeness of donation income. To address this risk, we reviewed the Trustees' meeting minutes, bank statements and post year end records up to the date of this report to test whether income had been appropriately included in the financial statements.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the trustees were not entitled to take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report; 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Sarah Anderson FCCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
30 June 2021

Statement of Financial Activities
(including Income and Expenditure Account)

	Note	31 December 2020 £	31 December 2019 £
Income from:			
Donations and legacies		148,433	149,340
Investments		946	900
Total income		<u>149,379</u>	<u>150,240</u>
Expenditure on:			
Charitable activities	2	(148,207)	(155,607)
Total expenditure		<u>(148,207)</u>	<u>(155,607)</u>
Net surplus/(deficit) for the year		<u>1,172</u>	<u>(5,367)</u>
Reconciliation of Funds:			
Total funds brought forward at 1 January		1,110	6,477
Net movement in funds for the year		1,172	(5,367)
Total funds carried forward at 31 December		<u>2,282</u>	<u>1,110</u>

All income and expenditure is derived from continuing operations of the Foundation. All funds are unrestricted.

The charitable company has no other recognised gains or losses other than those listed above and the net deficit for the year.

The accounting policies and notes on pages 9 to 11 form part of these Financial Statements.

Balance Sheet

	31 December 2020 £	31 December 2019 £
As at 31 December		
Current assets		
Cash at bank and in hand	2,282	1,110
Total current assets	<u>2,282</u>	<u>1,110</u>
Net assets	<u>2,282</u>	<u>1,110</u>
 Total unrestricted funds	 <u>2,282</u>	 <u>1,110</u>

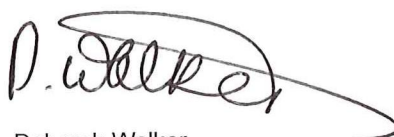
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime, in accordance with the Companies Act 2006.

The accounting policies and notes on pages 9 to 11 form part of these Financial Statements.

The Financial Statements of Leeds Building Society Charitable Foundation were approved and authorised for issue by the Trustees on 30 June 2021 and were signed on their behalf by:



Timothy Steere
Trustee



Deborah Walker
Trustee

Registered Charity Number: 1074429

Company Registered Number: 03724612

Notes to the Financial Statements

1. Accounting policies

The Foundation, a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. At the end of the year there were six Trustees, three of whom are also employees of the Society. Each trustee member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The Foundation is a registered charity. The registered office is given on page 1.

The principal accounting policies are set out below. The Trustees do not consider that there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed below:

Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Foundation qualifies as a small company in accordance with s382(3) of the Companies Act 2006 and the Financial Statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, which includes an exemption from preparing a Cash Flow Statement.

The presentation and functional currency of these financial statements is sterling.

Going concern basis

The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the annual Financial Statements.

Income

Income is recognised when the Foundation has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Investment income represents income receivable from short term deposits. All donations and legacies are from Leeds Building Society ("the Society") and its members. Donations and legacies are accounted for as gross income on an accruals basis.

Donated goods and services

Gifts in kind and donated services are included at the lower of their value to charity and their estimated market value. A corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure - charitable activities

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Grants payable represent donations to registered charities approved by the Board of Trustees.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Taxation

The Foundation a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

Notes to the Financial Statements (continued)

2. Charitable activities

During the year the majority of donations were below £1,000 (2019: £1,000 majority).

All grants were made to institutions, not individuals. All grants were approved and paid in the year, therefore consequently no brought forward or carried forward creditors exist. In the year, a total of 209 (2019: 187) grants were made. These were made up of the categories as shown below.

Direct Costs	2020 £	2019 £
Type of activity		
Disadvantage	22,281	23,768
Illness	11,161	24,136
Poverty	15,302	13,687
Social inclusion	16,762	12,094
Mental or physical disability	60,776	66,193
Homelessness	14,425	15,730
Caring responsibilities	1,800	-
Total direct costs	142,507	155,607
Support costs		
Governance costs – audit fee (donated services)	5,700	-
Total costs	148,207	155,607

Included within the amount reported for charitable activities is £42,775 of donations which were paid from the COVID-19 support fund. This funding provided 'unrestricted' grants of up to £1,000, which were used by charities to reach communities impacted by COVID-19 and help them stay financially resilient during the challenging period.

During the year, the support costs included within the Charitable Activities, a donated fee of £5,700 of audit remuneration, paid on the Foundation's behalf by Leeds Building Society.

3. Management and administration of the Foundation

Administration services are provided by Leeds Building Society free of charge and it is not possible to determine a reliable value of these donated services. There were no employees of the Foundation during the year (2019: none) and no recharges have been made by the Society for the service of its employees.

4. Trustees' expenses

Total Trustees' expenses reimbursed or paid on their behalf during the financial year amounted to £nil (2019: £nil).

None of the Trustees received any remuneration in the current or prior year.

5. Related party transactions

During the year, the Foundation received donations of £95,700 (2019: £90,000) from the Society. It also received £49,416 (2019: £59,340) from the Society's 'Your Interest in Theirs' scheme, member donations £987 (2019: NIL), AGM incentive schemes and survey donations £3,317 (2019: Nil).

Since all administration services are provided by Leeds Building Society, there are no key management personnel beyond the Trustees and therefore no disclosure of key management personnel remuneration is given.