CORRA FOUNDATION

(formerly Lloyds TSB Foundation for Scotland)

ANNUAL REPORT & FINANCIAL STATEMENTS
31 December 2017

The Corra Foundation
Riverside House, 502 Gorgie Road, Edinburgh, EH11 3AF
e: hello@corra.scot t: 0131 444 4020 www.corra.scot

The Corra Foundation is a charity registered in Scotland (No SC009481) and is also a company limited by guarantee (No SC096068). Fortify Social Enterprise CIC is a community interest company registered in Scotland and is also a company limited by guarantee (No SC507457). The Corra Foundation was previously called Lloyds TSB Foundation for Scotland.

The Corra Foundation SC096068
(formerly Lloyds TSB Foundation for Scotland)

Year ended 31 December 2017

CONTENTS

CHAIR'S REPORT

I am delighted to introduce Corra Foundation's annual review 2017.

I would like to begin by extending a sincere thanks to our previous Chair Tim Hall who retired from the board in August 2017 having served as Chair since 2014 and as a Trustee for three years before that. The organisation benefited greatly from Tim's time, expertise and commitment during a period which saw us take a new direction, whilst still remaining anchored to our core mission.

The backdrop to the past year has continued to be one of challenge and uncertainty. These can seem overwhelming at times, but the work that we have the privilege of supporting reminds us constantly of the capacity of people, communities and charities to respond.

At our Change Convention in October, Julia Unwin spoke of civil society as being "how we show our best selves" and talked of the ability of people to connect, organize and respond quickly to practical and emotional needs. We see this every day, whether in the crucial grass roots activity supported by the Henry Duncan Grants, the highly skilled work of charities funded by PDI (Partnership Drugs Initiative) or the real change being created by communities engaged in People in Place.

This year for the first time we tried a new approach to supporting people to create change through very small amounts of money accessed through a simple film-based social media competition. #LetsChangeThat (run in collaboration with Esmée Fairbairn Foundation, Comic Relief and BBC Children in Need) shone a light on the ability of people to come together with energy and ideas and make things happen, often with a small amount of support.

A belief in the power of civil society to create positive change lies at the heart of the strategy *Change for Good*, which we launched in August, alongside our new name and brand. Our move to become Corra Foundation marked an important milestone for an organisation that has been in existence for over three decades and reflected a clear vision of a forward-thinking, independent foundation, driven by its mission to make a difference to people and communities by encouraging positive change, opportunities, fairness and growth of aspirations, all of which seek to improve quality of life.

The Trustees are committed to building on our previous strategy, whilst striving to be bolder and more courageous and to think and work differently in areas where new approaches need to be tested and developed. We have learned that working in partnership is the most powerful way to create change, and greater collaboration will be fundamental to the way we work. This includes continuing to strengthen our commitment to working directly with people who have expertise that comes from their own lives and experiences, exploring how we, as a foundation, can help enable people to be heard and to be central to the decisions that impact their lives. Much of this work has focused on *Everyone Has a Story,* and we were delighted to be joined by so many children and young people at our Parliamentary reception in December. We look forward to building on this initiative and contributing to the aims of the Year of Young People in 2018.

I would like to thank my fellow Trustees, all of whom dedicate a great deal of time and energy to Corra Foundation and who, together, bring a powerful combination of skill and experience to bear. I know they share my deep appreciation of our staff team who demonstrate passion and commitment to the work the organisation exists to support. The staff team has continued to develop and we welcomed Carolyn Sawers as our new Deputy Chief Executive. This post was created after Chief Executive Fiona Duncan was asked to chair the Independent Care Review, a role that requires 50% of her working week and that I know is a deep privilege and responsibility for her to undertake.

I would like to conclude by thanking the many individuals and organisations with whom we have worked over the past year. These include charities, other funders, local and national government, and individuals. We greatly value our longstanding partnership with The Robertson Trust and the Scottish Government in relation to PDI, as well as the enormous contribution made by the co-investors in People in Place: Esmée Fairbairn Foundation, Joseph Rowntree Foundation, Lankelly Chase, and the Tudor Trust. These relationships reflect a shared determination to create deep and lasting change and lie at the heart of our ability to make a difference. We look forward to continuing our existing collaborations, to developing new ones and to working together to contribute to a fairer society in which everyone is able to enjoy a fulfilling life.

TREVOR CIVVAL
Chair
29 March 2018

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT

The Trustees, who are also directors for the purposes of company law, are pleased to present their Annual Report together with the consolidated financial statements of The Corra Foundation group (Corra Foundation) for the year ended 31 December 2017, which are prepared to meet the requirements for Companies Act purposes.

The financial statements comply with:

- the Charities and Trustee Investment (Scotland) Act 2005;
- the Charities Accounts (Scotland) Regulations 2006 (as amended);
- the Companies Act 2006;
- The Corra Foundation's Memorandum and Articles of Association; and
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities, as amended by Update Bulletin 1;

and are in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

On 29 August 2017, Corra Foundation changed its name from Lloyds TSB Foundation for Scotland to The Corra Foundation.

This is the first year for which consolidated accounts have been required, following significant trading undertaken by Corra Foundation's subsidiary company, Fortify Social Enterprise CIC. The subsidiary was established as a community interest company, limited by guarantee, on 3 June 2015 to undertake commercial trading activities as part of Corra Foundation's strategy. All profits generated by the subsidiary are asset locked for social good that will further the charitable objectives of Corra Foundation. Up to 31 December 2016 the trading activity was insignificant. In the year ended 31 December 2017 a number of major contracts were secured resulting in a significant increase in activity.

STRATEGIC REPORT

2017 REVIEW

Corra Foundation's mission is to make a difference to people and communities by encouraging positive change, opportunities, fairness and growth of aspirations, which improve quality of life.

We aim to deliver our mission through a strategic plan with four objectives:

- Be the best grant maker we can be – Grant making is at the heart of what we do and we want to do it as well as possible with an open and accessible approach.
- Get alongside communities – We are working differently, including with communities we don't historically reach and others with a big appetite for change.
- Share expertise – We will use our 30+ years' experience in grant making to support others.
- Partnership – We want to make a difference to people by working together with others.

1. What we did in 2017

The biggest externally facing activity in 2017 was the rebrand to become Corra Foundation. The rebrand represents the final stages of our change in relationship with Lloyds Banking Group.

Our new brand reflects the importance we place on delivering our mission and sharing knowledge from what we learn as we do this. Our colours are drawn from the Duncan Modern tartan to reflect the importance of our heritage and the legacy of the Reverend Henry Duncan.

The launch of our new name and brand aligned with the publication of our new strategy Change for Good (2017 – 2019). This builds on what was achieved through the 2014 -17 strategic plan, placing emphasis on the importance of listening, relationships and collaborations.

Highlights on our progress towards this in 2017 included:

- Launched our new name, brand and strategy
- Distributed £18m of funding through our own and managed grant making activities
- Reached out to people who are seldom heard and supported them to become active within their community through our People in Place programme.

Our activities in 2017 helped:

- Provide support and opportunities to help engage over 30,000 people.
- 1,900 hours of volunteering given by people we work with through our People in Place programme.
- Engage in conversation and networking with 250 people at the first 'Change Convention'.

1.1 Being the best grant maker we can be

Our commitment is to ensure that the funding we distribute can make a positive difference to the lives of people across Scotland.

In 2017, we have continued to distribute funding through our flagship grant making programmes; Henry Duncan Grants and PDI (Partnership Drugs Initiative). 65% of charities applying were successful in receiving a grant. A total of £1,995,605 was committed across 214 groups.

Groups working in 29 of 32 local authorities in Scotland were successful.

The highest volume of applications we received in the year were from groups helping to improve health and wellbeing.

In 2017, we distributed just under £43,000 to 10 groups through the Everyone Has a Story pilot fund. This was to help improve practitioners' approaches to listening to children and young people and in turn help to reduce inequalities by involving lived experience in service delivery.

Our commitment to being the best grant maker includes offering additional support, advice and capacity building. In 2017, 1,321 people took up at least one of these opportunities.

Capacity building support in 2017 included:

- 84 groups attended bespoke one-to-one funding advice sessions
- Delivered conference on sustainability as part of the Children, Young People and Families Early Intervention and Adult Learning and Empowering Communities Fund
- Helped build capacity for funded groups, including training and development to help them evaluate their work.

1.2 Getting alongside communities

People in Place is a co-investor programme with Lankelly Chase, Esmée Fairbairn Foundation, Joseph Rowntree and Tudor Trust. The programme works alongside communities where there has been traditionally little or no input from independent funders.

During 2017 Corra Foundation increased the number of localities we work with to eight. New localities during the year were: Methil and Buckhaven in Fife; Dunterlie in East Renfrewshire; and Langlees in Falkirk.

We have spent time mapping the assets in communities and engaging with people living there so that we can better understand the community and its strengths and the challenges it faces. Our Community Co-ordinators have used a variety of methods and approaches including:

- Walking about the community, speaking with local people, groups and businesses.
- Using social media to raise awareness of what is happening and how people might want to get involved.

During the year 8,579 people have engaged in opportunities and activities in their community. In 2017, we have helped by:

- Providing small sums of funding to help get 29 ideas off the ground.
- Hosting events and activities that will help people meet and connect with local groups.
- Partnering with national and local events (community picnics, local school uniform appeals).

In one area, the Community Co-ordinator helped to support the local nursery to move forward their ideas around gardening. The nursery has been looking at developing a small garden with nursery teachers doing a lot to take the idea forward in their own time. The Community Co-ordinator approached the local allotment group to help utilise their knowledge and share with the nursery and children. The Community Co-ordinator also approached the local B&Q, which donated wood and plant pots. Local people have donated strawberry plants and vegetables to help the children learn and understand how food arrives. The nursery teacher has also contacted Morrisons, the supermarket, which gave a bag pack slot to the group. The money raised helped to purchase spring plants.

1.3 Share our Expertise

In 2017, we have increased the services and support offered to other funders and partners by:

- Being successfully appointed as contractor for the Scottish Government's International Climate Justice and Challenge Fund.
- Being re-appointed as the contractor for the Scottish Government's International Small Grants programme.

- Providing grant assessment and management support for the Scottish Government's International Main Grants programme.
- Providing additional grant advisor support to BBC Children in Need Scotland.

Corra Foundation is committed to ensuring that any surplus generated from delivering services is asset locked for social good.

In 2017, the surplus generated enabled us to host the 'Change Convention'; an opportunity for charities and partners to discuss and share insights into the emerging and complex issues that are facing Scotland. The 'Change Convention' was attended by circa 250 people and included a funding advice market place and workshops on Brexit, system change, fundraising and digital. The event attracted excellent speakers and session partners and received very positive evaluations from participants.

1.4 Partnership

We were delighted in 2017 to work with a wide range of skilled and committed groups, individuals and organisations. This has included:

- Continued to work with the Scottish Government and The Robertson Trust to deliver the PDI
- In partnership with BBC Children in Need, Comic Relief and Esmée Fairbairn Foundation, offered our first film-based social media funding competition #letschangethat
- Esmée Fairbairn Foundation, Lankelly Chase, Tudor Trust, Joseph Rowntree Foundation continue to co-invest in the People in Place programme.
- Delivered joint funding advice sessions with The Robertson Trust to small charities in Scotland.
- Ongoing roundtable networking discussions with UK and Scottish funders on emotional wellbeing and mental health needs for children and young people.

In 2017, we worked closely with Scottish Government to identify areas of our work that could have longer-term benefit to practice and policy. This resulted in additional funding to take forward recommendations from Everyone Has a Story and a new research project for place based approaches in Scotland that will help to shape a place enabling framework.

2. The difference being made

Last year we reached over 39,000 people through delivery of Henry Duncan Grants, PDI and People in Place.

We received and reviewed 139 reports through our flagship programmes (Henry Duncan Grants and PDI). 97% of these charities provided information that helped to show the positive difference they were making to people they worked with.

The reports offered insights into how groups were helping people to improve health and wellbeing, reduce isolation and reduce inequalities. This included feedback from people participating, surveys and case studies. Reflections from the reports illustrated that the biggest difference was in helping to improve health and wellbeing for individuals supported.

Western Isles Mental Health Association was supported in 2016 and reported to us in 2017 that 90% of people they had worked with said health and wellbeing had improved, 85% had reduced isolation, 74% has reduced risk of re-admission to hospital, 66% were less reliant on community psychiatric services and 5 went into work.

The People in Place programme has made contact with 25,666 people. These connections include face to face and social media. Facebook has proved to be a particularly helpful way to keep people informed of activities and opportunities.

Just over 950 'more formal' connections were made through our People in Place work in 2017.

Formal connections are engagements made face-to-face with individuals and groups where there are ongoing conversations.

Connections have helped people to understand how and what the Community Co-ordinators can help with. In 2017 this included:

- Working alongside local partners to help create and support opportunities that the community want such as, cookery courses or promoting a local bowling club to attract new members
- Supporting communities to put on activities such as gardening or walking groups, Halloween parties, Christmas Fayres
- Proactively engaged with groups who are often 'seldom heard' in their local area to connect and volunteer with community activities.

Observations show how communities want to help and do things for others. Significant charitable giving has taken place across the eight areas. Community Co-ordinators have helped by co-ordinating school clothes appeal, Christmas toy appeals, assisting with Macmillan Coffee mornings and the Big Lunch.

The insights shared by groups and people through our grant making and People in Place have provided us with evidence that can contribute internally and externally to practice and policy development.

A lot of the knowledge and feedback from charities and partners we worked with informed and shaped our first 'Change Convention'. Feedback from the event highlighted the benefits people took from the day.

Sharing our insights is an important part of our strategy, ensuring that the learning we gather will have a positive impact for people, groups and communities in Scotland. Examples of how we have used our knowledge externally includes:

- Contributing to development of the National Performance Framework.
- PDI being included as one of five case studies in the Institute of Voluntary Action Research (IVAR) research on 'Working in Place: Collaborative funding in practice'.
- Held a parliamentary reception on Everyone Has a Story, hosted by Daniel Johnson MSP and attended by several other MSPs along with children and young people, charities and people from across the public sector. This was an opportunity to share the views of children and young people who are impacted by alcohol and/or other drugs.

FINANCIAL REVIEW

The financial statements reflect the reporting requirements of Financial Reporting Standard 102 (FRS 102) and the Charities SORP 2015 (FRS 102), as amended by Update Bulletin 1.

In 2017, the Trustees approved and paid £18m (2016: £16.7m) in charitable grants for the year, including commitments of £15.1m (2016: £13.8m) in respect of CYPFEIF & ALEC programme and £0.5m (2016: £0.5m) for the International Development Grants Schemes. Charitable activity also included £1m (2016: £0.9m) for the Henry Duncan Grants, £1.3m (2016: £1.4m) for the Partnership Drugs Initiative and support costs of £1.7m (2016: £1.1m). At the end of the year, Corra Foundation's funds stood at £19.7m (2016: £5.96m), of which £17.3m (2016: £4.04m) was unrestricted.

Income

Total income for 2017 was £22.3m (2016: £18.1m). The increase in income is due to success in securing further contract income, together with a rise of £2.3m in the covenanted income from Lloyds Banking Group.

Since it was established in 1985, Corra Foundation has received covenanted income from Lloyds Banking Group based on a percentage of pre-tax profits. The Deed of Covenant will terminate in 2019 (a year after the final payment due in February 2018). The total income Corra Foundation received from Lloyds Banking Group in the year to 31 December 2017 amounted to £4.3m (2016: £2m). During the year the Lloyds Banking Group Limited Voting Shares, held by Corra Foundation were sold realising a surplus of £10.5m (Note 27).

Corra Foundation's subsidiary, Fortify Social Enterprise CIC, generated an operating surplus of £20,000, during the year which was mainly used towards supporting the Change Convention.

Corra Foundation also receives income from sources other than Lloyds Banking Group. Such sums are clearly identified and are restricted to specific activities of Corra Foundation. The principal other sources of funds are:

- PDI; from the Scottish Government £0.8m (2016: £0.7m) and The Robertson Trust £0.5m (2016: £0.5m).
- People in Place; during 2017 the four partner funders Tudor Trust, Lankelly Chase, Joseph Rowntree Foundation and the Esmée Fairbairn Foundation provided matched funding of £0.1m each.

Balance Sheet

The increase in net assets of £13.7m was mainly due to the crystallisation of the contingent asset of Lloyds Bank Limited Voting Shares, which were sold. The resulting proceeds were held in cash pending the change of investment managers.

Going Concern

The Trustees are satisfied that the organisation is able to operate for the foreseeable future on the basis of unrestricted reserves of investments and cash, the expected final covenant payment from Lloyds Banking Group in February 2018, and continuing success in managing Scottish Government contracts. The going concern basis of accounting is therefore appropriate. The Trustees regularly reviewed the profit levels for Lloyds Banking Group, on which the final covenant payment is based, and updated Corra Foundation cashflow forecasts accordingly. The cash flow forecasts provide Trustees with the confidence to continue with grant making activities.

Cash Flow
The cash flow was positive for the year, increasing by £13.1m (2016: £3.99m), mainly due to the proceeds of sale of the crystallised contingent asset of Lloyds Banking Group Limited Voting Shares (Note 27). The group cash at bank as at 31 December 2017 was £18.6m (Note 22) and investments at 31 December 2017 were valued at £5.2m (Note 16).

Investment Policy & Performance
As a result of Lloyds Banking Group serving notice pursuant to the Deed of Covenant in February 2010, and a decision by the Lloyds Banking Group ratified on 2 May 2017 to advance the conversion of the Limited Voting Shares held by the four Lloyds TSB Foundations, Corra Foundation's 15,747,236 limited voting shares converted to ordinary shares on 1 July 2017. Corra Foundation's shareholding, which had previously been accounted for as a contingent asset, crystallised on 2 May 2017 and therefore became an asset. The entire shareholding was subsequently sold on the market realising £10.5m, which was held in bank notice accounts pending review of the investment strategy. As part of this review the Trustees decided to re-tender for investment management services and in November 2017 agreed to appoint CCLA Investment Management Limited as investment managers, who took up the role on 1 February 2018.

During 2017, Corra Foundation's investment portfolio increased by £0.5m, due to the expertise of our investment manager and favourable market conditions. The portfolio will be maintained in accordance with the principles established by the Finance & Investment Committee including the ethical investing policy and with a focus on longer term growth.

Fortify, Corra Foundation's trading subsidiary, performed satisfactorily during the year.

Risk Policy
The Trustees have examined the major strategic and operational risks facing Corra Foundation and its subsidiary, Fortify, and confirm that systems have been established to produce regular reports so that any necessary steps can be taken to mitigate or find an appropriate response to these risks. The Trustees consider both the likelihood and potential impact arising from risks to Corra Foundation group and in 2017 have given special attention to matters such as the potential amount of covenanted income, sustainability of funding into the future, governance, loss of leadership and reputational risk. All of these risks are monitored and managed through the risk register with regular review.

There are policies, procedures and contingencies in place to minimise and address the risks identified. Staff members are made aware during induction and training of the key risks already identified, and review these and other potential risks when undertaking new projects.

In relation to the key risks identified above, the Trustees face ongoing risk and uncertainty regarding the covenant funding from Lloyds Banking Group over the remaining notice period. The Trustees actively monitor consensus profit levels on a regular basis. The Trustees are confident that Corra Foundation's financial security is sound for the foreseeable future due to a combination of successful tendering for contracts, forecast income levels and the investment portfolio which is held.

With a view to the sustainability of funding once the covenant income ends, the Trustees will continue to examine and appraise a range of options to enable decisions to be made on the future path of Corra Foundation. These will be incorporated into future strategic plans.

Reserves Policy

The Reserves Policy is reviewed each year and the Trustees are satisfied that an adequate level is in place. Funds at year end totaled £19.7m (2016: £6.0m). Of these funds £2.3m (2016: £1.9m) is restricted and not available for the general purposes of the charity. After taking into account restrictions, designations and commitments not provided for as a liability within the Accounts, Corra Foundation holds £15.7m of general reserves. Within funds held at year end, the Trustees require Corra Foundation to have a cash-backed reserve of 6 months' running costs (approximately £0.8m in 2017). The unrestricted element of the cash balance at 31 December 2017 of £15.1m more than covers this requirement. In addition, there are unrestricted investments of £5.2m available. The policy in respect of the trading subsidiary, Fortify, is to maximise donations for social good and therefore minimal reserves are required in the opinion of the Trustees.

All movements on funds are shown on the Statement of Financial Activities on page 21. From the general reserve of unrestricted monies, the Trustees designated further funds for the Partnership Drugs Initiative programme (£0.5m), the People in Place initiative (£0.1m) and the Henry Duncan Grants (£1m). In total £1.6m of designated funds have been carried forward for committing in 2018 and 2019.

Restricted funds relate to the money received from the Scottish Government and The Robertson Trust for the Partnership Drugs Initiative, money received from the Scottish Government for the CYPFEIF & ALEC schemes, Recovery Initiative Fund, International Development Schemes, the Enabling Framework and money received from the co-funders of the People in Place programme. These restricted funds are set out in Note 24 to the financial statements.

Pay policy for staff

Corra Foundation's Trustees and the Senior Management Team comprise the key management personnel responsible for directing and controlling, running and operating Corra Foundation on a day-to-day basis. All Trustees give of their time freely and no Trustee received any remuneration in the year. Details of Trustees' expenses are disclosed in Note 11 to the Accounts.

Every member of staff earns at least the Living Wage, as defined by the Living Wage Foundation. The Living Wage is an hourly rate set independently and updated annually, based on the cost of living in the UK. The Trustees believe that every member of staff deserves at least the Living Wage.

The pay of all staff, including the key management personnel is reviewed annually by the Nominations and Remuneration Committee.

PLANS FOR FUTURE PERIODS

Corra Foundation's current strategy extends to December 2019 and is based on projections of financial income including the final covenant payment from Lloyds Banking Group in February 2018, as well as partner funding and investment income. The next 3-year strategy will start to be developed during 2019 and will take into account the financial resources available. Given the current funding position of Corra Foundation, the termination of the Lloyds Banking Group covenant and the risks associated with partner funding, the coming year will again be challenging. However, the continuation of the work underpinning the strategy will allow Corra Foundation to move forward and continue to support the many grassroots charities throughout Scotland for whom our grants and support are a key part of their funding base.

Corra Foundation will continue to consider involvement in strategic relationships, which may see it gain further collaborative funding in future years. Such sources may include national and local government, private individuals, businesses and other trusts and foundations. All such income will be kept strictly separate from Corra Foundation's other resources and applied in accordance with plans developed and agreed by the Trustees and the funding partner.

TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of The Corra 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).

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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS102);
- make judgments and estimates that are reasonable and prudent;
- 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to the auditors

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- 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 reasonably to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

TRUSTEES' REPORT AND INCORPORATED STRATEGIC REPORT (cont.)

DIRECTORS AND TRUSTEES

The directors of the charitable company (Corra Foundation) are its Trustees for the purpose of charity law. The Trustees and officers serving during the year and since the year-end were as follows:

Trevor Civval, Chair *(from 3 August 2017)*
Timothy J D Hall, Chair *(retired 3 August 2017)*
Tom Halpin QPM, Deputy Chair *(retired 26 March 2018)*
H Charles Abram
Joy Barlow MBE
Elizabeth Y Carmichael
Claire A Gibson
David R Johnson
Jacqui Low *(retired 2 February 2017)*
Luke McCullough
Richard Martin *(appointed 5 October 2017)*
Fiona Sandford
David Urch

FOUNDATION KEY MANAGEMENT PERSONNEL

The key management personnel of Corra Foundation are the Senior Management Team comprising:

Chief Executive, Fiona Duncan
Deputy Chief Executive, Carolyn Sawers *(appointed 1 August 2017)*
Head of Core Operations and Company Secretary, Karen Brown
Head of External Relations, Shelley Gray
Head of Grants, Connie Williamson
Head of Learning and Development, Elaine Wilson
Head of Place, Stephanie Rose *(resigned 11 January 2018)*

FORTIFY SOCIAL ENTERPRISE (CIC)

The board of directors of Fortify Social Enterprise (CIC) are as follows:

H Charles Abram, Chair
Karen Brown, Company Secretary
Fiona Duncan
Carolyn Sawers *(appointed 19 September 2018)*
Connie Williamson

REFERENCE AND ADMINISTRATION DETAILS

Company number:	SC096068
Scottish Charity Number:	SC009481
Registered Office and Principal Address:	Riverside House 502 Gorgie Road Edinburgh EH11 3AF

Our advisers:

Banker:	Santander Corporate & Commercial Bank 5th Floor, Capital Building 2-13 St Andrews Square Edinburgh EH5 2GS	
Auditor:	French Duncan LLP Chartered Accountants and Statutory Auditors 56 Palmerston Place Edinburgh EH12 5AY	
Investment Adviser:	Speirs & Jeffrey Limited George House 50 George Square Glasgow G2 1EH *(until 31 January 2018)*	CCLA Investment Management Limited Exchange Place Two 5 Semple Street Edinburgh EH3 8BL *(from 1 February 2018)*
Legal Adviser:	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE	

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Corra Foundation (formerly Lloyds TSB Foundation for Scotland) was incorporated on 20 November 1985 as a Company Limited by Guarantee. On 1 January 1997, it became known as the Lloyds TSB Foundation for Scotland, after the merger between Lloyds Bank plc and the Trustee Savings Bank. On 29 August 2017 the Lloyds TSB Foundation for Scotland changed its name to The Corra Foundation, following the agreement to terminate the relationship with Lloyds Banking Group. It is governed by a Memorandum and Articles of Association, which were adopted in 1985. Lloyds TSB Foundation for Scotland was one of four Foundations created to preserve in a permanent framework the TSB's traditional role of contributing to the life of the community. Its income is derived from an established Deed of Covenant; further detail is provided at Note 27 to the financial statements. The other three Foundations cover England & Wales, Northern Ireland and the Channel Islands.

Each Foundation is separate from the others and from the Lloyds Banking Group, and is directed by its own Board of Trustees.

Corra Foundation is a Charitable Company Limited by Guarantee and does not have share capital. The liability of the members is limited by the Memorandum of Association to £1 each.

Appointment of Trustees

The recruitment of new Trustees is conducted through a process of open advertising except in exceptional circumstances where co-opting may be necessary. When a vacancy for a Trustee arises, a skills audit of the Board is undertaken to identify any gaps and to enable Corra Foundation to maximise the contribution that its Trustees can make. Trustees are appointed for an initial three-year term and can make themselves available to be considered for one further period of three years. Board members may serve for a maximum of two three-year terms and typically will retire after that period. In exceptional circumstances, the Board can re-appoint Trustees for a third term.

Trustee induction and training

On appointment, Trustees are provided with a Trustee Handbook and undertake an induction process, including meetings with senior management and accompanying staff members on visits to applicant charities. New Trustees are also able to attend Board meetings as observers before assuming their position.

Organisation

The Board of Trustees, which can have up to 12 members, administers Corra Foundation. The Trustees meet six times a year and there are sub-committees covering audit, nominations and remuneration, finance and investments, and communications and engagement. The Finance and Investment Committee meets before each board meeting and is responsible for monitoring Corra Foundation's financial position as well as the performance of the investment portfolio. In addition, some Trustees sit on steering groups which are there to advise the Partnership Drugs Initiative team as well as our place-based team. The Chief Executive is appointed by Trustees to manage the day-to-day operations of Corra Foundation. To facilitate effective operations, the Chief Executive has delegated authority with terms approved by the Trustees, for operational matters including grant administration, finance and employment.

Board effectiveness review

The board effectiveness review, conducted in 2017, concluded that Corra Foundation's governance structures were fit-for-purpose with only minor alterations, which were implemented during 2017.

Related parties and co-operation with other organisations

None of the Trustees receive remuneration or other benefit from their work with Corra Foundation. Any connection between a Trustee or senior manager of Corra Foundation with any charity that we fund must be disclosed to the full Board of Trustees in the same way as any contractual relationship with a related party. Since June 2015, Indigo (the Executive Chairman of which was one of our Trustees until February 2017) has been providing Corra Foundation with pro-bono support plus additional advice and guidance on ad-hoc issues as and when required. The value of this is included in the Accounts.

Corra Foundation's subsidiary is Fortify Social Enterprise CIC (Fortify) that was established in 2015 to perform training and other services for the sector. Fortify is a Community Interest Company whose profits are donated for use in charitable activities to further Corra Foundation's objectives. Fortify is a company limited by guarantee and does not have a share capital. The liability of the members is limited by the Memorandum of Association to £1 each. Fortify is controlled by a board of directors appointed by Corra Foundation.

Auditors

A resolution to reappoint French Duncan LLP as auditors will be put to the members at the Annual General Meeting.

The Trustees' Report, incorporating the Directors' Report and Strategic Report, was approved by the Board on 29 March 2018.

By order of the Board,

TREVOR CIVVAL
Chair
29 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE CORRA FOUNDATION

Opinion

We have audited the financial statements of Corra Foundation (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2017 which comprise the consolidated statement of financial activities, the statement of financial activities of The Corra Foundation, the consolidated and Corra Foundation Statements of Financial Position, the consolidated and Corra Foundation Statement of Cash Flow and notes to the financial statements, 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, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2017, and of the group's and parent charitable company's incoming resources and application of resources, including the group's and parent charitable company's 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 regulations 6 and 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. We are independent of the group and parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE CORRA FOUNDATION

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 group's or parent 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 trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report , other than the financial statements and our auditor's report thereon. 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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF THE CORRA FOUNDATION

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.

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 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 group's and parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES & MEMBERS OF THE CORRA FOUNDATION

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 regulations made under those Acts.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Antony J. Sinclair (Senior Statutory Auditor)

For and on behalf of French Duncan LLP Chartered Accountants and Statutory Auditors
56 Palmerston Place
Edinburgh EH12 5AY

29 March 2018

French Duncan LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

The Corra Foundation SC096068
(formerly Lloyds TSB Foundation for Scotland)

Year ended 31 December 2017

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income & expenditure account)

	Note	Unrestricted Funds 2017 £000s	Restricted Funds 2017 £000s	Total 2017 £000s	Total 2016 £000s
Income and Endowments from:					
Donations and legacies	3	7	17,454	17,461	15,685
Charitable activities	4	299	-	299	307
Other trading activities	5	89	-	89	4
Investments	6	4,500	-	4,500	2,143
Other	7	3	-	3	3
Total income		4,898	17,454	22,352	18,143
Expenditure on:					
Charitable activities	8	(2,589)	(17,059)	(19,648)	(17,871)
Other		(5)	-	(5)	0
Total expenditure		(2,594)	(17,059)	(19,653)	(17,871)
Net gains on investments	16b	10,993	-	10,993	507
Net income and net movement in funds		13,297	395	13,692	779
RECONCILIATION OF FUNDS					
Total funds brought forward		4,035	1,924	5,959	5,180
Total funds carried forward		**17,332**	**2,319**	**19,651**	5,959

The Notes on pages 25 to 41 form part of these financial statements.

There are no recognised gains or losses other than those shown above. All activities relate to continuing operations.

STATEMENT OF FINANCIAL ACTIVITIES OF CORRA FOUNDATION
(incorporating the income and expenditure account)

	Note	Unrestricted Funds 2017	Restricted Funds 2017 (Note 24)	Total Funds 2017	Total Funds 2016
		£000s	£000s	£000s	£000s
Income and Endowments from:					
Donations and legacies	3	17	17,451	17,468	15,690
Charitable activities	4	373	-	373	307
Investments	6	4,500	-	4,500	2,143
Other	7	3	-	3	3
Total income		4,893	17,451	22,344	18,143
Expenditure on:					
Charitable activities		(2,589)	(17,056)	(19,645)	(17,871)
Total expenditure	8	(2,589)	(17,056)	(19,645)	(17,871)
Net gains on investments	16b	10,993	-	10,993	507
Net income and net movement in funds		13,297	395	13,692	779
RECONCILIATION OF FUNDS					
Total funds brought forward		4,035	1,924	5,959	5,180
Total funds carried forward		**17,332**	**2,319**	**19,651**	**5,959**

The Notes on pages 25 to 41 form part of these financial statements.

There are no recognised gains or losses other than those shown above. All activities relate to continuing operations.

The Corra Foundation SC096068
(formerly Lloyds TSB Foundation for Scotland)

Year ended 31 December 2017

CONSOLIDATED AND CORRA FOUNDATION STATEMENT OF FINANCIAL POSITION

	Note	GROUP 2017 £000s	GROUP 2016 £000s	CORRA FOUNDATION 2017 £000s	CORRA FOUNDATION 2016 £000s
Fixed assets					
Tangible assets	14	13	26	13	26
Intangible assets	15	21	-	21	-
Investment in subsidiary	16a	-	-	-	-
Investments	16b	5,186	4,719	5,186	4,719
Total fixed assets		5,220	4,745	5,220	4,745
Current assets					
Receivables	17	2,907	2,625	3,007	2,625
Cash		18,630	5,430	18,526	5,430
Total current assets		21,537	8,055	21,533	8,055
Current liabilities					
Grants awarded and payable	18	6,957	6,697	6,957	6,697
Payables due within one year	19	149	144	145	144
Total current liabilities		7,106	6,841	7,102	6,841
Net current assets		14,431	1,214	14,431	1,214
Net assets		**19,651**	**5,959**	**19,651**	**5,959**
The funds of the Foundation					
Restricted funds	24a	2,319	1,924	2,319	1,924
Unrestricted funds:					
- General fund	25	15,706	2,411	15,706	2,411
- Designated fund	24b	1,626	1,624	1,626	1,624
Total unrestricted funds		17,332	4,035	17,332	4,035
Total funds		**19,651**	**5,959**	**19,651**	**5,959**

The financial statements constitute the annual financial statements required by the Companies Act 2006 and are for circulation to the members.

The Notes on pages 25 to 41 form part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 29 March 2018 and are authorised for issue by:

TREVOR CIVVAL
Chair

H CHARLES ABRAM
Audit Committee Chair

STATEMENT OF CASH FLOWS

		GROUP		CORRA FOUNDATION	
	Note	**2017**	**2016**	**2017**	**2016**
		£000s	**£000s**	**£000s**	**£000s**
Net cash generated from operating activities	23	2,521	3,916	2,417	3,916
Cash flows from investing activities					
Investment income	23	167	145	167	145
Purchase of tangible assets		(8)	(23)	(8)	(23)
Purchase of intangible assets		(21)	-	(21)	-
Proceeds of sale of fixed assets		15	9	16	9
Proceeds of sale of investments		10,903	764	10,903	764
Purchase of investments		(377)	(820)	(378)	(820)
Net cash provided by/(used in) investing activities		10,679	75	10,679	75
Net change in cash	22	13,200	3,991	13,096	3,991
Cash at start of period		5,430	1,439	5,430	1,439
Cash at end of period		18,630	5,430	18,526	5,430

The Notes on pages 25 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) General Information
Corra Foundation is a Company Limited by Guarantee. The address of Corra Foundation's registered office and principal place of business is:

Riverside House
502 Gorgie Road
Edinburgh EH11 3AF

Corra Foundation's principal activities and nature of its operations are outlined in the Trustees' report.

(b) Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (the Charities SORP) as amended by Update Bulletin 1, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements are stated in Corra Foundation's functional currency of £ sterling.

Corra Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

(c) Going concern
Financial Reporting Standard 102 requires that, if appropriate, Corra Foundation's financial statements are prepared on the going concern basis, which means that the organisation is able to operate for the foreseeable future on the basis of known and reasonable projected resources. Corra Foundation's income in 2018 from Lloyds Banking Group is dependent on its profit levels, which have recovered satisfactorily. Cash flow projections over at least the 12-month period from the approval of the accounts have provided the Trustees with the confidence to continue with grant making activities and be satisfied that the going concern basis of accounting is appropriate.

(d) Group Financial Statements
The consolidated Statement of Financial Activities and Statement of Financial Position include the financial statements of Corra Foundation and its wholly controlled trading subsidiary, Fortify Social Enterprise CIC, as stated in Note 16 (a). The results and assets and liabilities of the subsidiary have been consolidated into these financial statements on a line by line basis with effect from 1 January 2016.

(e) Fund accounting
General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of Corra Foundation and which have not been designated for any other purpose. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors. The aim and use of each restricted fund is set out in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. Accounting policies (cont.)

(f) Grant income

Grant income is recognised when Corra Foundation has entitlement to the funds, any conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

(g) Income from the rendering of services

Income from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when the income can be measured reliably and it is probable that it will be received.

(h) Donated services and facilities

Donated professional services are recognised as income when Corra Foundation has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by Corra Foundation is probable and that economic benefit can be measured reliably. On receipt, donated professional services are recognised on the basis of the value of the gift to Corra Foundation, which is the amount Corra Foundation would have been required to pay to obtain the services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. Note 28 to the Accounts gives the detail of where volunteers' expertise is being used.

(i) Income from Interest and dividends

Interest on funds held on deposit and dividends on funds held in the investment portfolio are included when receivable and the amount can be measured reliably by Corra Foundation; this is normally upon notification of the interest paid or payable by the bank or the dividend paid is notified by the investment managers.

(j) Expenditure

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. Expenditure is all considered as expenditure on charitable activities which are subdivided into the costs of the strategic activities as laid out in the Trustees' Annual Report and include the costs of running Corra Foundation as well as grants. Grants payable are charged in the year when the offer is conveyed and a valid expectation created with the recipient that the grant will be paid. Where the grant offer is conditional, such grants will not be recognised as expenditure until the conditions attached are fulfilled when a constructive obligation arises. Grants offered subject to conditions, which have not been met at the year-end, are noted as a contingent liability, but not accrued as expenditure. All costs are inclusive of any irrecoverable VAT.

(k) Allocation of support costs

Support costs are those functions that assist the work of Corra Foundation but do not directly undertake charitable activities. Support costs include trust administration, finance, personnel, payroll and governance costs which all support Corra Foundation's grant and community based programmes.

(l) Cost allocation

All expenditure for Corra Foundation is allocated according to the direct programme of work for which it was incurred or the amount of staff time spent on these activities. Costs allocated to restricted funds are limited to the levels and nature of expenditure allowable under the terms of the specific awards. Intra-group cost allocations are governed by a service level agreement.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. Accounting policies (cont.)

(m) Operating leases
Operating lease rentals are charged to the statement of financial activities account on a straight-line basis over the period of the lease. Where a rental holiday is negotiated, the benefit is spread over the period of the lease.

(n) Post-retirement benefits
Corra Foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of Corra Foundation in an independently administered fund. The amount included within expenditure represents the contributions payable to the scheme in respect of the accounting year.

(o) Tangible fixed assets & depreciation
Fixed assets comprise office furniture and equipment, motor vehicles, and leasehold improvements and are depreciated on a straight-line basis. All additions costing more than £800 are capitalised at cost on acquisition. Amounts below the capitalisation limit are charged to the Statement of Financial Activities in the year. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Equipment:	33% straight line
Motor vehicles:	25% straight line
Leasehold improvements:	10% straight line (being the period of the lease)

(p) Intangible fixed assets & amortisation
Intangible fixed assets comprise computer software. Software costs are capitalised on the basis of the cost incurred to acquire and bring into use specific software developments provided that:

- the asset created is separately identifiable;
- it is probable that the asset will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Intangible assets are amortised in equal annual instalments over their estimated useful lives from the date the asset is available for use as follows:

Computer software: 20% straight line.

Computer software integral to the related hardware equipment is accounted for as equipment

(q) Investments
Investments are stated at market value. Gains and losses are recognised in the Statement of Financial Activities in the year in which they arise. Realised gains and losses during the year are calculated as the difference between sales proceeds and the average cost. Unrealised gains and losses are calculated as the difference between the market value at the year-end and the average cost. Any gains and losses on revaluation or disposal are combined in the Statement of Financial Activities.

(r) Financial Instruments
Corra Foundation 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.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. Accounting policies (cont.)

(s) Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Cash

Cash is defined as cash at bank and funds held by the Investment Advisor as cash.

(t) Financial Liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

(u) Taxation

Corra Foundation is registered by OSCR as a Charity for the purposes of the Charities and Trustee Investment (Scotland) Act 2005 and is entitled under section 13(2) of the Act to describe itself as a Scottish Charity and is exempt from Corporation Tax on income and gains to the extent that these are applied to its charitable objects.

The wholly controlled trading subsidiary, Fortify Social Enterprise CIC, is subject to Corporation Tax. However, any profits generated in the trading subsidiary, over and above those that have been identified as required for that company's own needs, are donated for social good. Corra Foundation is registered for VAT on a group basis with its subsidiary company, Fortify Social Enterprise CIC, and therefore charges and reclaims VAT on business activities.

2. Legal status of Corra Foundation

Corra Foundation is a company limited by guarantee and has no share capital. The liability of the members is limited by the Memorandum of Association to £1 each.

3. Income from donations and legacies

	Group		Corra Foundation	
	2017	**2016**	**2017**	**2016**
	£000s	**£000s**	**£000s**	**£000s**
Grants received:				
The Scottish Government	16,551	14,978	16,551	14,978
Other	908	700	900	700
Total grants received	17,459	15,678	17,451	15,678
Grant from subsidiary	-	-	15	4
Donated services	3	8	3	8
Total income from donations and legacies	**17,461**	**15,685**	**17,468**	**15,690**

The income from donations was £17.5m (2016: £15.7m) all of which was restricted (2016: £15.7m) except for £2,520 (2016: £12,800). Corra Foundation is extremely grateful to Indigo, which has been providing Corra Foundation with pro-bono support plus additional advice and guidance on ad-hoc issues as and when

3. Income from donations and legacies (cont.)

required. The value of this support to Corra Foundation has been estimated at £2,520 (including VAT). The estimated value of these services is recognised within incoming resources as a donation, and an equivalent charge included within expenditure.

FRS 102 requires Corra Foundation to term the majority of its income as 'donations', although Corra Foundation receives the monies on the basis that it will principally be distributed to charities in the form of grants.

4. Income from charitable activities

Total income during the year from charitable activities is detailed below:

	Group		Corra Foundation	
	2017	**2016**	**2017**	**2016**
	£000s	**£000s**	**£000s**	**£000s**
Income from contracted services	298	307	373	307
	298	**307**	**373**	**307**

5. Income from other trading activities

Other trading activities are undertaken by Corra Foundation's subsidiary company, Fortify Social Enterprise CIC (Company number: SC507457). All profits generated by the subsidiary are asset locked for social good.

	Group		Corra Foundation	
	2017	**2016**	**2017**	**2016**
	£000s	**£000s**	**£000s**	**£000s**
Consultancy fees	86	4	-	4
Other	3	-	-	-
	89	**4**	**-**	**4**

The summary financial performance of the subsidiary alone for the year was:

	2017	**2,016**
	£000s	**£000s**
Turnover	89	4
Cost of sales	(75)	-
Gross profit	15	4
Other income	10	-
	24	4
Administration and other costs	(4)	-
Net profit	20	4
Donation to parent charity	(15)	(4)
Donations to third parties	(5)	-
Retained in subsidiary	-	-

The assets and liabilities of the subsidiary were:

Current assets	105	-
Current liabilities	(105)	-
Net assets	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont.)

6. Income from investments

Total income during the year from investments is detailed below:

	Group and Corra Foundation	
	2017	**2016**
	£000s	**£000s**
Lloyds Banking Group covenant	4,333	1,998
Dividend and interest income	167	145
	4,500	**2,143**

7. Other income

	Group and Corra Foundation	
	2017	**2016**
	£000s	**£000s**
Other income	**3**	**3**

Other income comprises the surplus arising from the sale of cars.

8. Charitable expenditure

The charitable expenditure was £19.6m (2016: £17.9m) of which £17.1m was restricted (2016: £15.7m) and £2.5m unrestricted (2016: £2.2m). All expenditure for Corra Foundation, once incurred, is considered a Charitable Activity Cost and is allocated according to the amount of staff time spent on these activities. Charitable Activities are those resources applied in the delivery of services to meet Corra Foundation's charitable objectives, and include grants approved, management and accommodation costs, staff employment and development, and information and marketing.

Governance costs are those associated with the general running of Corra Foundation including activities that provide Corra Foundation's governance infrastructure. We have described within the Trustees' report the three strategic objectives and related achievements. The implementation of the new strategy has been resource-intensive over the last year and required considerable changes to our infrastructure, systems, processes and structure, including inter alia the re-branding and re-launch of the organisation, the development of the grants database and the creation of a single overarching monitoring and evaluation framework for Corra Foundation's work as a whole. As shown below, this investment is accounted for under a separate heading 'Development', and much of it has been non-recurring.

8. Charitable expenditure (cont.)

Strategic objective	Analysis	Group Grants £000s	Group Support costs £000s	Group Total £000s	Corra Foundation Grants £000s	Corra Foundation Support costs £000s	Corra Foundation Total £000s
One	**Grant-making**						
	Henry Duncan Awards	1,000	265	1,265	1,000	265	1,265
	Partnership Drugs Initiative	1,342	221	1,563	1,342	221	1,563
	Recovery Initiative Fund	14	-	14	14	-	14
	sub-totals	2,356	486	2,842	2,356	486	2,842
	2016	*2,381*	*480*	*2,861*	*2,381*	*480*	*2,861*
Two	**People in Place**						
	8 areas in operation at December 2017	2	441	443	2	441	443
	Enabling Framework	-	30	30	-	30	30
	sub-totals	2	471	473	2	471	473
	2016	-	*237*	*237*	-	*237*	*237*
Three	**Maximising expertise**						
	Development	1	23	24	2	37	39
	International	545	125	670	545	125	670
	CYPFEIF & ALEC	15,059	280	15,339	15,059	280	15,339
	sub-totals	15,604	428	16,033	15,606	442	16,048
	2016	*14,343*	*287*	*14,630*	*14,343*	*287*	*14,630*
Overall	**Development & sustainability**	-	300	300	-	282	282
	sub-totals	-	300	300	-	282	282
	2016	-	*143*	*143*	-	*143*	*143*
	Total charitable expenditure 2017	**17,962**	**1,685**	**19,648**	**17,964**	**1,682**	**19,645**
	Total charitable expenditure 2016	*16,724*	*1,147*	*17,871*	*16,724*	*1,147*	*17,871*

Total resources expended include grants approved, direct costs, governance costs and support costs (see Note 9).

9. Analysis of support costs by strategic strand – Corra Foundation

Strategic objective	One: Grant-making		Two: place		Three: Maximising expertise			Overall:	
	HDG	PDI	People in Place	Enabling Framework	Social Enterprise	International	CYPFEIF & ALEC	Development	Totals
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Staff	161	122	309	2	4	64	137	56	**855**
Travel & subsistence	5	5	17	-	4	-	7	-	**39**
Communication, printing, stationery, rebranding	3	2	8	1	-	1	1	74	**90**
Professional fees, evaluation & monitoring	20	21	24	16	-	-	16	3	**101**
Accommodation	-	-	2	-	-	-	-	-	**2**
Depreciation	2	1	-	-	-	-	-	-	**2**
Governance	24	23	26	4	10	19	38	48	**190**
Office recharge	50	48	55	8	20	40	80	101	**402**
Miscellaneous	-	-	-	-	-	-	-	-	**1**
Total support costs	**265**	**221**	**441**	**30**	**38**	**125**	**280**	**282**	**1,682**

The total support costs for Corra Foundation were £1.682m (2016: £1.147m). The total support costs for the Group were £1.685m (2016: £1.147m). The costs incurred by Fortify comprised audit and tax fees (£3k) and other minor costs, which were accounted for under the Development strategic objective.

10. Analysis of expenditure on governance and office recharge costs – Corra Foundation

	2017			2016
	Office recharge costs £000s	**Governance costs £000s**	**Totals £000s**	**Totals £000s**
Staff costs (split 60:40 office/ governance)	232	155	**387**	**300**
Accommodation costs	80	-	**80**	**69**
Investment & bank charges	-	20	**20**	**18**
Communication, rebranding, PR, printing & stationery	21	-	**21**	**31**
Professional & consultancy fees	31	12	**42**	**59**
Total depreciation	7	-	**7**	**11**
Travel & subsistence	3	-	**3**	**8**
Trustees	-	4	**4**	**8**
Miscellaneous expense	29	-	**29**	**12**
	402	**190**	**592**	**516**

11. Analysis of staff costs, Trustee remuneration and expenses and the cost of key management personnel

	Group and Corra Foundation	
	2017	2016
	£000s	£000s
Wages and salaries	962	629
Social security costs	101	62
Other pension costs	132	56
Total staff and Trustee remuneration costs	**1,195**	**747**

During 2017, a change to the employee salary and benefits was implemented resulting in one-off payments through wages and salaries and pension contributions to compensate staff for cessation of the company car scheme.

The key management personnel of Corra Foundation comprise the Trustees and Senior Management Team as set out in the Trustees' Report. Total employee benefits for the key management personnel were £392,636 in 2017 (2016: £319,533). One employee received a full-time equivalent salary, plus benefits in kind, of more than £60,000 per annum in 2017.

Salary Bands	No of employees	No of employees
	2017	2016
£90,000 to £95,000	1	-
£80,000 to £90,000	-	1

The defined contribution pension contributions for that employee were £9,500 (2016: £8,122).

The Trustees received no remuneration during the year (2016: £nil) and no Trustee received payment for professional or other services supplied to the charity (2016: £nil). Thirteen (2016: fifteen) Trustees received aggregate expenses totalling £3,453 (2016: £5,547) during the year for travel, accommodation and subsistence in connection with their duties.

During the year, Indigo, whose Executive Chair was one of our Trustees until February 2017, has continued to provide Corra Foundation with up to one day a month of pro-bono support plus additional advice and guidance on ad-hoc issues as and when required. The value of this is estimated at £2,520 (2016: £8,400), which is included in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

12. Staff numbers

The numbers of staff employed during the year are analysed as follows:

	Group and Corra Foundation	
	2017	**2016**
	Full time equivalents	**Full time equivalents**
Grant making and community based staff	14.63	10.56
Maximising our expertise	0.30	0.30
Governance	1.11	0.95
Support	5.92	2.32
Development of our impact and future	2.96	1.20
Total staff numbers	**24.91**	**15.33**
	Headcount	**Headcount**
Total staff numbers employed at the year end	34	23

13. Auditor's remuneration

	Group		Corra Foundation	
	2017	**2016**	**2017**	**2016**
	£000s	**£000s**	**£000s**	**£000s**
Audit services	18	15	14	15
Non-audit services	1	2	-	2
Total auditor's remuneration	**19**	**17**	**14**	**17**

Auditor's remuneration is included within governance costs.

14. Tangible fixed assets – Group and Corra Foundation

All fixed assets are held for charitable purposes.

	Equipment £000s	**Vehicles £000s**	**Total £000s**
Cost			
At beginning of year	240	35	275
Additions	8	-	8
Disposals	-	(35)	(35)
At end of year	248	-	248
Depreciation			
At beginning of year	229	21	250
Charge for year	7	2	9
On disposals	-	(23)	(23)
At end of year	235	-	235
Net Book Value			
As at 31 December 2017	**13**	**-**	**13**
As at 31 December 2016	*11*	*15*	*26*

15. Intangible fixed assets – Group and Corra Foundation

	Computer software £000s
Cost	
At beginning of year	-
Additions	21
Disposals	-
At end of year	21
Amortisation	
At beginning of year	-
Charge for year	-
On disposals	
At end of year	-
Net Book Value	
As at 31 December 2017	**21**
As at 31 December 2016	-

16. Fixed asset investments – Group and Corra Foundation

(a) Corra Foundation's subsidiary is Fortify Social Enterprise CIC (Fortify), a company limited by guarantee. Fortify undertakes certain trading activities and donates any profits arising for social good.

(b) During the year, Corra Foundation's investment portfolio was managed by Speirs & Jeffrey until 31 January 2018 when, following re-tendering, the portfolio was transferred to CCLA. The portfolio was valued at £5.2m at 31 December 2017 (2016: £4.7m).

	Group and Corra Foundation	
	2017	2017
Movement in investment portfolio	£000s	£000s
Market value at 1 January		4,719
Purchases		377
Sales		(10,903)
Gain on sale	10,475	
Gain on revaluation	518	
Net gain		10,993
Market value at 31 December		**5,186**
Historic cost		**4,176**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

17. Receivables

	Group		Corra Foundation	
	2017	2016	2017	2016
	£000s	£000s	£000s	£000s
Trade debtors	26	109	26	109
Prepayments and accrued income	2,505	2,266	2,505	2,266
Grants receivable	376	250	376	250
Due from group company	-	-	100	-
Total receivables	**2,907**	**2,625**	**3,007**	**2,625**

18. Grants awarded and payable

	Group and Corra Foundation	
	2017	2016
	£000s	£000s
Payable in less than one year:		
Grants awarded in current year	6,934	6,644
Grants awarded in previous years	23	53
Total grants awarded and payable	**6,957**	**6,697**

A reconciliation of the grants awarded in the year is shown below:	£000s	£000s
Balance at 1 January 2017		6,697
Grants approved in the year	18,072	
Grants returned in the year	(85)	
		17,987
Grants paid in the year		(17,727)
Balance at 31 December 2017		**6,957**

A full list of grants paid during the year is detailed on Corra Foundation's website at www.corra.scot.

19. Payables due within one year

	Group		Corra Foundation	
	2017	2016	2017	2016
	£000s	£000s	£000s	£000s
Trade creditors	13	44	13	44
Accruals	111	72	107	72
PAYE and NIC	25	28	25	28
Total payables	**149**	**144**	**145**	**144**

20. Contingent liabilities

In addition to the grants accrued in Note 18, the Trustees have authorised certain grants (conditional awards) which are subject to recipients fulfilling certain conditions. These conditional grant awards are:

	Group and Corra Foundation	
	2017	2016
	£000s	£000s
Payment possible due within one year	943	1,242
Payment possible due in more than one year	368	438
Total contingent liabilities	**1,311**	**1,680**

21. Commitments

The total commitments under non-cancellable operating leases are as follows:

	Group and Corra Foundation 2017 £000s	2016 £000s
Land and building leases which expire:		
Within 1 year	36	36
Between 2 - 5 years	108	144
Total lease commitments	**144**	**180**

22. Cash flow statement

Group

Analysis of net funds:

	At beginning of year £000s	Cash flow £000s	At end of year £000s
Cash at bank	5,339	13,059	18,398
Cash at investment advisors	91	141	232
Total net funds	**5,430**	**13,200**	**18,630**

Reconciliation of net cash flow to movement in net funds:

	2017 £000s	2016 £000s
Net funds at 1 January	5,430	1,439
Movement in the year	13,200	3,991
Net funds at 31 December	**18,630**	**5,430**

Corra Foundation

Analysis of net funds:

	At beginning of year £000s	Cash flow £000s	At end of year £000s
Cash at bank	5,339	12,955	18,294
Cash at investment advisors	91	141	232
Total net funds	**5,430**	**13,096**	**18,526**

Reconciliation of net cash flow to movement in net funds:

	2017 £000s	2016 £000s
Net funds at 1 January	5,430	1,439
Movement in the year	13,096	3,991
Net funds at 31 December	18,526	5,430

23. Reconciliation of net movement in funds to net cash flow from operating activities

	Group		Corra Foundation	
	2017	2016	2017	2016
	£000s	£000s	£000s	£000s
Cashflow from operating activity				
Surplus for the year	13,692	779	13,692	779
Adjustments for:				
Depreciation	9	19	9	19
Amortisation	-	-	-	-
Investment income	(167)	(145)	(167)	(145)
Gain on sale of fixed assets	(3)	(2)	(3)	(2)
Unrealised gain on investments	(518)	(507)	(518)	0
Realised gain on investments	(10,475)	-	(10,475)	(507)
	2,538	144	2,538	144
(Increase) in receivables	(282)	(2,497)	(383)	(2,497)
Decrease in grants payable	260	6,271	260	6,271
Increase/(decrease) in payables	5	(2)	2	(2)
Net cash generated from operations	**2,521**	**3,916**	**2,417**	**3,916**

24. Funds

(a) The restricted funds are as follows:

	PDI	Recovery Initiative Fund	International	People in Place	Enabling Framework	CYPFEIF & ALEC	2017 Total	2016 Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 January	1,363	13	287	261	-	-	1,924	1,921
Scottish Government	847	-	619	-	26	15,059	16,551	14,977
The Robertson Trust	500	-	-	-	-	-	500	500
Tudor Trust	-	-	-	100	-	-	100	-
J Rowntree Foundation	-	-	-	100	-	-	100	-
Esmée Fairburn Foundation	-	-	-	100	-	-	100	100
Lankelly Chase	-	-	-	100	-	-	100	100
Total resources	**2,710**	**13**	**906**	**661**	**26**	**15,059**	**19,375**	**17,598**
Charitable activities expenditure	**(1,132)**	**(14)**	**(545)**	**(276)**	**(30)**	**(15,059)**	**(17,056)**	**(15,674)**
Balance at 31 December	**1,578**	**-**	**361**	**385**	**(4)**	**-**	**2,319**	**1,924**

There are six restricted funds:

- within the **Partnership Drugs Initiative** resources there are commitments from The Robertson Trust and the Scottish Government to assist in the purpose of supporting the voluntary sector in working with children and young people affected by substance misuse.
- the partnership with the **Scottish Recovery Consortium**, whereby Corra Foundation administers the **Recovery Initiative Fund** on its behalf for the purpose of helping small recovery groups and communities in developing programmes for sustainable recovery from the effects of substance misuse. This programme completed in 2017.

24. Funds (cont.)

- the **Scottish Government International Development grants schemes,** whose purpose is to fund charities providing aid to developing countries.
- the **People in Place programme** received restricted funds of £400,000 in 2017 for developing empowerment in Scotland's most deprived communities.
- the **Enabling Framework** is a research project reviewing the impact of place based activity. The negative balance at year end is due to the differential timing of incurring of costs and drawdown of funds.
- the **Scottish Government CYPFEIF & ALEC programme** whose purposes are to fund Scottish charities to deliver improvements for Scotland's deprived communities, children, young people and families.

(b) The designated funds are as follows:

	Partnership Drugs Initiative £'000	People in Place £'000	Henry Duncan Grants £'000	2017 Total £'000	2016 Total £'000
Balance at 1 January	532	75	1,017	1,624	1,462
Charitable activities expenditure	(431)	(167)	(1,000)	(1,598)	(1,488)
	101	(92)	17	26	(26)
Transfer from general funds	500	100	1,000	1,600	1,650
Balance at 31 December	**601**	**8**	**1,017**	**1,626**	**1,624**

Corra Foundation has designated funds to support the funds received from the Scottish Government and The Robertson Trust in relation to the Partnership Drugs Initiative as noted in Note 23(a). These are expected to be spent during 2018.

In addition, the Trustees designated £1,000,000 for the Henry Duncan Grants programme for 2018, £500,000 for PDI and £100,000 for People in Place.

25. Analysis of net assets between funds

	Group and Corra Foundation 2017		
	Fixed assets £000s	Net current assets £000s	Totals £000s
Restricted funds	-	2,319	2,319
Unrestricted funds	34	15,674	15,707
Designated funds	-	1,626	1,626
Totals	**34**	**19,619**	**19,652**

26. Capital commitments

	Group and Corra Foundation	
	2017	**2016**
	£000s	**£000s**
Commitments - contracted	39	-

27. Contingent asset

Lloyds Banking Group Limited Voting Shares

As at 31 December 2016, Corra Foundation held 15,747,236 limited voting shares of 25p each of Lloyds Banking Group plc, representing 19.46% of such shares in issue. The shares had no rights to dividend, had voting rights only in limited circumstances; and were convertible under certain circumstances into shares of Lloyds Banking Group plc, ranking equally with the Group's ordinary shares.

On 1 May 2017 the Annual General Meeting of Lloyds Banking Group agreed to dispense with the conditions attached to the Limited Voting Shares and agreed to their conversion to ordinary shares on 1 July 2017. On 4 July 2017 the converted shares were received by Corra Foundation's investment managers and were sold the same day. Net proceeds of £10,495,506 were transferred by the investment managers to Corra Foundation on 11 July 2017.

28. Volunteer time

Corra Foundation places great value on the contribution that volunteers make to the organisation.

Over the course of 2017, we benefitted greatly not only from the considerable time, energy and expertise given by the committed Board of Trustees, but other volunteers as well as those listed below.

- Euan Wright
- Partnership Drugs Initiative Steering Group
- Partnership Drugs Initiative Young Peoples Group
- Partnership Drugs Initiative Everyone Has a Story Group
- People in Place Advisory Group
- The Observers Group
- The Investors Group
- Cumnock Steering Group

29. Related Party Transactions

Since June 2015, Indigo, the Executive Chair of which was one of our Trustees until February 2017, has been providing Corra Foundation with approximately one day per month of pro-bono support plus additional advice and guidance on ad-hoc issues as and when required. The estimated value of this of £2,520 (2016: £8,400) is included in the financial statements as donated services (see Note 3).

Trustees were paid expenses, details of which are set out within Note 11.

Corra Foundation is a member of the Association of Charitable Foundations (ACF), the Scottish Grant Makers; and the Scottish Funders Forum.

This publication can be made available in large print on request.

Write to: Riverside House, 502 Gorgie Road, Edinburgh, EH11 3AF.
Telephone: 0131 444 4020
Email: hello@corra.scot
Or visit the website: www.corra.scot