

Company No. 1971241

# LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

## ANNUAL REPORT AND FINANCIAL STATEMENTS

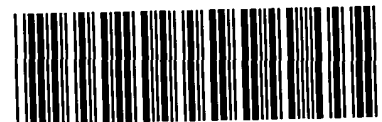
31 December 2014

**LLOYDS BANK FOUNDATION**  
for the Channel Islands



*At the heart of funding Channel Islands charities*

TUESDAY



\*A45A0Z5D\*

A09

14/04/2015

#23

COMPANIES HOUSE

CHAIRMAN'S REVIEW OF THE YEAR .....	- 3 -
TRUSTEES' REPORT .....	- 5 -
INDEPENDENT AUDITORS' REPORT .....	- 14 -
STATEMENT OF FINANCIAL ACTIVITIES .....	- 17 -
BALANCE SHEET .....	- 18 -
CASH FLOW STATEMENT .....	- 19 -
NOTES TO THE FINANCIAL STATEMENTS .....	- 20 -
REFERENCE AND ADMINISTRATIVE DETAILS .....	- 30 -

## CHAIRMAN'S REVIEW OF THE YEAR

This is my first report as Chairman of the Channel Islands Foundation. I should like to begin by thanking my predecessor, Stephen Jones, for his personal engagement and substantial contribution to the work of the Foundation.

Economic conditions in the Channel Islands remained subdued throughout the year, contributing to pressure on States budgets as well as increased demand for the services of the charities we support. There was an increase in applications and a corresponding fall in the approval ratio, partly attributable to a reduction in Bank funding. Nevertheless by drawing down some of our reserves we were able to maintain a grants programme totalling in excess of £750,000.

In addition to this we also provided a further sum of £47,000 to the Staff Matched Giving Scheme, bringing the total amount disbursed on behalf of the Foundation and Bank staff to over £800,000.

ISSUE	No of Grants	Grant £
Advice & Advocacy	1	20,000
Children & Young People	6	174,000
Community Support	4	84,500
Health including Mental Health	4	73,150
Offenders/Ex-offenders	1	24,000
Support for People with Disabilities	10	182,632
Victim Support	1	15,000
Training including employment & lifelong leaving	1	103,220
Support for Older People	1	25,000
Relationships including caring	2	53,000
<b>Total Grants</b>	<b>31</b>	<b>754,502</b>

In accordance with our stated objectives, the theme underlying our grants continues to be the relief of disadvantage in all its manifestations. Our role does not end once we have signed a cheque – it is important to us that recipients achieve the goals they have set themselves, and that funding is used wisely and prudently. We applaud the dedication of those, both paid and volunteers, working in local charities for the benefit of those who use them, and in many cases depend heavily on them.

**CHAIRMAN'S REVIEW OF THE YEAR (cont.)**

Throughout the year we have sought to ensure that public awareness of the Foundation and the work of Trustees is recognised throughout the Island communities and we are grateful to the local media for their support.

As in previous years we ran two very successful seminars, one in each of Guernsey and Jersey. These attracted strong attendances from representatives of a broad range of charities and helped to further highlight the crucial role we play in providing financial support to the third sector.

2015 will represent our 30<sup>th</sup> year of operation and we are already making plans to mark this milestone in our history. Our anniversary year comes at a time of continuing, indeed accelerating, change in the Channel Islands third sector, as States budgetary retrenchment threatens to conflict with rising demand for charitable support. On a positive note I welcome the news that following the passage of a new Charities Law, a Charities Commission is to be established in Jersey and this will provide protection for charities as well as introducing a level of light-touch regulation which I believe will further enhance governance standards in the sector.

I should like to thank all my colleagues on the Board of Trustees, as well as our Executive Director John Hutchins, whose tireless work on the Foundation's behalf should not go unrecognised. This year we welcomed to the Board Mr Timothy Cooke who is Chairman of both Lloyds Bank International Limited and Islands Director plus Mrs Katie Le Quesne, whose previous experience of the third sector, as well as of government and business, will be of great value. We have also benefited enormously from the operational and administrative support provided by our colleagues at the England and Wales Foundation, to whom I am most grateful.

Finally, none of the work we do would be possible without the unstinting support of The Lloyds Bank Group on which we are entirely reliant for our funding. We owe the Bank a special debt of gratitude for its continuing generosity.

**John Boothman**  
**Chairman of Trustees**

The Trustees, who are also Directors of the company, present their annual report and the audited financial statements for the year ended 31 December 2014, which have been prepared in accordance with "Accounting and Reporting by Charities Statement of Recommended Practice 2005", the Companies Act 2006, and the Charities Act 2011. The Trustees have taken into consideration the Charity Commission guidance on public benefit.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Governing document and constitution**

The Lloyds Bank Foundation for the Channel Islands was incorporated under and is regulated by its Memorandum and Articles of Association dated 13 December 1985 (as altered by Special Resolution on 17 March 1999, 2 December 2013 and 25 March 2014) as a company registered in the United Kingdom and limited by guarantee.

#### **Structure of the Foundation**

Of the nine Trustees, there is equal representation from the two main Islands, plus the Chairman. The names and roles of Trustees are provided on page 31 of the report.

The legal and accounting records are maintained in London.

### **Recruitment, appointment, induction and training of Trustees**

The Trustees are appointed by the Board of Lloyds Banking Group plc on the recommendation of the Foundation's Nomination Committee.

Applications for trusteeship are sought both through Island-wide networks and open competition. The Nomination Committee, which operates under specific terms of reference delegated from the Trustee Board, comprises at least three serving Trustees who consider nominations and interview candidates. The Foundation Board invites recommendations from the Committee and ratification is sought from Lloyds Banking Group before an appointment is made. Trustees normally serve for a three year period and may be re-appointed for one further three year term. Trustees' skills and outside interests are regularly reviewed, and prior to seeking a new Trustee the Nomination Committee reviews the composition of the Board to identify any specific skills required.

Newly appointed Trustees are provided with a comprehensive pack of induction materials, are normally invited to attend a Board meeting as an observer prior to their appointment, and are encouraged to visit beneficiary charities together with fellow Trustees or the Executive Director.

## ORGANISATIONAL STRUCTURE AND DECISION-MAKING

### The Board

The full Board of Trustees makes strategy and policy decisions and sets the annual budget. The Chairman has authority to approve grants of up to £5,000 per grant between Board meetings but apart from those, all grant decisions are made by the full Board of Trustees.

The Board meets three times a year (or more frequently if required), normally in March (incorporating the AGM), in June/July and October/November. Meeting venues normally alternate between Guernsey and Jersey.

The Executive Director is responsible for the day-to-day operation of the Foundation and has authority to incur administrative expenditure within the budget set by the Trustees. Initial assessment of applications and visits to applicants are undertaken by the Executive Director who is based in Jersey.

### Board Committees

There are three permanent Committees of the Board, which report fully on their meetings and other activities - the Nomination Committee, Audit Committee and Remuneration Committee each of which comprise a minimum of three Trustees. The Terms of Reference of these Committees are regularly reviewed by the Board.

The role of the **Audit Committee** is to satisfy itself that any financial statements published by the Foundation follow approved accounting principles and give a true and fair view of the Foundation's financial position. This includes examination and review of the Foundation's annual financial statements with the auditors prior to consideration by the full Board, and examination and review of reports prepared by the Lloyds Banking Group internal audit function. The Committee's remit also includes overseeing the Foundation's risk management procedures and monitoring investments held by the Foundation.

The Committee meets annually, to consider the report of the auditors and the annual report and financial statements prior to their presentation to the full Board. All members of the Committee normally attend meetings. The Committee satisfies itself as to the auditors' independence.

The role of the **Remuneration Committee** is to make recommendations to the Trustees concerning the broad policy framework for remuneration and the year-end review of Foundation staff. It determines the remuneration package and terms and conditions of the Executive Director (at present the sole paid employee) on appointment and recommends to Trustees his salary for the forthcoming year.

The Committee will consider salary related recommendations by the Executive Director, in the event of the appointment of additional staff.

## **Board Committees (cont.)**

The role of the **Nomination Committee** is to make recommendations to Lloyds Banking Group Board and the Board of Trustees on the appointment of new Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees. The process for the appointment of new Trustees is described, above, in the section headed "Recruitment, appointment, induction and training of Trustees".

## **Related parties**

The Foundation is related to Lloyds Banking Group plc and connected to the Lloyds Bank Foundations for England and Wales, for Northern Ireland and the Lloyds TSB Foundation for Scotland. A new Bank of Scotland Foundation was established in 2010. See Note 13 for details of transactions with these connected charities and related parties.

Each Foundation is directed by its own independent Board of Trustees.

## **Risk management**

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- An annual budget approved by the Trustees
- Regular consideration by the Trustees of financial results, variance from budgets
- Delegation of authority and segregation of duties
- Identification and management of risks
- Approval of grants by the Trustees

In respect of operational practices, a review of risks facing the Foundation is undertaken by the Board. Risks identified are prioritised in terms of potential impact and likelihood of occurrence, and the Trustees confirm that systems or procedures are in place to mitigate the significant risks identified. The review incorporated examination of the adequacy of the Foundation's internal controls. It is recognised that risk management is an ongoing activity involving all Trustees and staff, and is established as an annual agenda item for the Board and Audit committee.

The Trustees recognise that there is an increased risk associated with virtually all the income arising from a single source, the Lloyds Banking Group. The new funding agreement sets a floor for current and future year funding (£460,500). The Board of Trustees has agreed in principle to draw down reserves in order to maintain grant levels at an aggregate sum broadly in line with the trend of recent years, resulting in deficits of expenditure against income. This will cause a gradual deterioration in the financial position of the Foundation over the next few years.

## **OBJECTIVES AND ACTIVITIES**

The objects of the Foundation, as set out in the Memorandum of Association, are as follows:

The Lloyds Bank Foundation for the Channel Islands is established to do anything which is a charitable purpose according to the laws of England and Wales from time to time principally in, but not limited to, the Channel Islands including in particular (but without prejudice to the generality of the foregoing):

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

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

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

### **Aims, objectives, strategies and significant activities**

The aims of the Foundation are encapsulated in the mission statement:

*The Foundation's mission is to support charitable organisations which help people, especially those who are disadvantaged, to play a fuller role in communities throughout the Channel Islands.*

The Trustees' primary objective for the year was to continue to provide grants to support charities meeting a wide range of needs in the islands, in accordance with the Foundation's objects and through the following grant-making programmes:



**Aims, objectives, strategies and significant activities (cont.)**

Jersey	A responsive grant-making programme to support charities with beneficiaries in Jersey.
Guernsey	A responsive grant-making programme to support charities with beneficiaries in the Bailiwick of Guernsey, including Alderney and Sark.
Channel Islands-wide and UK	A responsive grant-making programme to support charities working across the Channel Islands as a whole and, normally in conjunction with the sister Lloyds Bank Foundations, in the UK.
Matched Giving Scheme	A scheme open to members of staff of Lloyds Banking Group based in the Channel Islands, to match fundraising efforts or voluntary time given to charities within the Foundation's guidelines.

A second objective was to continue to invest in the infrastructure of the voluntary sector through the provision of training and seminars.

A business plan covering 2014 – 17 was completed and approved by Trustees in 2014.

**ACHIEVEMENTS AND PERFORMANCE**

A review of the activities of the Foundation during the financial year is presented in the Chairman's Statement on page 3. The approved grants for the year, excluding Matched Giving, amount to £754,502 (2013: £881,296). The Trustees' assessment is that the Foundation achieved all of its objectives set for 2014 through its grant making activities. The full list of grants agreed is in Note 14 on pages 28 and 29.

All grants approved during 2014 fell within one or other of the two main objects of the Foundation: Education & Training, or Social & Community Needs.

	£
Grants in Jersey	361,852
Grants in Guernsey	360,500
Grants CI Wide and UK	32,150
<b>Total Approved Grants</b>	<b>754,502</b>
Staff Matched Giving Scheme	47,523
<b>Total Approved Grants and Matched Giving for 2014</b>	<b>802,025</b>

## **Financial position**

The Statement of Financial Activities on page 17 shows the income received under the Deed of Covenant with Lloyds Banking Group plc, together with the expenditure on the grant-making Programmes to pursue the Foundation's charitable objects. At 31st December 2014 the Foundation held reserves totalling £1,339,180 (2013: £1,658,329).

## **Grants**

The Foundation's policy is to support registered charities or those accorded charitable status by the Islands' tax authorities to help disabled or disadvantaged people to play a fuller role in communities throughout the Islands.

Guidelines are published and are also available on the Foundation's website [www.lloydsbankfoundationci.org.uk](http://www.lloydsbankfoundationci.org.uk) which set out the range of activities eligible for consideration. Currently the priorities identified by the Trustees as ones they wish to focus on within their overall objectives cover social and community needs with a particular emphasis on helping disabled people to lead independent lives, the prevention of substance misuse and rehabilitation of sufferers, homelessness - in particular helping to get homeless people back into mainstream society, and the needs of disadvantaged children and their parents.

Applications are reviewed against criteria to determine if they fit within the policy of the Foundation, to assess the financial viability of the applicant charity and of the particular project, and the capacity of the charity to complete the proposed work.

Grants are agreed by the Trustees for a one, two or three year period, and monitored on an annual basis.

The Foundation has adopted a policy of grant recognition for accounting purposes which recognises the total grant in the year it was approved in accordance with the criteria set out on page 21. This increases the transparency in terms of grant commitment and means that should the income be reduced in any one year, then the charitable expenditure can also be reduced. In the medium term, if the financial position of the Foundation deteriorated significantly over a number of years or there was a significant one-off loss then changes in approach to grants and reserves procedures would be implemented in accordance with the policy on page 11.

## **Investments**

The Trustees have agreed that surplus funds are placed on short term deposits with Lloyds Banking Group.

## **Reserves**

As at the 31 December 2014 the Foundation's unrestricted reserves were £1,339,180 (2013: £1,658,329). The Trustees have agreed to utilise reserves over the next four years to make up for the fall in external funding, however sufficient reserves will be maintained to ensure:

- a) a cushion against a potential future reduced level of income, so that the Foundation can continue to operate; and
- b) the settlement of non-grant expenditure before the next year's income is received (for cash flow purposes).

The reserves will be placed on deposit.

## **FUTURE INCOME**

In December 2013 the Foundation entered into a new nine year rolling agreement with Lloyds Banking Group. From 2014, the Foundation is to receive 0.01535% of the Group's profits/losses, averaged over three years, subject to a minimum amount of 3.07% of £15 million and a maximum amount of 3.07% of £50 million. This secures the Foundation's funding over the long term, albeit at a lower level than in recent years. The anticipated 2015 funding from Lloyds Bank Group is £460,500.

## **PLANS FOR FUTURE PERIODS**

### **Future activities**

The Foundation will continue to make grants to charities helping disadvantaged people play a fuller role in the community through the same grant-making programmes established in 2011, and will continue to support the voluntary sector through the provision of information and training. The Foundation is committed to delivering its core objectives and supporting those charities with sustainable activities, measured against identifiable outcomes.

The Trustees have agreed the following objectives:

- 1. To allocate the Foundation's income in support of a wide range of charitable activities helping disabled or disadvantaged people throughout the Channel Islands.
- 2. To monitor all grants and to evaluate and learn from grants made, to consider the Foundation's future grant-making and policy development in the voluntary sector as appropriate.

## **PLANS FOR FUTURE PERIODS (cont.)**

3. To continue to invest in the infrastructure of the voluntary sector in the Islands, providing opportunities for Trustees and paid staff in the Islands to attend relevant training events, and to organise an annual seminar on a subject of interest to Trustees and paid staff in the voluntary sector.
4. To continue to work closely with the other Lloyds Bank Foundations and The Bank of Scotland Foundation.
5. To operate in an open, transparent and accessible manner for all applicants and potential applicants and to operate efficiently and cost-effectively.
6. To liaise with the Lloyds Banking Group plc based in the Bailiwicks of Guernsey and Jersey to consider joint projects which may be mutually beneficial, and within the guidelines of the Channel Islands Foundation.

## **TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of Lloyds Bank Foundation for the Channel Islands 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 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;
- 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 business.

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. 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.

**TRUSTEES' RESPONSIBILITIES (cont.)**

In so far as the Trustees are aware:

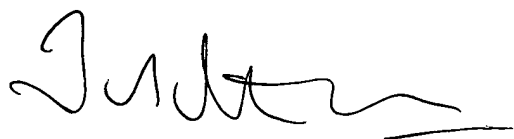
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITORS**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Foundation will be proposed at the annual general meeting.

This report was approved by the Board of Trustees on 27 March 2015 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'John Boothman', with a horizontal line underneath.

**John Boothman**  
**Chairman of Trustees**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS BANK  
FOUNDATION FOR THE CHANNEL ISLANDS**

**Report on the financial statements**

**Our Opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

**What we have audited**

The financial statements, which are prepared by Lloyds Bank Foundation for the Channel Islands comprise:

- the balance sheet as at 31 December 2014;
- the statement of financial activities for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS BANK  
FOUNDATION FOR THE CHANNEL ISLANDS (cont.)**

**What an audit of financial statement involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Other matters on which we are required to report by exception**

**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

**Trustees' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LLOYDS BANK  
FOUNDATION FOR THE CHANNEL ISLANDS (cont.)**

**Entitlements to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' Annual Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.

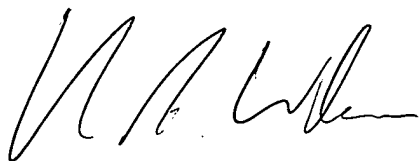
**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the Trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 12 and 13, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charitable company's members and Trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Kevin Williams (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 March 2015



**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 DECEMBER 2014**

		2014	2013
	Note	£	£
<b>Incoming resources</b>			
Incoming resources from generated funds			
Covenanted income	13b	530,500	1,074,500
Investment income	13b	20,691	36,791
Other incoming resources	2	6,000	6,000
<b>Total incoming resources</b>		<b>557,191</b>	<b>1,117,291</b>
 <b>Resources expended</b>			
Charitable activities	4a	860,514	964,815
Investment Management Costs	13b	-	4,800
Governance costs	4d	15,826	17,923
<b>Total resources expended</b>		<b>876,340</b>	<b>987,538</b>
Net (outgoing)/incoming resources before other recognised gains and losses		(319,149)	129,753
<b>Other recognised gains and losses</b>			
Net gain in market value of investments		-	6,265
Net income/ (expenditure) for the year		(319,149)	136,018
 <b>Reconciliation of Funds</b>			
Fund balances brought forward at 1 January		1,658,329	1,522,311
<b>Fund balances carried forward 31 December</b>		<b>1,339,180</b>	<b>1,658,329</b>

The statement incorporates the Income and Expenditure account.

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

There is no material difference between the net movement in funds stated above and their historical cost equivalents.

The notes on pages 20 to 29 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

Company Registration  
1971241

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	6	993	1,136
<b>Current assets</b>			
Debtors	8	4,159	13,518
Cash at bank and in hand		1,742,232	2,176,368
Total current assets		1,746,391	2,189,886
<b>Creditors: amounts</b>			
falling due within one year	9	(355,915)	(404,974)
<b>Net current assets</b>		1,390,476	1,784,912
<b>Total assets less current liabilities</b>		1,391,469	1,786,048
<b>Creditors: amounts</b>			
falling due after one year	10	(52,289)	(127,719)
<b>Net Assets</b>		<b>1,339,180</b>	<b>1,658,329</b>
<b>The funds of the Charity:</b>			
<b>Unrestricted income funds/Total charity funds</b>	11	<b>1,339,180</b>	<b>1,658,329</b>

The financial statements on pages 17 to 29 were approved by the Trustees on 27 March 2015 and signed on their behalf by:



**John Boothman**  
**Chairman of Trustees**

The notes on pages 20 to 29 form part of these financial statements.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2014

**CASH FLOW STATEMENT**  
**YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
<b>Net cash (outflow) / inflow from operating activities</b>	a	(454,827)	65,297
<b>Returns on investment and servicing of finance:</b>			
Bank interest receivable		20,691	21,542
<b>Capital expenditure and financial investment</b>			
Sale of Investments		-	1,117,959
<b>(Decrease) / Increase in cash</b>	b	(434,136)	1,204,798

**a) Reconciliation of net income to net cash (outflow)/inflow from operating activities**

	2014 £	2013 £
Net (outgoings)/income for the year	(319,149)	129,753
Bank interest	(20,691)	(21,542)
Investment income	-	(15,249)
Investment management fee settled within fund	-	4,800
Depreciation charges	143	144
Decrease in debtors	9,359	1,408
(Decrease) in creditors	(124,489)	(34,017)
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(454,827)</b>	<b>65,297</b>

**b) Analysis of changes in cash during the year:**

	Cash flow		
	2013 £	2014 £	2014 £
<b>Cash at bank</b>	<b>2,176,368</b>	<b>(434,136)</b>	<b>1,742,232</b>

The notes on pages 20 to 29 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### **Basis of preparation**

The financial statements have been prepared on a going concern basis under the historical cost convention, modified by a revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Statement of Recommended Practice - Accounting and Reporting by Charities 2005 (SORP 2005), and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

#### **Fund accounting**

The Foundation's unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

#### **Valuation of assets**

Tangible assets are valued at historic cost less accumulated depreciation.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful lives of the assets concerned. The rate used for computer equipment and software is 33% per annum. The rate used for Office Equipment is 10% per annum.

#### **Income**

All income is recognised on an accruals basis.

#### **Donated services**

Donated services are recognised, at the value that the Foundation would pay for these services where this can be quantified and a third party is bearing the cost.

#### **Recognition of expenditure**

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay.

#### **Taxation**

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Foundations primary objects, if these profits are applied solely for charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**1. ACCOUNTING POLICIES (cont.)**

**Grants payable**

Grants, both single and multi-year, are recognised in the financial statements as liabilities once they have been approved by the Trustees, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation. In these circumstances there is a valid expectation by the recipients that they will receive the grant.

**Allocation of costs**

Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Support costs are allocated between charitable programmes and governance, on the basis of estimated time spent by staff. Governance costs comprise all costs involving the public accountability of the charity and of compliance with regulation and good practice.

**Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities (SOFA), or capitalised as part of the cost of the related asset, where appropriate.

**2. OTHER INCOMING RESOURCES**

	2014	2013
	£	£
Donated Services – Audit	6,000	6,000

**3. GRANTS PAYABLE**

The table below shows reconciliation between grant amounts approved during the year and amounts paid during the year.

	2014	2013
	£	£
<b>Reconciliation of grants payable</b>		
Amounts Outstanding at 1 January	501,523	528,863
Grants approved in the year*	754,502	881,296
Grants cancelled	-	(8,000)
Grants payable for the year	754,502	873,296
Grants paid during the year	(885,584)	(900,636)
<b>Amounts outstanding at 31 December</b>		
<b>(Note 9&amp;10)</b>	<b>370,441</b>	<b>501,523</b>

\* Does not include Matched Giving

A full list of Approved Grants for 2014 is set out in Note 14 on pages 28 and 29.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2014  
**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**4. ANALYSIS OF RESOURCES EXPENDED**

a) Charitable activities

	<b>Grants</b>	<b>Support Costs</b>	<b>Total 2014</b>	<b>Total 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Grant programmes</b>				
Jersey	361,852	22,590	384,442	424,082
Guernsey	360,500	22,590	383,090	486,286
CI-wide and UK	32,150	508	32,658	5,473
Matched Giving	47,523	5,076	52,599	41,551
<b>Investment in infrastructure</b>				
Training and seminars	-	7,725	7,725	7,423
<b>Total</b>	<b>802,025</b>	<b>58,489</b>	<b>860,514</b>	<b>964,815</b>

Support costs have been allocated on the basis of time spent by staff on each of the grant programmes.

b) Support costs

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Staff costs	37,850	37,001
Other costs	20,639	17,694
<b>Total</b>	<b>58,489</b>	<b>54,695</b>

c) Staff Costs

The monthly average number of persons employed by the Foundation during the year was one (2013: one) - Executive Director.

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	35,525	34,725
Social Security costs	2,325	2,276
<b>Total</b>	<b>37,850</b>	<b>37,001</b>

**4. ANALYSIS OF RESOURCES EXPENDED (cont.)**

d) Governance costs

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Company Secretary	7,000	7,000
Audit fee (Donated service)	6,000	6,000
Trustee costs	2,826	4,923
<b>Total</b>	<b>15,826</b>	<b>17,923</b>

Company Secretary costs represent the sum payable to the Lloyds Bank Foundation for England and Wales in respect of time spent by that Foundation's Company Secretary for administration of the Foundation for the Channel Islands.

The Auditors are appointed on an honorary basis. The value of the audit has been included in Incoming Resources as a Donated services and as Audit Fee in Governance costs.

The Trustees, who are also the directors of the Company, received no remuneration during the year. Nine Trustees received reimbursed expenses relating to travel and subsistence totalling £2,826 (2013: £4,923 nine Trustees).

**5. EMPLOYEE EMOLUMENTS**

No employee received emoluments in excess of £60,000.

**6. TANGIBLE ASSETS**

	<b>Computer equipment and software £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2014	5,278	1,435	6,713
At 31 December 2014	5,278	1,435	6,713
<b>Accumulated Depreciation</b>			
At 1 January 2014	5,278	299	5,577
Charge for the year	-	143	143
At 31 December 2014	5,278	442	5,720
<b>Net book value</b>			
At 1 January 2014	-	1,136	1,136
At 31 December 2014	-	993	993

## 7. INVESTMENTS

### Limited Voting Shares

The Foundation holds 2,423,684 limited voting shares of 10p each of Lloyds Bank Group plc at 31 December 2014. The Foundation cannot sell these shares in the open market and as a result the shares have been valued at nil market value. The shares have no rights to dividend, have voting rights only in limited circumstances, and may be converted into ordinary shares of Lloyds Banking Group plc in either of the following circumstances.

- a) Where a Deed of Covenant is in force in favour of a holder of limited voting shares, on the day following the termination of that Deed of Covenant in consequence of the expiry of notice of termination given by Lloyds Banking Group plc ("the Group") or the commencement of the winding-up of the Company.

For this purpose, "Deed of Covenant" includes each of the three Deeds of Covenant and, in relation to each (Lloyds Bank Foundation for the Channel Islands, Lloyds Bank Foundation for England & Wales, Lloyds Bank Foundation for Northern Ireland) extends to include any agreement or agreements substituted for that Deed of Covenant, in favour of the holder of limited voting shares benefited thereby or any transferee of that holder's limited voting shares, in terms considered by the directors of the Group to be no less favourable (taking such agreements together if more than one) to the payee or payees under the new agreement or agreements. Lloyds TSB Foundation for Scotland also has a Deed of Covenant.

- b) If an offer is made to ordinary shareholders of the Group to acquire the whole or any part of the issued share capital of the Group and the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting becomes or is certain to become vested in the offeror and/or persons controlled by and/or acting in concert with the offeror.

The shares so converted will carry the right to receive dividends and other distributions declared, made or paid on the ordinary share capital of the Group by reference to a record date on or after the conversion date, and will rank *pari passu* in all other respects with the then existing fully paid ordinary shares.

## 8. DEBTORS

	2014	2013
	£	£
Prepayments	100	472
Accrued Income	4,059	13,046
<b>Total</b>	<b>4,159</b>	<b>13,518</b>



LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2014  
**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**9. CREDITORS: amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Grants outstanding (Note 3)	318,152	373,804
Accruals and Deferred income	29,154	23,881
Other creditors	8,609	7,289
<b>Total</b>	<b>355,915</b>	<b>404,974</b>

**10. CREDITORS: amounts falling due after one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Grants outstanding (Note 3)	52,289	127,719
<b>Total</b>	<b>52,289</b>	<b>127,719</b>

**11. MOVEMENT IN FUNDS**

	<b>Balance at</b>	<b>Movement in resources</b>		<b>Balance at</b>
	<b>1 Jan 2014</b>	<b>Incoming</b>	<b>Outgoing</b>	<b>31 Dec 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted Funds	1,658,329	557,191	(876,340)	1,339,180

**12. GUARANTEE COMPANY**

The Foundation is a company limited by guarantee not having a share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees who are also members at 31st December 2014 was nine (2013: nine).

### **13. RELATED PARTY TRANSACTIONS**

#### **a) Connected Foundations**

The following Foundations are connected, having common and related objects:

Lloyds Bank Foundation for England and Wales  
Pentagon House,  
52-54 Southwark Street,  
London SE1 1UN

Lloyds TSB Foundation for Scotland  
Riverside House  
502 Gorgie Road  
Edinburgh EH11 3AF

Lloyds Bank Foundation for Northern Ireland  
The Gate Lodge  
73a Malone Road  
Belfast BT9 6SB

Bank of Scotland Foundation  
The Mound  
Edinburgh  
EH1 1YZ

The Foundation paid £7,000 (2013: £7,000) to Lloyds Bank Foundation for England and Wales in respect of time spent by that Foundation's Company Secretary for administration of the Foundation for the Channel Islands.

#### **b) Related company**

The Foundation is related to Lloyds Bank Group plc as it derives its revenue primarily from Lloyds Bank Group plc. In December 2013 a new funding agreement was entered into with Lloyds Bank Group plc and from 2014 the Foundation is to receive a share of Lloyds Bank Group plc profits subject to a minimum amount of £460,500 and a maximum amount of £1,535,000 as described on page 11.

The following transactions took place with Lloyds Bank Group, and the following balances were held with Lloyds Bank Group at the year end:

The Foundation received £530,500 (2013: £1,074,500) under deed of covenant.

**13. RELATED PARTY TRANSACTIONS (cont.)**

The Foundation received Income of £20,691 (2013: £36,791) from Bank Interest from Lloyds Bank Group of which £Nil (2013: £15,249) was generated from a portfolio of Eurobonds managed by Lloyds Bank Offshore Limited. Management fees of £Nil (2013: £4,800) were paid to Lloyds Bank Offshore Limited.

At 31 December 2014 there was a cash balance with The Lloyds Bank Group of £1,742,232 (2013: £2,176,368).

Salary and social security costs of £36,063 (2013: £36,630) were paid by Lloyds Bank Offshore Limited and recharged to the Foundation. There is no processing fee charged for this service.

**14. LIST OF APPROVED GRANTS FOR 2014**

<b>Guernsey</b>	<b>£</b>	
Guernsey Alcohol and Drug Abuse Council	15,000	The cost of refurbishing the bedrooms and kitchen
Guernsey Bereavement Service	20,000	The salary of the Service Co-ordinator
Guernsey Cheshire Home	50,000	The salary of the Home Manager
Guernsey Disability Alliance	15,000	The cost of the first phase of the Disability and Inclusion Strategy
Guernsey Voluntary Service	14,500	The salary costs of the Jubilee Day Centre Manager and Russels Day Centre Manager
Guernsey Mencap	10,000	The cost of the Befriender Co-ordinator
Wigwam Support Group	21,000	The salary of a Family Support Worker
The Alderney Skate Fundraising Charitable Trust	15,000	The purchase of skate park equipment
Every Child Our Future	60,000	The cost of training four further reading recovery teachers
Guernsey Women's Refuge	15,000	Supporting the staffing levels of the charity
The Male Uprising in Guernsey Charitable Foundation	30,000	Funding a male cancer nurse specialist in Guernsey
St Matthew's Community Centre LBG	25,000	The provision of full disabled facilities to meet current health and safety requirements
Young People Guernsey	70,000	The running costs of the centre for 11 – 16 yr olds
<b>Total Approved Grants for Guernsey - 13 donations</b>	<b>360,500</b>	

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2014  
**NOTES TO THE FINANCIAL STATEMENTS (cont.)**

**14. LIST OF APPROVED GRANTS FOR 2014 (cont.)**

<b>Jersey</b>	<b>£</b>	
Christian Portuguese Mission	6,000	For disabled facilities
Friends of the Bridge	30,000	The running costs of the Friends of the Bridge Cafe
Headway Jersey	16,842	Art therapy sessions
Jersey Citizens Advice Bureau Limited	20,000	The salary of a National Advice Worker
Little Sisters of the Poor Jersey	25,000	The exterior decor of the building and renewal of windows
St John Ambulance Jersey	30,000	The salary of the Schools Liaison Officer
Band of the Island of Jersey	10,000	The purchase of equipment and instruments
Jersey Community Relations Trust	25,000	The salary of a Counsellor
Jersey Employment Trust	103,220	The salary costs of Acorn Workshack
Jersey Scout Association	5,000	Contribution towards attending The 2015 Word Scout Jamboree
Love Matters	30,000	Towards the operating costs of the charity
Family Nursing and Home Care (Jersey) Inc.	28,000	The provision of family support services for Samares and Le Squez
Music in Action	13,300	The running the Education Outreach and music therapy
The Opera House Charitable Trust	6,490	Installing a loop system for the hard of hearing to enjoy the Opera House
St John Youth & Community Trust	3,000	Completing the children's play area
The Zannah Trust	10,000	The cost of bringing expertise to the Island
<b>Total Approved Grants for Jersey - 16 donations</b>	<b>361,852</b>	
<b>CI Wide and UK</b>	<b>£</b>	
Music in Hospitals	8,150	The cost of 50 concerts in the Channel Islands
Prisoners Education Trust	24,000	Providing prisoners at HMP La Moye with skills to be used on release
<b>Total Approved Grants for CI Wide and UK - 2 donation</b>	<b>32,150</b>	
<b>TOTAL GRANTS 31</b>	<b>754,502</b>	

**REFERENCE AND ADMINISTRATIVE DETAILS**

Registered Charity Number	327113
Company Limited by Guarantee	1971241
Registered office	Pentagon House 52-54 Southwark Street London SE1 1UN
Correspondence Address (UK)	Pentagon House 52-54 Southwark Street London SE1 1UN
Correspondence Address (CI)	PO Box 160 25 New Street St Helier Jersey JE4 8RG
Email	<a href="mailto:JHutchins@lloydsbankfoundation.org.uk">JHutchins@lloydsbankfoundation.org.uk</a>
Website	<a href="http://www.lloydsbankfoundationci.org.uk">www.lloydsbankfoundationci.org.uk</a>
Bankers	Lloyds Bank Offshore Limited 25 New Street St Helier Jersey JE4 8RG
Auditors	PricewaterhouseCoopers LLP, 1 Embankment Place London WC2N 6RH

## **TRUSTEES**

The Trustees who were in office during the year and up to the date of signing the financial statements were:

John Boothman	Chairman
Jurat Stephen Jones	Retired March 2014
Patricia Tumelty	
Jurat Dr John Ferguson	
Simon Howitt	
Sarah Bamford	
Andrew Dann	
Tim Cooke	From January 2014
Mike Starkey	
Kathryn Le Quesne	From April 2014

Membership of Board Committees between 1 January 2014 and 31 December 2014 is as follows:

### **Audit Committee**

Andrew Dann	Chairman
Jurat Dr John Ferguson	
Tim Cooke	From January 2014

### **Nomination Committee**

John Boothman	Chairman
Patricia Tumelty	
Jurat Dr John Ferguson	
Simon Howitt	
Tim Cooke	From January 2014

### **Remuneration Committee**

Patricia Tumelty	Chairman
Sarah Bamford	
Mike Starkey	

### **Officers**

Executive Director	John Hutchins
--------------------	---------------