



LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

2019

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COMPANIES HOUSE

Helping the Channel Islands Prosper

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

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LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

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)	Sarnia House Le Truchot St Peter Port Guernsey GY1 4EF
Email	JLePoidevin@lloydsbankfoundation.org.uk
Website	www.lloydsbankfoundationci.org.uk
Bankers	Lloyds Bank International Limited 11-12 Esplanade St Helier Jersey JE2 3QA
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Investment Managers	Cazenove Capital Regency Court Glatigny Esplanade St. Peter Port Guernsey GY1 3UF

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

REFERENCE AND ADMINISTRATIVE DETAILS (cont.)

TRUSTEES

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

Kathryn Le Quesne	Chair
Michael Starkey	Vice Chair Until 8 November 2019
Timothy Cooke OBE	Until 31 December 2019
Jurat David Hodgetts LVO	
Alison Le Feuvre	Until 30 September 2019
John Henwood MBE	
Advocate Gavin Ferguson	
Heather MacCallum	
Richard Musty	Until 3 February 2020
Tracey Johnson	From 1 December 2019
Neil Fellows	From 1 January 2020
Brian Heath MBE	From 1 February 2020

Executive Director

Johanna Le Poidevin

CHAIR'S REVIEW OF THE YEAR

A year ago, we said we would continue to develop ways of being more responsive and supportive to the charities in the Channel Islands which do so much outstanding work to strengthen our communities. I believe that in the last 12 months we have done just that, and it gives me great pleasure to introduce this report on the activities of Lloyds Bank Foundation for the Channel Islands in 2019.

Our entire mission and purpose is to support people who face challenge and disadvantage in Bailiwicks of Jersey and Guernsey by strengthening and supporting the charities which help them. We do this by (a) investing in those charities' activities through grant funding (b) introducing specialist business development advice to charities through our Lloyds Bank mentors (c) education and training offered both at our annual seminars and (to come in 2020) through made to measure courses in understanding outputs, outcomes and impact (d) strengthening relationships with other charitable funders and with governments in both Bailiwicks and (e) by matching £ for £ the fantastic fund-raising activities of Lloyds Bank colleagues, who have their own insights and intelligence into the needs of charities in the islands.

Explaining what we do illustrates the changes we have made in recent years. We have developed so that we do not simply respond to applications for grant funding but listen and look for opportunities to support the charitable sector and, where necessary, we will alter what we do to achieve our purpose.

The world has changed in recent years. The issues facing communities have grown bigger and more complex and the capacity of government to respond to those issues is limited, because of spending cuts and stagnant economic growth. Foundations such as ours are uniquely well placed to work more closely with government. We can take risks in funding new, preventative services identified by our charity partners which promise to reduce the issues downstream, in the future.

But while we scan the horizon for new opportunities to support people in the Channel Islands who need help, we adhere firmly to our core purpose, which is to respond to requests for grant funding from local charities. In 2019 we invested £909,647 in grants to charities in Jersey, Guernsey and Alderney and more detail can be found in note 14 (2018 £925,766). Everything we do is made possible through the generosity of Lloyds Banking Group plc and in 2019 we received covenant income of £775,513 (2018 £554,183) plus an additional £15,350 (2018 £50,468) specifically to support mental health and wellbeing and £75,000 (2018 £75,000) towards the Foundation's administrative costs. Our reserves and investments allow us to supplement this income and I am grateful to fellow trustees who diligently oversee the positioning and performance of these funds.

Our Board of Trustees is made up of individuals who give generously of their energy, time and expertise. They are unstinting in their work and their contribution is great. One of the features of the Foundation is the regular refreshment of board membership and while there are obvious benefits in bringing new energy and ideas there is sadness too when respected colleagues stand down at the end of their term. We have just seen the retirement of Tim Cooke and Mike Starkey, who were both appointed at the turn of 2013/14 and for six years played very full and demanding roles in supporting the Foundation. Their wisdom and knowledge benefitted the Board greatly.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

CHAIR'S REVIEW OF THE YEAR (cont.)

We also bid farewell to Ally Le Feuvre, who retired after three years because of ill health. Ally's knowledge and experience of working with young people with learning disabilities had been very valuable to the Board and helped our decision making enormously.

We are very fortunate to be supported by Executive Director Jo Le Poidevin. I am quite clear that Lloyds Bank Foundation for the Channel Islands' reputation benefits enormously from her skill, thoughtfulness, energy and the respect in which she is held throughout the Channel Islands.

All grants during 2019 (excluding cancelled grants and Matched Giving) fell within one or other of the two main objects of the Foundation: Education and Training, or Social and Community Needs.

Issue	2019 No. of Grants	2019 Grants £	2018 No. of Grants	2018 Grants £
Health including Mental Health	10	292,793	7	219,238
Support for Children and Young People	4	170,896	1	29,850
Support for People with Disabilities	3	155,831	5	169,512
Community Support	5	148,503	6	190,500
Victim Support	2	80,520	1	45,000
Support for Older People	1	35,161	1	19,890
Offenders / Ex-offenders	1	25,000	1	32,000
Training, employment and lifelong learning	-	-	4	129,390
Relationships including caring	-	-	3	90,386
Other funding	-	943	-	-
Total Grants	26	909,647	29	925,766



Kathryn Le Quesne
Chair of Trustees
6 May 2020

TRUSTEES' REPORT AND STRATEGIC REVIEW (Incorporating the Directors' Report)

The Trustees, who are also Directors of the company, present their annual report and the audited financial statements for the year ended 31 December 2019, which have been prepared in accordance with Charities SORP FRS 102 (second edition – October 2019), 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 representation from the two main Islands, plus the Chair. The names and roles of Trustees are provided on page 4 of this report.

The legal and accounting records are maintained in London. All administrative details are included on page 3.

Recruitment, appointment, induction and training of Trustees

The list of Trustees covers the year to 31 December 2019 and up to the date of signing the financial statements. Their appointments are ratified by Lloyds Banking Group plc's Nomination and Governance Committee 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.

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, - and are encouraged to visit beneficiary charities together with fellow Trustees or the Executive Director.

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

ORGANISATIONAL STRUCTURE AND DECISION-MAKING

The Board

The full Board of Trustees makes strategy and policy decisions and sets the annual budget. The Chair has authority to approve grants 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), July and 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, visits to applicants and monitoring visits of grant holders are undertaken by the Executive Director who is based in Guernsey, and frequently travels between the Islands.

Board Committees

There are three permanent Committees of the Board, which report fully on their meetings and other activities - the Nomination Committee, Audit and Investment 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 and Investment 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 plc 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 her salary for the forthcoming year. Pay setting is calculated by research on market indicators.

The role of the **Nomination Committee** is to make recommendations to the Board of Trustees and Lloyds Banking Group plc Nomination and Governance Committee on the appointment of new Trustees, giving due consideration to the balance of skills, interests and experience on the Board of Trustees.

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

The process for the appointment of new Trustees is described, above, in the section headed "Recruitment, appointment, induction and training 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 incorporates 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 agenda item for the Board and Audit and Investment Committee.

The Trustees recognise that there is a risk associated with virtually all the income arising from a single source, Lloyds Banking Group plc. The current funding agreement sets a floor for current and future years funding at £460,500. The Board of Trustees has agreed in principle to utilise reserves to maintain grant giving at a level in line with recent years. This will cause a gradual reduction in reserves over the next few years.

Related parties

The Foundation is related to Lloyds Banking Group plc and connected to the Lloyds Bank Foundation for England & Wales, Halifax Foundation for Northern Ireland, the Corra Foundation (Lloyds TSB Foundation for Scotland) and the Bank of Scotland Foundation which 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.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

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:

Jersey	A responsive grant-making programme to support charities with beneficiaries in the Bailiwick of 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 is open to members of staff of Lloyds Banking Group plc 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 mentoring and training programmes.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

ACHIEVEMENTS AND PERFORMANCE

A review of the activities of the Foundation during the financial year is presented in the Chair's Review of the Year (page 5).

The Foundation's performance in respect of the primary objective was as follows;

- The grant expenditure approved in the year, excluding Matched Giving and cancelled grants, amounted to £909,647 (2018: £925,766). No grants were approved by the Chair between Board meetings.
- There were 12 grants for Jersey and 14 for Guernsey based charities
- 31 charities received donations under the Matched Giving scheme

The Foundation's performance in respect of the Second objective was

- Arranged for mentoring and support visits to charities from Lloyds banking Group staff
- Ran two seminars for charities on Measuring Impact and Digital Know-How

Public benefit

In reviewing our aims, objectives and planning for future activities, the Trustees have taken into account the Charity Commission's general guidance on public benefit. The Trustees always ensure that the activities undertaken are in line with the charitable objectives and aims of the Lloyds Bank Foundation for the Channel Islands.

FINANCIAL REVIEW

Income

In December 2013 the Foundation entered into a new nine-year rolling agreement, the covenant, with Lloyds Banking Group plc. From 2014, the Foundation receives 0.01535% of the Group's profits, averaged over three years, subject to a minimum amount of 3.07% of £15 million (£460,500) and a maximum amount of 3.07% of £50 million (£1,535,000). This secures the Foundation's funding over the long term.

The Foundation's income for 2019 was £905,010 (2018 : £769,833), an increase of 18%. In addition to the covenant income of £775,513 (2018: £554,183) the Foundation received £75,000 (2018: £75,000) to cover a proportion of operating expenses and £15,350 (2018: £50,468) in restricted funding from Lloyds Banking Group plc for mental health projects on the Islands.

The other source of income was interest and dividends of £30,647 (2018: £82,748). In addition to the dividend income the Foundation's investments generated unrealised gains of £180,078. This compares to the unrealised loss of £345,714 in 2018 when the investments were predominantly in Lloyds Banking Group shares.

Expenditure

Charitable expenditure for the year by the Foundation was £982,569 (2018: £1,021,252). This resulted in a surplus of £102,519 compared to the deficit for the 2018 of £597,133 when the Trustees decided to utilise reserves for grant making.

The anticipated 2020 funding from Lloyds Banking Group plc is £784,368 per the covenant plus an amount to cover a proportion of operating costs.

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

Grants

The Foundation's policy is to support registered charities or those accorded charitable status by States of Guernsey Revenue Services and Jersey's Charity Commission 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 which set out the range of activities eligible for consideration. Currently the priorities identified by the Trustees as those they wish to focus on within their overall objectives cover

- People with health issues or a disability - supporting charities which create opportunities for people with health issues or a disability to live and work independently.
- People experiencing homelessness - helping charities which provide accommodation and support for people who are homeless and support their return into society.
- People with dependency on alcohol or drugs - supporting charities providing education and rehabilitation for people who misuse alcohol and drugs.
- Carers - helping charities providing support, training, and respite care.
- Challenging disadvantage and discrimination - helping charities who challenge discrimination and stigma and promote equality of opportunity for all.
- People with literacy problems - supporting learning programmes for people disadvantaged by poor education and literacy.
- People affected by domestic violence - supporting charities who help prevent and protect people from abusive relationships.
- People leaving institutional care to live independently – helping charities providing support and accommodation for people who are getting back into society, maybe after leaving care or prison.

We support charities which demonstrate good governance and sustainable activities measured against identifiable outcomes. 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 for accounting purposes which recognises the total grant in the year in which it is approved (see note 1 for relevant accounting policy). This increases the transparency in terms of grant commitment and means that existing grants are not impacted by future income (because provision has been made up-front for payments due in years two and three). In the medium term, if the financial position of the Foundation deteriorated significantly over a number of years then changes in levels of grant-making may be considered.

Reserves

As at 31 December 2019 the Foundation's unrestricted reserves were £1,842,827 (2018: £1,740,308). The increase in reserves resulted from the higher than expected investment gains. The Trustees require the Foundation to retain sufficient reserves to ensure:

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

Reserves (Continued)

- a) a cushion against a potential future reduced level of income, so that the Foundation can continue to operate; and
- b) the settlement of 12 months operating costs (for cash flow purposes).

The current balance of reserves is 15 times greater than the reserves policy requirement of 12 months operating costs which, based on the budget for 2020 is £145,000 (2018 £125,000).

Over time, income from Lloyds Banking Group plc is expected to increase in line with profitability. To the extent this is delayed and if necessary, to maintain the reserves policy, the Foundation will adjust grant expenditure.

Investments

In order to manage investment risk, the Board of Trustees appointed Cazenove Capital as investment manager.

The investment criteria reflect the ethical policies and risk appetite of the Foundation. The Trustees aim to keep at least 70% of the assets in investments that can be realised within three months.

The Foundation's principal funds are invested in a diverse portfolio with a low to medium risk appetite which is focussed on capital growth, comprising of multi class assets and currencies.

The asset allocation at 31 December and performance for the year was as follows;

	Assets	Return	Assets	Return
	2019	2019	2018	2018
	£'000	%	£'000	%
Equities	955	22.8	626	(9.5)
Bonds	449	6.4	276	0.2
Alternative investments	442	11.7	239	(0.5)
Multi-asset funds	-	1.4	39	(1.5)
Cash	186	0.1	159	(0.1)
Total	2,032	13.8	1,339	(6.0)

The portfolio does not contain any direct investment in equity and bonds. All investments are made through collective investment funds (such as OIECs, SCIAVs and UCITSs). These investments totalling £1.4 million are regarded as Level 2 investments in accordance with Section 34 of FRS 102. The funds individually invest in listed securities and the valuations are provided by the fund manager based on the fair value of each security.

The alternative investments are regarded as Level 2 investments except for the structured products which are regarded as Level 1, are made up as follows

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

Investments (Continued)

Alternative investments	2019	2018
Hedge Funds	113,609	82,313
Commodities	130,964	34,471
Diversified Asset Fund	129,744	81,062
Structured Products	68,069	41,460
Total	£442,386	£239,306

The Hedge Fund and Commodities are also invested in UCITS and SCIAV Funds with individual valuations provided by the fund manager based on fair value of individual investments. The Diversified Fund is a Schroders Fund which invests in a wide range of asset classes with the investments in listed investments valued by the fund manager at fair value. The structured products are five structured notes with an investment bank counterparty which are listed on a recognised exchange and included at fair value.

Performance benchmarks are established by the Audit and Investment Committee and agreed with the investment manager. Performance by the investment managers against the agreed benchmarks are reviewed half yearly by the Audit and Investment Committee. The manager presents to the Trustees once a year.

Financial risk management

The risk associated with the Foundation's investments are monitored by its Audit and Investment Committee and managed on a day to day basis by its investment managers, Cazenove Capital.

- (i) Market risk

Exposure - The portfolio is well diversified with a holdings in a wide range of asset classes. The Foundations' investments are made up from holdings in 33 managed funds selected by Cazenove Capital.

The Foundation derives the majority of its income from the covenanted payment from Lloyds Banking Group and is able to take a long-term view of its investments.

Sensitivity - The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2019, in the event that there was a general 10% fall in equity markets there would be a reduction in net income and the value of investments of £95,500.

Currency – 86% of the Foundation's investments are held in GBP with 12% in US \$ and 1% in JPY and Euro. A 10% fall in US \$ would result in a reduction in net income and the value of investments £21,900.

- (ii) Credit risk

At 31 December 2019 22% of the Foundation's investments were invested in bonds. The Foundations' bond investments are made through holdings in six managed funds selected by Cazenove Capital which spreads the exposure across a large number of counterparties.

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

Investments (Continued)

- (iii) *Liquidity risk*

The majority of the managed funds in which the Foundation has invested have daily dealing which would allow the Foundation to realise cash if this were required.

Fundraising Activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. In relation to this statement, the Foundation does not undertake widespread fundraising from the general public and does not employ professional fundraisers. The charity is therefore not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice. The Foundation does not have policies in relation to fundraising activities nor do we consider it necessary to design specific policies and procedures to monitor activities.

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 and will continue to support the voluntary sector through the provision of mentoring, and training programmes.

The Foundation is committed to delivery of its core of objectives and supporting those charities with sustainable activities, measured against identifiable outcomes.

The Trustees have agreed the following objectives:

- 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
- to continue to invest in the infrastructure of the voluntary sector through the provision of mentoring and training programmes.

CORONAVIRUS

The Trustees have considered the impact of the latest developments surrounding Coronavirus on the Foundation, including its connected foundations, grantees and investments. The trustees note that

- The Foundation's staff have been able to work from home through the crisis
- Every effort is being made to support beneficiaries including making earlier payments and relaxing outcomes required in the conditions of the funding.

The most significant impact has been on the Foundation's investments. As explained in note 12 to the financial statements on page 31 the market value of the Foundation's investments has fallen since 31 December 2019 to the date of signing of this report by approximately 6%. Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

CORONAVIRUS (Continued)

draw upon funds held by Cazenove Capital through disposals to enhance our grant giving capability.

As stated on page 14 we are able to take a long-term view of our investments and covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2020 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £461k is paid each year and that the actual sum paid is based on the profits of the three prior years. The Trustees are therefore confident that they are able to fully fund their operating costs, meet all existing grant commitments and continue grant funding activities for the remainder of the year and throughout 2021.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Lloyds Foundation for the Channel Islands for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 FRS 102 (second edition – October 2019));
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

TRUSTEES' REPORT AND STRATEGIC REVIEW (cont.)

STATEMENT OF TRUSTEES' RESPONSIBILITIES (Continued)

The Trustees are responsible for the maintenance and integrity of 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.

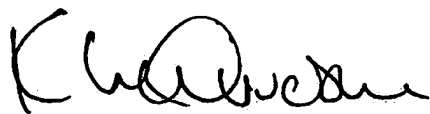
In so far as the Trustees are aware:

(a) there is no relevant audit information of which the company's auditors are unaware; and
(b) the Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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 6 May 2020 and signed on their behalf by:



Kathryn Le Quesne
Chair of Trustees
6 May 2020

Independent auditors' report to the members of Lloyds Bank Foundation for the Channel Islands

Report on the audit of the financial statements

Opinion

In our opinion, Lloyds Bank Foundation for the Channel Islands's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2019; statement of financial activities, statement of cash flows for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

Trustees' Report and Strategic Review

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report and Strategic Review for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report and Strategic Review has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report and Strategic Review. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 16 and 17, 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members 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.

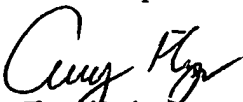
Other required reporting

Companies Act 2006 exception reporting

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 by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Guy Flynn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Embankment Place

Date: 8 May 2020

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 DECEMBER 2019

	Note	Unrest- ricted 2019 £	Rest- ricted 2019 £	Total 2019 £	Unrest- ricted 2018 £	Rest- ricted 2018 £	Total 2018
Income from:							
Donations	3	859,013	15,350	874,363	636,617	50,468	687,085
Investment income	6	30,647	-	30,647	82,748	-	82,748
Total		889,660	15,350	905,010	719,365	50,468	769,833
Expenditure on:							
Investment fees		9,165	-	9,165	1,766	-	1,766
Charitable activities	4a	958,054	15,350	973,404	969,018	50,468	1,019,486
Total		967,219	15,350	982,569	970,784	50,468	1,021,252
Net (expenditure) before gain/(loss) on investment		(77,559)	-	(77,559)	(251,419)	-	(251,419)
Net unrealised gain/(loss) on investments	6	180,078	-	180,078	(345,714)	-	(345,714)
Net income/(expenditure)		102,519	-	102,519	(597,133)	-	(597,133)
Net movement in funds		102,519	-	102,519	(597,133)	-	(597,133)
Reconciliation of funds							
Funds brought forward		1,740,308	-	1,740,308	2,337,441	-	2,337,441
Funds carried forward	10	1,842,827	-	1,842,827	1,740,308	-	1,740,308

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.

The notes on pages 23 to 37 form part of these financial statements.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	Total 2019 £	Total 2018 £
Fixed assets:			
Tangible assets	5	-	-
Investments	6	2,032,374	1,338,874
Total fixed assets		2,032,374	1,338,874
Current assets:			
Debtors	7	976	4,926
Investments	6	-	252,306
Cash at bank and in hand		383,188	754,183
Total current assets		384,164	1,011,415
Liabilities:			
Creditors: Amounts falling due within one year	8	(538,001)	(423,812)
Net current assets		(153,837)	587,603
Total assets less current liabilities		1,878,537	1,926,477
Creditors: Amounts falling due after more than one year	9	(35,710)	(186,169)
Total net assets		1,842,827	1,740,308
The funds of the charity:			
Unrestricted funds	10	1,842,827	1,740,308
Total charity funds		1,842,827	1,740,308

The financial statements including the notes on pages 23 to 37 were approved by the Trustees on 6 May 2020 and signed on their behalf by:



Kathryn Le Quesne
Chair of Trustees

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/generated from operating activities	(A)	(140,526)	11,436
Cash flows from investing activities:			
Income from investments		30,647	82,748
New investment and reinvested income		(513,422)	-
Movements on term deposits		252,306	(2,306)
Net cash (used in)/provided by investing activities		(230,469)	80,442
Change in cash and cash equivalents in the reporting year		(370,995)	91,878
Cash and cash equivalents at the beginning of the reporting year		754,183	662,305
Cash and cash equivalents at the end of the reporting year	(B)	383,188	754,183

(A) NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the reporting year	102,519	(597,133)
Adjustments for:		
Depreciation	-	264
Income from investments	(30,647)	(82,748)
Decrease in debtors	3,950	2,588
(Decrease)/increase in creditors	(36,270)	342,751
(Gain)/loss on investments	(180,078)	345,714
Net cash (used in)/generated from operating activities	(140,526)	11,436

(B) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	383,188	754,183
Total cash and cash equivalents	383,188	754,183

The notes on pages 23 to 37 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, as modified by the revaluation of all investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Charities SORP FRS 102 (second edition – October 2019), and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

Lloyds Bank Foundation for the Channel Islands meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Fund accounting

Restricted and unrestricted funds are separately disclosed as set out in note 10. The different funds held are defined below:

Unrestricted funds

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

Restricted funds

These funds are subject to specific restrictions imposed by the donor.

Investments

Listed investments are included in the Balance Sheet at fair value which is their closing bid price on the current or previous trading day. Details of the nature of the investment assets, valuation methods and risk management are included in the trustees report.

Realised gains and losses on disposals in the year and unrealised gains and losses on investments at the Balance Sheet date are included in the Statement of Financial Activities for the relevant underlying fund. All investment income is treated as unrestricted.

Current asset investments including short term cash deposits have a maturity date or expected disposal date of less than one year and are not held for long term investment purposes.

Valuation of assets

Tangible fixed assets are included at historic cost less accumulated depreciation.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (Continued)

Capitalisation and Depreciation

The minimum value for the capitalisation of tangible fixed assets is £1,000.

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 principal rates used, which are consistent with last year, are:

Computer equipment	33% per annum
Furniture and other office equipment	10% per annum

All assets are fully depreciated but remain in use.

Income

Income is recognised in the Statement of Financial Activities when the Foundation is entitled to the income, performance conditions attached to the income have been met, receipt is probable and the amount can be measured reliably.

The covenanted income is recognised in the year to which the Foundation is entitled to the income.

Interest income is recognised on a receivable basis which reflects the effective interest method.

Dividend income represents the Foundation's share of dividends received from holdings in investment funds. The income recognised represents the amount credited to the investment fund.

Donated services

Donated services and facilities are valued and included as income and expenditure at the price the Foundation estimates it would pay in the open market for an equivalent service or facility.

Recognition of expenditure

All expenditure is included on an accruals basis in the period in which it is incurred.

Grant expenditure is recognised where there is a legal or constructive obligation to pay. Grants, both single and multi-year, are recognised in the financial statements as liabilities after 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. For the majority of multi-year grants the full amount is recognised on award.

There are occasions when it becomes necessary to withdraw a grant which has been approved in a prior year; where this happens, the funds revert to the original unrestricted or restricted reserve.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (Continued)

Pension costs

The Foundation does not participate in any pension schemes.

Allocation of expenditure

Charitable activities include the direct costs of the grant awards and the indirect support costs of delivering the grant programmes. Support costs (including governance costs) are allocated across charitable activities on the basis of estimated time spent by staff.

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.

2. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

a) Multi-year grants

The Foundation recognises the majority of grants on award. In practice some organisations will not continue with the funded project resulting in the cancellation of the grant. Given the uncertainty of estimating the value of grants that will not be completed and the relatively small sums that are typically involved the financial statements are based on the assumption that all grants awarded will be fully utilised by the recipients.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. DONATIONS

	Unres- tricted £	Res- tricted £	2019 £	Unres- tricted £	Res- tricted £	2018 £
Donations from Lloyds Banking Group						
- Covenant income	775,513	-	775,513	554,183	-	554,183
- Operating costs contribution	75,000	-	75,000	75,000	-	75,000
- Mental Health funding	-	15,350	15,350	-	50,468	50,468
Donated services						
- External audit fees paid by Lloyds Banking Group	8,500	-	8,500	7,434	-	7,434
	859,013	15,350	874,363	636,617	50,468	687,085

The Mental Health funding was a further one-off donation received from Lloyds Banking Group to provide support to charities whose primary objective is to help people affected by mental illness. The funding was fully utilised in the year towards the cost of NSPCC's Pregnancy in Mind programme in Jersey.

4. ANALYSIS OF RESOURCES EXPENDED

a) Charitable activities

	Grants £	Other Charitable activities £	Support Costs £	2019 £
Grants Programmes				
Jersey*	461,516	-	55,740	517,256
Guernsey	356,931	-	55,739	412,670
Alderney	-	-	-	-
	818,447	-	111,479	929,926
Other activities				
Matched Giving	25,498	-	5,867	31,365
Other funding	942	-	-	942
Training and events	-	11,171	-	11,171
	26,440	11,171	5,867	43,478
Total	844,887	11,171	117,346	973,404

*Includes fully utilised restricted expenditure of £15,360.

Support costs have been allocated on the basis of time spent on charitable activities.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF RESOURCES EXPENDED (cont.)

	Grants	Other Charitable activities	Support Costs	2018
	£	£	£	£
Grants Programmes				
Jersey*	507,085	-	41,019	548,104
Guernsey	322,454	-	41,019	363,473
Alderney	6,000	-	5,127	11,127
Channel Islands wide and UK	50,468	-	10,255	60,723
	886,007	-	97,420	983,427
Other activities				
Matched Giving	22,462	-	5,128	27,590
Training and Events	-	8,469	-	8,469
	22,462	8,469	5,128	36,059
Total	908,469	8,469	102,548	1,019,486

*Includes fully utilised restricted expenditure of £50,468.

b) Grant awards

	2019		2018	
	No.	£	No.	£
Grants				
Grants in Jersey	14	507,673	16	546,844
Grants in Guernsey	12	401,031	11	322,454
Alderney	-	-	2	56,468
Discretionary grants		942	-	-
Total Grants	26	909,646	29	925,766
Other activities				
Matched Giving	31	25,498	70	22,461
Total Grants and Matched Giving in the year		935,144		948,227
Less grants cancelled or refunded in the year		(90,257)		(39,759)
Grants payable (Note 4c)		844,887		908,468

A full list of Approved Grants for 2019 is set out in Note 14 on page 34 and 35.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF RESOURCES EXPENDED (cont.)

c) Grants payable

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

	2019 £	2018 £
Reconciliation of grants payable		
Amounts outstanding at 1 January	596,638	254,715
Grants approved/cancelled in year		
Grants approved in the year	935,144	948,227
Grants cancelled	(84,100)	(39,759)
Grants payable in the year	851,044	908,468
Grants paid during the year	(879,857)	(566,545)
Due within one year (Note 8)	532,115	410,469
Due after more than one year (Note 9)	35,710	186,169
Amounts outstanding at 31 December	567,825	596,638

In 2019 two Guernsey grants were cancelled and one Jersey grant (2018: one Jersey grant).

d) Support costs

	Note	2019 £	2018 £
Staff costs	4e	56,082	54,918
Governance costs	4f	26,819	23,991
Other costs		34,445	23,639
Total		117,346	102,548

e) Staff costs

	2019 £	2018 £
Wages and salaries	51,850	50,558
Social Security costs	3,422	3,350
Other costs	810	1,010
Total	56,082	54,918

The monthly average number of persons employed by the Foundation during the year was one (2018: one) who is the full time Executive Director.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF RESOURCES EXPENDED (cont.)

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

f) Governance costs	2019 £	2018 £
Company Secretary, Finance and Administration	10,884	9,907
Audit fee	8,500	7,434
Trustee costs	3,148	3,749
Other costs	4,287	2,901
Total	26,819	23,991

Company Secretary and Finance costs include £8,200 payable to the Lloyds Bank Foundation for England & Wales in respect of time spent by that Foundation's Company Secretary and Finance department for administration of the Foundation for the Channel Islands. The remaining £2,684 (2018: £1,907) represents general administration support given by one individual.

PwC LLP were remunerated with an allocation from the Lloyds Banking Group audit fee. As a result, the external audit fee has been treated as a benefit in kind from the Lloyds Banking Group. The amount recognised is the fair value that the Foundation believes they would pay for external audit services if the Lloyds Banking Group did not pay for the amounts on their behalf.

The Trustees, who are also the directors of the Company, received no remuneration during the year. Six of the nine Trustees received £3,148 in reimbursed expenses relating to travel, subsistence and other expenses (2018: £3,749 six of nine Trustees).

5. TANGIBLE FIXED ASSETS

	Computer equipment and software £	Total 2019 £	Total 2018 £
Cost			
At beginning of the year	6,054	6,054	6,054
Disposals	-	-	-
At end of the year	6,054	6,054	6,054
Accumulated Depreciation			
At beginning of the year	6,054	6,054	5,790
Depreciation	-	-	264
Disposals	-	-	-
At end of the year	6,054	6,054	6,054
Net book value at beginning of the year	-	-	264
Net book value at end of the year	-	-	-

The fixed asset is fully depreciated, and still in use.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

6. INVESTMENTS

	2019 £	2018 £
Fixed asset investment	2,032,374	1,338,874
Short term deposits	-	252,306
Total	2,032,374	1,591,180

Movement in the year

As at 1 January	1,591,180	1,934,588
New investment	500,000	-
Reinvested income	13,422	-
Money placed on deposit	(252,306)	2,306
Unrealised gains/(losses) on investments	180,078	(345,714)
As at 31 December	2,032,374	1,591,180

	2019 £	2018 £
Investment income		
Bank interest	6,293	5,239
Dividends	24,354	77,509
Total	30,647	82,748

The historical cost of the Foundation investments (excluding cash) as at 31 December 2019 was £1,712,957 (2018: £1,218,440). Details of the nature of the investment assets, valuation methods and risk management are included in the trustees report.

7. DEBTORS

	2019 £	2018 £
Prepayment	976	4,581
Other debtors	-	319
Accrued interest	-	26
Total	976	4,926

8. CREDITORS: amounts falling due within one year

	2019 £	2018 £
Grants outstanding (Note 4c)	532,115	410,469
Accruals	4,090	5,266
Other creditors	1,796	8,077
Total	538,001	423,812

9. CREDITORS: amounts falling due after more than one year

	2019 £	2018 £
Grants outstanding (Note 4c)	35,710	186,169
Total	35,710	186,169

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

10. MOVEMENT IN FUNDS

	Balance at 1 Jan 2019	Total incoming resources	Total resources expended	Change in market value of investments	Balance at 31 Dec 2019
	£	£	£	£	£
Unrestricted funds	1,740,308	888,594	(966,153)	180,078	1,842,827
Restricted funds					
Mental Health	-	15,350	(15,350)	-	-
Total	1,740,308	903,944	(981,503)	180,078	1,842,827

	Balance at 1 Jan 2018	Total incoming resources	Total resources expended	Change in market value of investments	Balance at 31 Dec 2018
	£	£	£	£	£
Unrestricted funds	2,337,441	719,365	(970,784)	(345,714)	1,740,308
Restricted funds					
Mental Health	-	50,468	(50,468)	-	-
Total	2,337,441	769,833	(1,021,252)	(345,714)	1,740,308

Purpose of restricted funds

The Mental Health funding was a one-off donation received from Lloyds Banking Group to provide support to charities whose primary objective is to help people affected by mental illness. The funding was fully utilised in the year.

11. 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 31 December 2019 was nine (2018: nine).

12. POST BALANCE SHEET EVENTS

As disclosed in Note 6, the market value of the Foundation's investments as at 31 December 2019 was £2,032,374. Since the 31 December 2019 to the date of signing these financial statements, the value of these investments has reduced to an estimated value of £1,902,714. This has not had an impact on the activities of the Foundation.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

13. RELATED PARTY TRANSACTIONS

a) Connected Foundations

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

Lloyds Bank Foundation for England & Wales

Pentagon House
52-54 Southwark Street
London SE1 1UN

The Foundation paid £8,200 (2018: £8,000) to Lloyds Bank Foundation for England & Wales in respect of time spent by that Foundation's staff for administration of the Foundation for the Channel Islands. In addition the Foundation paid £4,500 to the Lloyds Bank Foundation for England & Wales towards the cost of developing IT systems for use by both organisations in grant administration.

Halifax Foundation for Northern Ireland

1st Floor
11-15 Donegal Square North
Belfast BT15 5GB

Corra Foundation

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

Bank of Scotland Foundation

The Mound
Edinburgh
EH1 1YZ

b) Related company

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

In addition to the covenant income of £775,513 (2018: £554,183) the Foundation received £75,000 (2018: £75,000) to cover a proportion of operating expenses.

The Foundation received a further one-off donation of £15,350 (2018: £50,468) from Lloyds Banking Group plc to provide support to charities whose primary objective is to help people affected by mental illness.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

13. RELATED PARTY TRANSACTIONS (cont.)

The Foundation's principal bank is Lloyds Banking Group Plc. At 31 December 2019 the Foundation held a cash balance with Lloyds Banking Group plc of £383,188. At 31 December 2018 there was a cash balance of £754,183 and a fixed term deposit of £252,306 which was included in fixed asset investments.

The Foundation received interest income of £6,293 (2018: £5,239) from cash balances held with Lloyds Banking Group plc. In 2018 the Foundation received dividend income from shares in Lloyds Banking Group Plc of £77,509. The shares were disposed of in 2018 and no dividends were received in respect of these shares in 2019.

In August 2018 the Foundation entered into an agreement for Cazenove Capital to manage the investment portfolio. Trustee David Hodgetts's close family member is a Client Director in the organisation, however, does not manage the Foundation's portfolio. David Hodgetts was not involved in the tender process to appoint an investment manager and is not a member of the Audit and Investment Committee which monitors the investment managers performance.

c) Transactions

All Trustees must declare any potential conflicts of interest concerning funding requests and must leave the Board Meeting until the decision on the relevant funding request has been concluded.

During the year a number of grants and payments were made where a Trustee of the Foundation is affiliated to a connected organisation

Trustee Alison Le Feuvre, spouse of MIND Jersey's Chief Executive. During the year ended 31 December 2019 the Foundation made a grant of £15,000 to MIND Jersey which was paid in the year. The Foundation also paid a further £15,000 to MIND Jersey which was the second instalment of a grant of £30,000 which was awarded in 2018. There are no outstanding amounts due to MIND Jersey at 31 December 2019. In addition, the Foundation made a donation in relation to the Matched Giving scheme of £954.

Until September 2019 Mrs Le Feuvre was a volunteer at Jersey Alzheimer's Association. The Foundation paid £1,340 to the Association in 2019 under the Matched Giving programme (2018 : £1,260).

Trustee Gavin Ferguson is a guardian of Male Uprising Guernsey (MUG). During the year ended 31 December 2019 the Foundation made a donation in relation to the Matched Giving Scheme of £200 (2018: £285).

Tracey Johnson is Business Manager of Independence and was appointed Trustee of the Foundation in December 2019. In 2017 Independence (then called Drug Concern) received a grant of £54,625 of which £10,375 was paid in 2019 (2018: £15,750). There was no outstanding balance at 31 December 2019 (2018: £10,375).

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

14. LIST OF APPROVED GRANTS FOR 2019

Guernsey	£	
Every Child Our Future LBG	83,458	Towards the costs of the Children's Centre
Friends of Le Murier School	70,000	Towards the cost of the fully accessible cabin in 'The Village'
Safer	51,792	Towards the cost of the Administrative Officer
Guernsey Alcohol Advisory Service	40,000	Towards the salary of the Rehabilitation Dry House Worker
St John's Home	35,161	Towards the salaries and training costs of the Activities Coordinators
Le Rondin School Parents, Staff and Friends Association (PSFA)	33,195	Towards the purchase and installation of equipment for the Immersive Therapy Room
Theodora Children's Trust	23,340	Towards the cost of a Giggle Doctors pilot at PEH Guernsey
Elim Foursquare Gospel Alliance	20,000	Towards the costs of the extension including a disabled toilet
Health Connections LBG	16,535	Towards the funding of social prescribing initiatives
Arts for Impact LBG	15,550	Towards the salary of the Engagement Director
St Peter's Church	10,000	Towards improving the accessibility and functionality of the kitchen and rest room facilities
Triumph Over Phobia (TOP Jersey)	2,000	Towards the start up and running costs for TOP Guernsey
Total Approved for Guernsey	401,031	12 grants

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

14. LIST OF APPROVED GRANTS FOR 2019 (continued)

Jersey	£	
NSPCC Jersey*	60,000	Towards the salaries and programme delivery costs of Pregnancy in Mind.
Brighter Futures Ltd	56,336	Towards the cost of the case work element of one full time Key Worker
Beresford Street Kitchen	52,882	Towards the cost of the full fit out of the Tea Room at La Hougue Bie to make this an operational space for a partnership between Beresford Street Kitchen and Jersey Heritage Trust
Healing Waves	52,636	Towards the salary of the Executive Director and Director of Services
Jersey Child Care Trust	49,086	Towards the salary of the Special Needs Support and Development Coordinator
Stroke Association	46,000	Towards the salary of the Support Coordinator and Fundraising and Operations Assistant
Love Matters	31,220	Towards the cost of the Executive Director
Victim Support Jersey	28,728	Towards the salary of the Assistant
Jersey Hospice Care	27,500	Towards the cost of respite care provided by registered nurses on the In-Patient Unit
Kairos Arts Ltd	26,000	Towards the salaries of the Creative Director and Communications Director
Service Station	25,000	Towards the salary of the Field Worker
Headway (Jersey) Ltd	25,000	Towards general running costs of the charity including the day centre and rehabilitation services
Jersey Brook Advisory Centre	19,780	Towards the cost of moving clinical records to a paperless system
Wessex Cancer Trust	7,505	Towards the support costs of the Minibus Service for Jersey cancer patients
Total Approved for Jersey -	507,673	14 grants

*This grant was partly funded with the £15,350 provided from Lloyds Banking Group for Mental Health projects.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

14. LIST OF APPROVED GRANTS FOR 2018

Alderney	£	
Guernsey Association for Mental Health (Guernsey Mind in Alderney)	50,468	Towards the cost of mental health and wellbeing services in Alderney
Milly's Foundation	6,000	Towards a 'Magic Table' to support people with dementia.
Total Approved for Alderney – 2 grants	56,468	

Guernsey	£	
Guernsey Community Savings	100,000	Towards the salaries of the General Manager and Financial Controller
Priaultx Premature Baby Foundation	41,000	Towards the costs of two flats in Southampton
Guernsey Alcohol Advisory Service	40,000	Towards the salary of the Rehabilitation Dry House Worker
Choices	32,770	Towards the salaries of Receptionist and Dispensing Assistant, and staff development
Guernsey Sports Commission	24,850	Towards sessional workers for the Street Sports programme
Guernsey Mencap	21,489	Towards rental costs of a respite flat
Creative Learning in Prison	20,000	Towards the cost of the new Community Workshop
Guernsey Samaritans	20,000	Towards the installation of the lift in new premises
Guernsey Sailing Trust	13,320	Towards the salary of instructor for Sailability sessions
Trauma Recovery Centre (TRC)	5,000	Towards the salary of the qualified therapist and trained parenting worker
Access for All	4,025	Towards Accessible Town
Total Approved for Guernsey – 11 grants	322,454	

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS (cont.)

14. LIST OF APPROVED GRANTS FOR 2018 (cont.)

Jersey	£	
Beresford Street Kitchen	73,500	Towards the salary of a Support Worker
Relate Jersey	60,216	Towards the salary of the Manager and Administrator
Words and Numbers Matter	55,890	Towards the salary of the Tutor and Administration Manager and rent
Jersey Employment Trust	47,158	Towards the salaries of the Driver Supervisor and Collections and Sorting Supervisor
Friends of The Bridge	45,000	Towards the salary of the Volunteer Co-ordinator
Jersey Women's Refuge	45,000	Towards the cost of the night bank staff
Les Amis Ltd	43,520	Towards the salary of the Makaton Trainer/Practitioner
Family Mediation Jersey	30,170	Towards the recruitment and training of mediators
Jersey Mencap	30,000	Towards the salary of the Manager
Mind Jersey	30,000	Towards the salary of the Peer Support Manager
Street Pastors Jersey	29,000	Towards the salary of the Co-ordinator
Community Savings Ltd	16,500	Towards the salary of the Loans Administrator
Abbeyfield Jersey Society	13,890	Towards a Reval Transcare Bath
Service Station	12,000	Towards the salary of the Fieldworker
Healing Waves	10,000	Towards training costs for Jersey's first wheelchair adaptive surfboard and a changing trailer facility
Parkinson's Disease Society	5,000	Towards promotional advertising for their 30th anniversary
Total Approved for Jersey - 16 grants	546,844	