

LLOYDS TSB FOUNDATION
FOR ENGLAND AND WALES

Annual Report Accounts 1999



Donations



FOUNDATIONS



Annual Report Accounts 1999

LLOYDS TSB FOUNDATION FOR ENGLAND AND WALES
LIMITED BY GUARANTEE

BACKGROUND TO THE FOUNDATION

The four Foundations (for England and Wales, Scotland, Northern Ireland and the Channel Islands) were established at the time of TSB Group's flotation in 1985 and endowed with limited voting shares which now represent 1.42% of Lloyds TSB Group's share capital. In lieu of dividend they receive a covenanted income equal to 1% of the Group's adjusted pre-tax profits, averaged over three years. The Foundation for England and Wales receives 72.12% of this income under Deed of Covenant. There has been a phased growth in the Foundation's income as it has increasingly reflected the profit of the enlarged Group.

STAFF

CENTRAL OFFICE

Kathleen Duncan	Director General	Wendy James	Finance Officer
Christine Muskett	Company Secretary	Jude Stevens	National Appeals Assistant
Tina Claeys	Appeals Manager	Liz Swierkosz	PA to Director General
Steve Sibbald	Regional Manager	Natasha Brockwell	Assistant to Company Secretary
Birgitta Drury	National Appeals Manager	Sasha Godfrey	Appeals Assistant
Sally Hamilton	Research Officer	Christina Kopaz	Appeals Assistant
James Wragg	Development Officer		

REGIONS

REGION	CO-ORDINATOR	ASSISTANT
East of England	Mark Ereira	Tracy Miles
East Midlands	Sue Denning	
Greater London	John Aldridge	Michael Craig
North East	Peter Ellis	Maria Hallett
North West	David Kay	Edel Perry
Wales	Mike Lewis	
West Midlands	Karen Argyle	Estelle McCracken
South East	John Paton	Hannah Pepperall
South West	Rodney Thorne	Paula Travis
Yorkshire	Stephen Robinson	Melanie Fryer

REPORT AND ACCOUNTS

YEAR ENDED 31ST DECEMBER 1999

Chairman Joanna K Foster

Deputy Chairman J Peter R Holt JP
Prof J Murray W Stewart

- Yorkshire and North East (*until 31st October 1999*)
- South West (*from 1st November 1999*)

Trustees Revd Rachel C Benson
Jacqueline B Carr
Dr Christine M Kenrick
Paddy Linaker
John A Penny
Howard G Phillips
Linda D Quinn
Virginia E Burton
Dr Pauleen A Lane
Colin T Webb

- Yorkshire and North East
- Greater London
- West Midlands

- East of England and East Midlands
- Wales
- South East
- North West
(*from 1st January 2000*)

Director General Kathleen N Duncan

Company Secretary Christine J Muskett

Audit Committee Paddy Linaker (Chairman)
Revd Rachel C Benson
Howard G Phillips

Nomination Committee Joanna Foster (Chairman)
Revd Rachel C Benson
J Peter R Holt JP
Prof J Murray W Stewart

(*until 31st October 1999*)
(*from 1st November 1999*)

Registered office 71 Lombard Street, London EC3P 3BS

Correspondence address PO Box 140, St Mary's Court, 20 St Mary at Hill, London EC3R 8NA

Website www.lloydstsbfoundations.org.uk

E-mail guidelines@lloydstsbfoundations.org.uk

Telephone 020 7204 5276

Fax 020 7204 5275

Bankers Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham Business Park,
Gillingham, Kent ME8 0LS

Solicitors Theodore Goddard, 150 Aldersgate Street, London EC1A 4EJ

Auditors PricewaterhouseCoopers, Southwark Towers, 32 London Bridge Street, London SE1 9SY

Company Limited

by Guarantee Registered Number 1971242

Registered Charity Number 327114



Chairman's Statement

OVERVIEW OF THE YEAR

I am delighted to report on my second year as Chairman of the Foundation.

The results for the year are presented on page 13. The covenanted income to the Foundation was £19.2 million which compares with £15.3 million in 1998. £16.5 million was paid to 3,283 charities during the year. This compares with 3,061 donations paid in 1998, totalling £12.7 million. In conjunction with the other Lloyds TSB Foundations, an additional £227,240 was paid to UK-wide projects, and £766,000 was committed through the Staff Matched Giving Scheme.

A flavour of work supported by the Foundation is given in the Director General's Report on pages 6 to 8, and details of all donations made are shown on pages 20 to 122.

STRATEGIC REVIEW

An eighteen-month process of strategic review involving all Trustees and staff, and consultation with colleagues in the wider grant-making and voluntary sector, culminated in the publication in October of the Foundation's Strategic Plan for 2000.

One of the key features of the Strategic Plan is the formation of the Collaborative Programme. The Trustees believe they are well-placed to facilitate new ways of working in the sector, and to promote the exchange of ideas, knowledge and good practice, including collaboration between grant-making bodies, and between charities and public agencies.

The Trustees have selected three areas of social need which will remain areas of special interest for a minimum of three years: Family Support, Challenging Disadvantage and Discrimination, and Promoting Effectiveness in the Voluntary Sector. The Collaborative Programme will concentrate on these three areas.

As part of the strategic review it was decided that the Foundation's expertise lies in the areas of social and community needs and education and training, and that this is

where the Foundation can make the most effective use of the funds available. It was therefore agreed that no further funds would be made available for the third of the Foundation's three objects, medical research. On an exceptional basis, the Trustees may consider research in broader health-related fields, for example links between poor housing and ill health, or the effect of stress on carers, but clinical research will no longer be eligible for support. In recent years less than 1% of the Foundation's spending has been on medical research.

COLLABORATION WITH THE OTHER LLOYDS TSB FOUNDATIONS

The chairmen of the four Lloyds TSB Foundations have continued to meet every six months, which has provided a useful forum for looking from our different perspectives at social policy issues. It also enables us to share knowledge and information.

The increase in regionalisation reflects our own structures. We increasingly respond individually to the needs of UK-wide charities rather than by joint funding. There is much benefit to be derived from sharing our different approaches to monitoring and evaluation in particular, as the Foundations grow.

Within England and Wales itself, we are also feeling the impact of decentralisation of government. With our long-standing regional structure of Trustees, staff and budgets, we are well placed to respond to regionalisation. We are watching closely the impact of the Welsh Assembly on the pattern of funding applications from organisations in Wales, and from organisations based in England but also covering Wales.

OVERSEAS PILOT

Until the merger with Lloyds Bank, all the Foundations' income was derived from banking activities in the UK. With a significant minority of the Group's profits now being earned overseas, the Trustees thought it appropriate to explore making a very small proportion of the funds available for overseas donations. It was agreed that as a starting point it would be best to consider projects in areas in



Chairman's Statement

JOANNA FOSTER

Chairman



which there is a staff presence as this will provide a means to obtain feedback on the outcome of the donations from a source other than the charity itself or its operational partner overseas.

Representatives of ten charities working in Central and Latin America were invited to a meeting in August to inform the Foundation of social needs in Argentina, Brazil and Colombia and to give their views on where the priorities lie. This process has resulted in two donations being approved, to CAFOD and to TearFund, both for projects in North East Brazil. These donations have been made very much on a trial basis, and the Trustees will carry out a careful review before committing to any further funding overseas.

TRUSTEES

We were very sad to say good-bye to Peter Holt at the end of October. Peter has been responsible for the Foundation's work in Yorkshire since 1989, and also, since 1997, in the North East, as well as filling the role of Deputy Chairman since 1998. It has been a great pleasure to work with him, and all Trustees will miss his pragmatism, sense of humour and wide knowledge of the problems of his regions. In particular, I shall miss Peter in his role as my deputy. He was an excellent sounding board and brought his useful brand of common sense to our discussions.

I am delighted that Murray Stewart has taken over the role of Deputy Chairman and I have already come to appreciate his wide understanding of social policy issues.

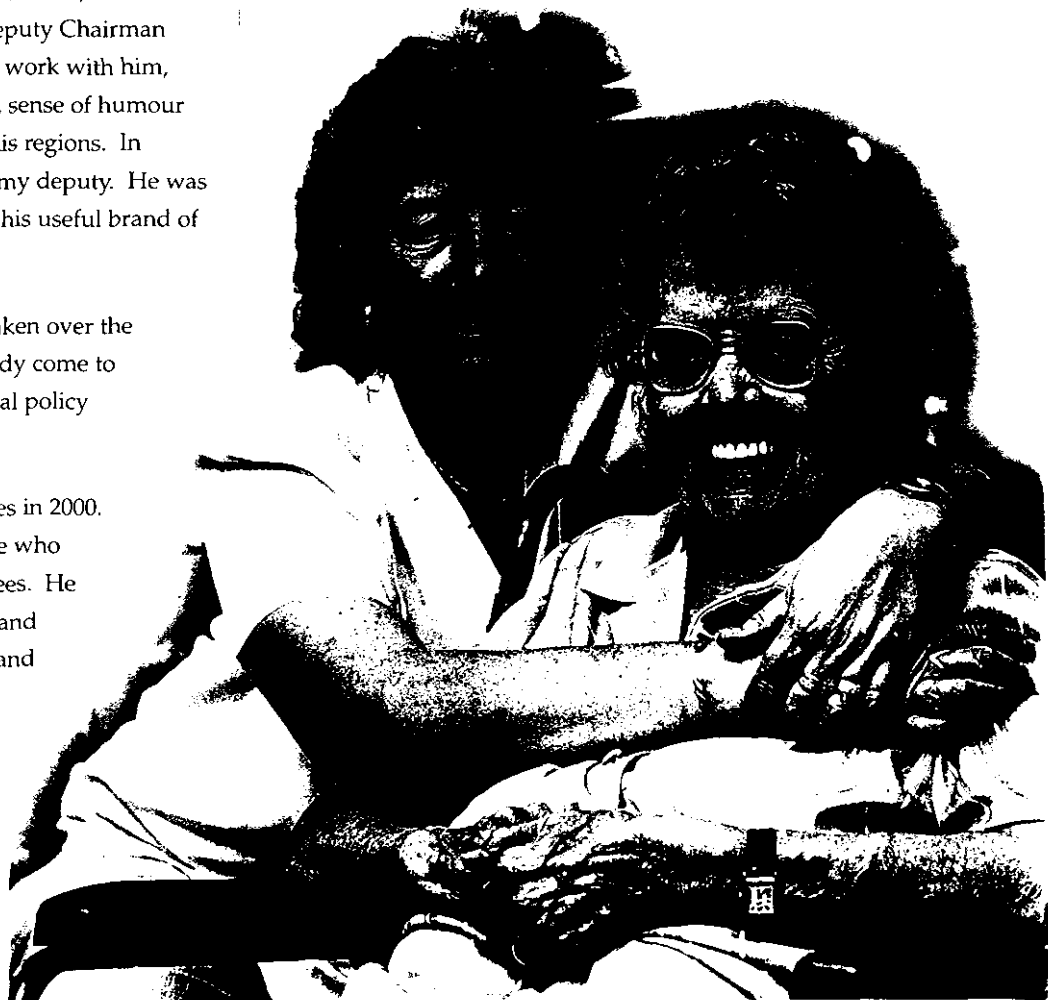
Colin Webb is new to our Board of Trustees in 2000. Colin was one of a large number of people who responded to our advertisement for Trustees. He joins us with a background in journalism and management, and brings a wide-ranging and analytical interest to our discussions.

It remains a great privilege to be working with the Foundation. As we plan again for our annual strategic

"Awayday", I look forward in particular to sharing ideas with the exceptionally lively and committed people - Trustees and staff - who make up the Foundation's team.

As we go to press we are preparing to say farewell and thank you to Sir Nicholas Goodison. As he retires from his role as Deputy Chairman of the Lloyds TSB Group, he gives up as well his formal connection with the work of the Foundations. He has been an outstanding champion for the Foundations from the early days and through the merger of Lloyds and TSB in 1995. We shall miss his interest, his empathy for the work of the Foundations in a complex society, and his wise counsel, and I want to record here our great appreciation for all he has done, and to wish him well.

JOANNA FOSTER



Director General's Report

1999 has seen additional important changes in the Foundation's evolution, with further growth in income and our aspiration to be at the forefront of best practice.

Some 6,800 applications were received, to which we have been able to respond with 3,283 donations (48%). This compares with 3,061 donations from 6,500 applications received in 1998 (being 47%). Whilst the volume of applications has levelled off, the number of eligible applications rose in 1999 as the number of ineligible requests fell once again (12% in 1999 compared with 16% in 1998). Encouraging applicants to discuss potential applications before completing the application form is both supporting this trend, and also improving the quality of applications received.

Regionally, the Foundation made larger grants in 1999. The rise in the Foundation's income (25%) exceeded the rise in the number of donations (7.3%) and, as a result, the average regional donation increased to £4,067 from £3,325. Overall spending on regional donations increased from £9.8m to £12.5m.

Nationally, the Trustees chose to use the increased income in making more grants (203 compared with 155 in 1998) and consequently the average size of donation remained stable at just over £19,000.

54% of Foundation spending was given to support work in the eight areas of Special Interest. Of these, three areas received in excess of £1 million: Positive Opportunities for Disabled People (£1,769,443), Family Support (£1,542,364) and Homelessness (£1,181,612).

52% of the Foundation's donations were allocated to core funding (compared with 42 % in 1998).

BEST PRACTICE GUIDE

Following on from their joint work on establishing the Foundation's website last year, Steve Sibbald, Regional Manager, and James Wragg, Development Officer, have worked together this year on the production of a "Best Practice Guide". Each region, with its distinct identity, needs, Trustee and staff, has over the years tended to develop its own ways of working. The "Best Practice Guide" project has provided a means to capture, and disseminate, best practice to promote consistency as far as is realistic in the context of responding to the particular needs of the regions and, specifically, individual Trustees' preferred methods of working. The Guide is proving an invaluable asset for the induction of new staff.

MONITORING AND EVALUATION

The Trustees have continued to place great emphasis on continuous review of procedures to ensure that the Foundation's donations are applied effectively. The full-time appointment of Sally Hamilton as Research Officer has provided a welcome additional resource in this area. Sally's work so far has focussed on the donations made at national level in the areas of Special Interest, and has involved careful scrutiny of public policy developments relating to these areas, to inform Trustees and staff. Initial work on the evaluation of the Foundation's support has resulted in amendments to the application form so the outcomes of the Foundation's funding can be more closely compared with the charity's original intentions. This in turn makes it easier to identify lessons which can be learnt, and will inform the assessment of future applications for funding in similar areas.

STRATEGIC PLAN

We are excited by the new Strategic Plan for 2000, and enthusiastic about implementing the new guidelines. As



Director General's Report

KATHLEEN DUNCAN

Director General



the Chairman has explained, we have reduced the number of areas of Special Interest from eight to three in an effort to increase the impact of our funding. It is estimated that over the next three years some £30 million will be allocated to the three new areas of Special Interest - Family Support, Challenging Disadvantage and Discrimination, and Promoting Effectiveness in the Voluntary Sector. A major task for 2000 will be establishing a framework within which we will be able to measure what difference we have made in these areas. We look forward to continuing our relationship with Compass Partnership in this task.

The development of the new Collaborative Programme, as outlined in the Chairman's Statement, is another exciting activity. During 1999 a few donations of this nature were made as part of a pilot scheme. At national level these included a three-year commitment totalling £100,000 to Skill: National Bureau for Students with Disabilities for core funding. This donation provided financial stability during a period of constitutional change in the charity, and Skill's Chief Executive Barbara Waters has valued regular meetings with Birgitta Drury, National Appeals Manager. Regional pilots included two-year support for the West Midlands Trustees' Forum in collaboration with Birmingham Voluntary Service Council, providing training opportunities for Trustees in the region. Evidence from the pilot stage indicates that the programme will be welcomed by the sector, but it has also highlighted that we need to be mindful of the demand on our staff time in asking them to undertake a much more active role in working up applications involving several partners.

AREAS OF SPECIAL INTEREST

In 1999 the Foundation donated £8.7 million to projects within the eight areas of special interest.

Advocacy. The range was extended in 1999, having previously focussed on advocacy for people with learning

disabilities, to incorporate in addition people with physical disabilities, people with mental health problems, and older people - helping people to be involved in decisions that affect their lives. Funding primarily contributed towards organisational core costs, including salaries. The total donated in this area was £657,000.

Creating Positive Opportunities for Disabled People. The range was extended in 1999 from a narrow focus on employment training, to incorporate all work which enabled people with either learning or physical disabilities to live independently. The total donated in this area was £1.8 million.

Crime Prevention. Funding supported a wide range of projects including work involving young people, work with offenders and ex-offenders, community safety projects and support for victims of crime. The total donated in this area was £848,000.

Family Support. Foundation support in this area included funding for the provision of childcare, parenting courses, and counselling and support programmes. The total donated in this area was £1.5 million.

Homelessness. This area was extended in 1999 to include work which provides support to homeless people after temporary or permanent accommodation has been secured, as part of the overall focus of helping homeless people back into mainstream society. The total donated in this area was £1.2 million.

Independent Living for Older People. In 1999 this area was extended to incorporate participation in the life of the community as well as independent living. Work supported included transport and day care provision and the promotion of volunteering amongst older people. The total donated in this area was £963,000.

(Continued over)

Director General's Report

Prevention of Substance Misuse. This area covered both education and rehabilitation projects, and there was a strong focus on educational initiatives for young people. The total donated in this area was £840,000.

The Needs of Carers. There was a focus on information and support services, and the provision of respite care. A significant proportion of donations were in support of core funding for carers organisations. The total donated in this area was £909,000.

Examples of donations in all these areas are given on pages 20 to 122.

DATABASE DEVELOPMENT

Christine Muskett, Company Secretary, and Tina Claeys, Appeals Manager, have undertaken a considerable amount of preparatory work throughout 1999 for the transfer to a new database which went "live" early in 2000, which has been a heavy undertaking on top of normal workloads. The benefits of the new system are already in evidence, with improved capacity for management reporting in particular.

STAFF MATCHED GIVING SCHEME

For the first time since the Scheme was introduced in 1992, the budget set aside for the Staff

Matched Giving Scheme has been claimed in full. 2,462 members of staff claimed donations totalling £766,000, to match their own efforts raising £1.3 million for charities which fall within the Foundations' guidelines, making a combined benefit of over £2 million. This compares with 1,900 donations totalling £565,850 in 1998, to match £950,000 raised by staff.

The Scheme was extended in 1999 to enable staff to claim a donation in respect of voluntary time given to charities. This has been well received by staff and charities alike, with 251 members of staff claiming a total of £23,685 for the charities in which they are involved.

TRAINING FOR VOLUNTARY SECTOR MANAGERS

Managers from the voluntary sector have continued to attend, free of charge, appropriate in-house management training courses held at the Group's Management Centre in Solihull, through a scheme administered by the Foundation. This year 22 managers attended courses, including "Managing the Pressures" and "High Performance Teams", and this brings the overall total to 179 managers since the scheme started in TSB Group in 1992.

The places this year were offered to managers working, predominantly, in the field of disability. As before, delegates were nominated by the Regional Co-ordinators and the National Appeals Manager. Feedback from the voluntary sector continues to show how much this opportunity is appreciated, to participate in top quality management training.

During the year KarenTM Argyle, the West Midlands Co-ordinator, welcomed an invitation to assist in

DYFED POWYS DRUGS AND ALCOHOL TEAM



Director General's Report

KATHLEEN DUNCAN

Director General



the organisation of Lloyds TSB's management course "Creating Value for the Business", run at the Group's Management Centre in Solihull. This has involved identifying suitable charities who could benefit from strategic development consultancy by representatives of the bank as part of their own training.

STAFFING

We have seen a number of changes of staff over the year, but it has been satisfying to note that several individuals, having been offered their first job by the Foundation, have now moved on either to other posts with more immediate opportunities for progress, or to university. As the Foundation staff has grown, it is also very satisfying to be able to continue to offer internal promotion, and within central office, Birgitta Drury has been appointed National Appeals Manager. For the first time there has also been a transfer from one of the regional offices to the central office; Sasha Godfrey has been promoted from her post as South West Admin Assistant, to Appeals Assistant in central office. There has also been a healthy exchange of staff between the Foundation and the bank. Chrissy Kopaz joins us from the branch network, and Marcia Dyce has returned to the bank after two years with the Foundation.

Tony Hall, Yorkshire Co-ordinator since 1995, retired in February, after 35 years working for TSB. Tony established the role with great commitment. He has been succeeded by Steve Robinson from the bank network.

After four years with the Foundation, and nine years prior to that with TSB, my PA Maureen McFie, a much valued member of the team, decided early in the year to work nearer home on a part-time basis. We were all very sorry to see her go, and have welcomed Liz Swierkosz as her successor.

WORKING WITH OTHER FUNDERS

We continue to play an active role in the Association of Charitable Foundations (ACF), both benefiting from and

contributing to a wide range of good practice seminars and interest groups. John Paton, South East Co-ordinator, is assisting with the planning for the ACF Conference to be held in Southampton from 27th-29th June 2000, and I am honoured to serve as one of the ACF Vice Chairmen.

Mike Lewis, Wales Co-ordinator, continues to chair the Welsh Funders' Forum which includes representatives from statutory, corporate and voluntary organisations such as the Welsh Office Voluntary Sector branch, Wales Council for Voluntary Action, the National Lottery Charities Board, BBC Children in Need and BT.

The Foundation is also taking a leading role in the establishment of similar Funders' fora in the East Midlands, East of England and the North East, and is represented on the regional forum in Yorkshire, the West Midlands and London.

Finally, I would like to express the appreciation of all the staff to Peter Holt. We have greatly enjoyed working with Peter over the past eleven years, with his rigorous approach to applications, his quiet humour and his total dedication to the Foundation's ethos of support for grass roots organisations.

As can be seen from the points I have highlighted, it has been a year of significant development to which all the Trustees and staff have responded with tremendous enthusiasm and hard work. It is a great privilege to be a part of such a team.

KATHLEEN DUNCAN

Trustees' Report

The Trustees present their annual report and the audited accounts for the year ended 31st December 1999.

INCORPORATION

The Lloyds TSB Foundation for England and Wales (formerly the TSB Foundation for England and Wales) was incorporated on 13th December 1985 as a company limited by guarantee. It is one of four separate Foundations created to preserve in a permanent framework the TSB's traditional role of contributing to the life of the community. The other three Foundations cover Scotland, Northern Ireland and the Channel Islands. Each Foundation is directed by its own independent Board of Trustees.

OBJECTS

The Lloyds TSB Foundation for England and Wales 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, England and Wales and the Isle of Man including in particular:

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.

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.

FUTURE PROSPECTS

In February 2000, the Foundation received increased income from Lloyds TSB Group plc, under deed of covenant, in respect of the Group's financial year ended 31st December 1999.

TRUSTEES

The Trustees who are also directors are as listed on page 1. Their appointments are made by the Board of Lloyds TSB Group plc on the recommendation of the Foundation's Nomination Committee.

ACCOUNTING POLICIES

There have been no changes in the accounting policies during the year.

RESERVES

Because the covenanted income is received only in February each year, the Trustees have agreed a policy of retaining sufficient reserves at the year end to cover anticipated donations and administrative expenditure for payment during the first two months of the following year.

RELATED PARTIES

All details and transactions with connected charities and related parties are provided in Notes 13 and 14 to the accounts.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the Annual General Meeting.

YEAR 2000

The impact of our experience since 31 December 1999 has been assessed, and controls remain in place should any additional issues arise from the possible impact of the leap year date.



Trustees' Report

ACTIVITIES

A review of the development of the Foundation during the financial year and of its position at the end of the year is presented in the Chairman's Statement on pages 4 to 5, and in the Director General's Report on pages 6 to 9. The work of the Foundation is illustrated later in this Report, with a section for each region and for the national programme of donations.

The Statement of Financial Activities on page 13 shows the income received under the Deed of Covenant with Lloyds TSB Group plc, together with the expenditure, the overall result for the year and the balance carried forward to next year. The authorised donations amounted to some £17.3 million (1998: £13.9 million). This can be reconciled with the list of donations on pages 20 to 122 by adjustments for donations agreed in previous years, now released, and for donations agreed this year but not yet released.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the Trustees are required to:

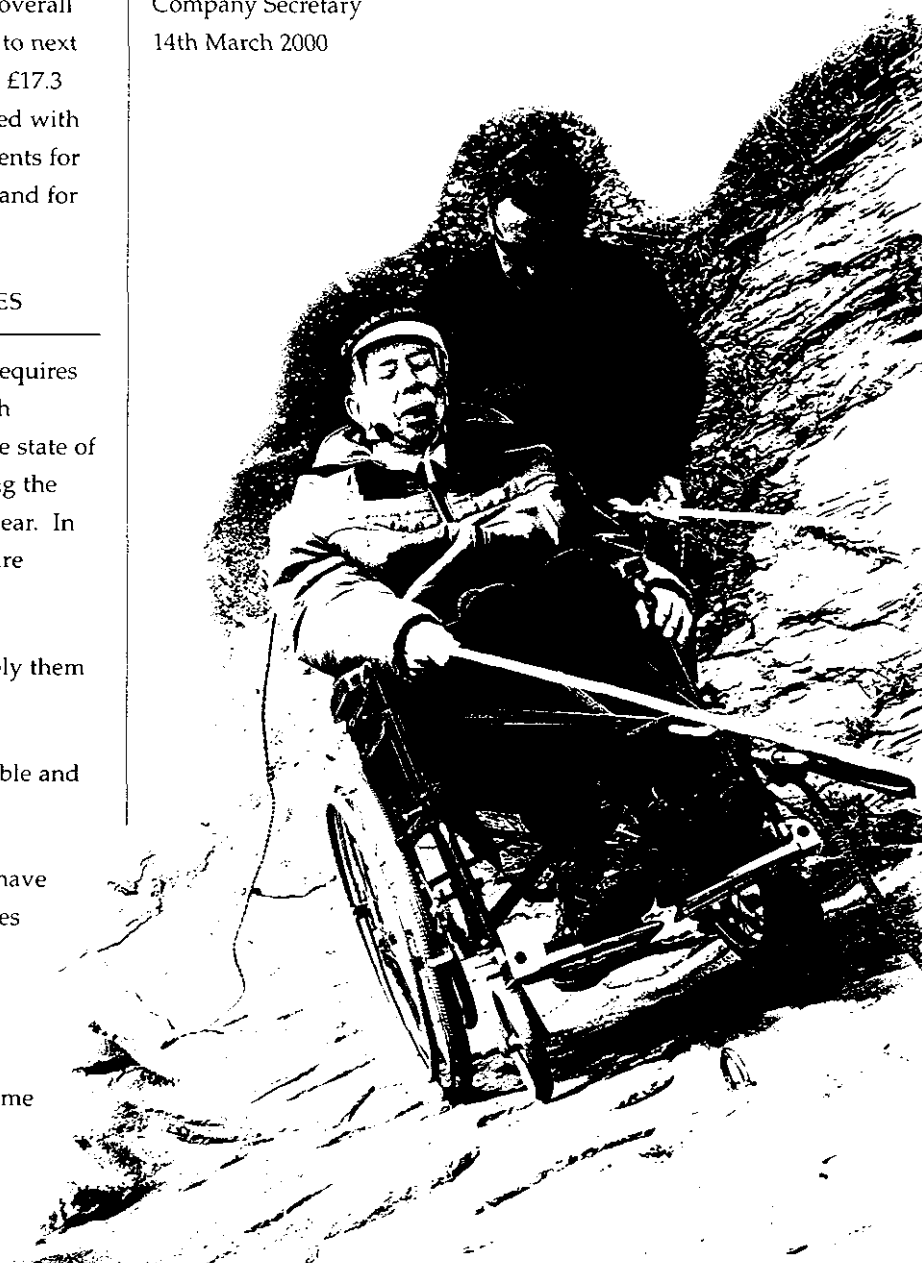
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue its activities.

The Trustees are required to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board
CHRISTINE MUSKETT

C. J. Musket

Company Secretary
14th March 2000



Auditors' Report

YEAR ENDED 31ST DECEMBER 1999

We have audited the financial statements on pages 13 to 19.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Trustees (who are also Directors of the Foundation for the purposes of company law) are responsible for preparing the Annual Report. As described on page 11, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the Foundation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial

statements. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Foundation's affairs as at 31st December 1999 and of its net incoming resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS

Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

14th March 2000



STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST DECEMBER 1999

			Unrestricted Funds	
Note			1999	1998
			£,000	£,000
Incoming resources	2	Covenant from Lloyds TSB Group	19,192	15,347
	3	Other income from Lloyds TSB Group	6	40
	4	Interest	556	559
Total incoming resources			<u>19,754</u>	<u>15,946</u>
Resources expended		Direct charitable expenditure		
	5	Grants	17,311	13,946
		Refund to other Lloyds TSB Foundations	-	103
	6	Support costs	828	596
			<u>18,139</u>	<u>14,645</u>
	6	Administration	92	68
Total resources expended			<u>18,231</u>	<u>14,713</u>
Net incoming resources			1,523	1,233
Fund balances brought forward			<u>2,147</u>	<u>914</u>
Fund balances carried forward			<u>3,670</u>	<u>2,147</u>

No statement of total recognised gains and losses is provided since there has been no recognised gain or loss, in either year, other than the increase in fund balances carried forward.

The notes on pages 16 to 19 form part of these accounts.

BALANCE SHEET

AT 31ST DECEMBER 1999

	Note	1999 £,000	1998 £,000
Fixed assets			
7 Tangible assets		33	67
8 Investments		—	—
		<u>33</u>	<u>67</u>
Current assets			
9 Debtors		2	24
Cash at bank and in hand		4,155	2,549
		<u>4,157</u>	<u>2,573</u>
Current liabilities			
10 Creditors: amounts falling due within one year		(520)	(493)
Net current assets		<u>3,637</u>	<u>2,080</u>
Net assets		<u><u>3,670</u></u>	<u><u>2,147</u></u>
Represented by:			
Unrestricted funds	11	3,670	2,147
		<u><u>3,670</u></u>	<u><u>2,147</u></u>

Approved by the Trustees on 14th March 2000 and signed on their behalf by:

Joanna Foster

Paddy Linaker

Rachel Benson
Trustees

Joanna Foster
Paddy Linaker
Rachel Benson

The notes on pages 16 to 19 form part of these accounts

CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 1999

	1999 £,000	1998 £,000
Net cash inflow from operating activities	1,606	1,533
Capital expenditure:		
Payments to acquire tangible fixed assets	-	(100)
Increase in cash	<u>1,606</u>	<u>1,433</u>

RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £,000	1998 £,000
Operating surplus	1,523	1,233
Decrease/(increase) in debtors	22	(14)
Depreciation charge	34	33
Increase in creditors	27	281
	<u>1,606</u>	<u>1,533</u>

ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	1999 £,000	1998 £,000	Change in year £,000
Cash at bank and in hand	<u>4,155</u>	<u>2,549</u>	<u>1,606</u>

The notes on pages 16 to 19 form part of these accounts.

Notes to the Accounts

Note 1

ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, including the Statement of Recommended Practice for Accounting by Charities.

Depreciation

Depreciation has been charged on computer software at 33% on a straight line basis.

Note 2

COVENANT FROM LLOYDS TSB GROUP PLC

The Foundation derives its revenue from Lloyds TSB Group plc, which has entered into a covenant to make annual payments to the England and Wales Foundation of a total amount equal to 0.7212 per cent of one-third of the aggregate adjusted pre-tax profits (less pre-tax losses) of the Group for the three years ended on 31st October in the year preceding the year of payment, in lieu of dividends.

Note 3

OTHER INCOME FROM LLOYDS TSB GROUP PLC

A payment from Lloyds TSB Group plc in respect of cash residue from shareholders leaving its dividend reinvestment plan.

Note 4

INTEREST

Bank interest is recognised on an accruals basis.

Note 5

DIRECT CHARITABLE EXPENDITURE - GRANTS

Donations for the year are based upon the new donations agreed by the Trustees during the financial year. Some donations are agreed as multiple payments spread over several years. As each yearly payment becomes due it is recognised in the Statement of Financial Activities. The amount of such outstanding multiple commitments as at 31st December 1999 is shown in Note 13.

Note 6

ANALYSIS OF EXPENDITURE

6 a)

Support costs and administration costs have been allocated on the basis of approximate time spent by the Director General, Company Secretary and Finance Officer on management and administration of the charity.

6 b)

The auditors are appointed on an honorary basis.



6 c)

STAFF COSTS:

	1999	1998
	£,000	£,000
Wages and salaries	508	394
Social Security costs	60	47
Other staff costs	<u>59</u>	<u>54</u>
	<u>627</u>	<u>495</u>

The average number of persons employed by the Foundation during the year was 30 (1998: 25).

The following number of employees of the Foundation received emoluments greater than £40,000:

AMOUNT	NUMBER OF STAFF	
	1999	1998
£80,000 - £89,999	1	-
£70,000 - £79,999	-	1

The Trustees, who are also the directors of the Foundation, received no remuneration during the year.

Note 7

TANGIBLE ASSETS

	Computer software £,000
COST	
At 1 January 1999	100
DEPRECIATION	
At 1 January 1999	33
Charge for the year	34
At 31 December 1999	67
NET BOOK VALUE	
At 1 January 1999	67
At 31 December 1999	33

Note 8

INVESTMENTS

The Foundation holds 56,936,842 limited voting shares of 25p each of Lloyds TSB Group plc, representing 72.12% of such shares in issue, which themselves represent 1.42% of the issued share capital of Lloyds TSB Group plc. The shares have no rights to dividend, have voting rights only in limited circumstances, and may be converted into ordinary shares of Lloyds TSB Group plc in certain circumstances.

The Foundation cannot sell these shares in the open market and as a result the shares have been valued at nil market value.

Note 9
DEBTORS

	1999 £,000	1998 £,000
Amounts repayable by charities	1	13
Amount due from other Lloyds TSB Foundations	1	-
Amount due from Lloyds TSB Group plc	-	11
	<u>2</u>	<u>24</u>

Note 10
CREDITORS: AMOUNTS
FALLING DUE WITHIN
ONE YEAR

	1999 £,000	1998 £,000
Donations payable	500	492
Accruals	<u>20</u>	<u>1</u>
	<u>520</u>	<u>493</u>

Note 11
UNRESTRICTED FUNDS

	Balance at 31 Dec 1998 £,000	Movement in resources		Balance at 31 Dec 1999 £,000
		Incoming £,000	Outgoing £,000	
General Fund	<u>2,147</u>	<u>19,754</u>	<u>18,231</u>	<u>3,670</u>

Note 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 (including the Chairman) who are also members at 31st December 1999 was eleven (1998: twelve).

Note 13
CONTINGENT LIABILITIES
AND CONTRACTUAL
COMMITMENTS

- 13 a) The total commitments the Foundation has entered into that are outstanding at 31st December 1999 amount to £4,801,000 (1998: £5,398,000). This relates to donations which have been approved for payment over a period of two, three or four years, out of future income, subject to receipt of satisfactory progress reports after each year.
- 13 b) The Foundation is acting as guarantor over a lease held by the Association of Charitable Foundations of which the Director General of the Lloyds TSB Foundation is a Vice-Chairman. The sum guaranteed is £15,000 per annum until 2004.

Note 14
RELATED PARTY
TRANSACTIONS

- a) Trustees
- Travel, postage and telephone expenses were reimbursed to ten of the Trustees during the year, amounting to £4,000 (1998: £5,000 to eleven Trustees).
- b) Connected Foundations
- The following Foundations are connected due to common control and common and related objects:
- Lloyds TSB Foundation for Scotland
Henry Duncan House
120 George Street
Edinburgh EH2 4LH
- Lloyds TSB Foundation for Northern Ireland
4 Queen's Square
Belfast BT1 3DJ
- Lloyds TSB Foundation for the Channel Islands
71 Lombard Street
London EC3P 3BS
- c) Related company
- The Foundation is related to Lloyds TSB Group plc, with whom the following transactions took place:
- The Foundation received £19,192,000 (1998: £15,347,000) under deed of covenant, and £556,000 (1998: £559,000) bank interest was received due to the Foundation using Lloyds TSB Bank plc as its bankers.
- At 31 December 1999 a balance of £4,155,000 was held at Lloyds TSB Bank plc (1998: £2,549,000).
- The Foundation received £6,000 (1998: £40,000) from Lloyds TSB Group plc in respect of cash residue from shareholders leaving its dividend reinvestment plan.
- The Foundation received a contribution of £136,000 from Lloyds TSB Group plc in respect of staff salaries (1998: £136,000).