



LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

2022

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REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity Number	327113
Company Limited by Guarantee	1971241
Registered office	Society Building 8 All Saints Street London N1 9RL
Correspondence Address (UK)	Society Building 8 All Saints Street London N1 9RL
Correspondence Address (CI)	1 Smith Street, St Peter Port Guernsey GY1 4BD
Email	info@lloydsbankfoundation.org.uk
Website	www.lloydsbankfoundation.org.uk
Bankers	Lloyds Bank International 9 Broad Street St Helier Jersey, JE2 3RR
Independent Auditor	Deloitte LLP 2 New Street Square London, EC4A 3BZ
Investment Managers	Cazenove Capital Regency Court Gategny Esplanade St. Peter Port Guernsey, GY1 3UF

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:

Philippa Stahelin

Chair
Chair of Nomination Committee
Chair of Remuneration Committee

Brian Heath MBE

Heather MacCallum

Neil Fellows

Advocate Gavin Ferguson

Alasdair Gardner

John Henwood MBE (until 31 December 2022)

Tracey Johnson

Poppy Murray

David Pirouet (from 2 January 2023)

Deputy Chair

Chair of Audit & Investment Committee

Executive Director

Johanna Le Poidevin

CHAIR'S REVIEW OF THE YEAR

Welcome to my second Chair's Review for the Lloyds Bank Foundation for the Channel Islands as we reflect on 2022 and look forward to our aims, ambitions and objectives for the year ahead.

Underpinning all our work is our continued pledge to support charitable organisations which help people, especially those who are disadvantaged, supporting them as they help islanders play a fuller role within their local communities throughout the Channel Islands.

In 2022 we provided funding of £686,214

- Grants totalling £612,851 (2021 which included 35 year anniversary grants £1,071,643) to the following charities:
 - Guernsey Community Savings, Guernsey Mind, Guernsey Voluntary Service, and Relate Guernsey.
 - Caritas Jersey, Dementia Jersey, Jersey Action Against Rape, Jersey Recovery College, Kairos Art, Macmillan Cancer Support Jersey, The Shelter Trust Jersey, and You Matter.
- Additional funding to active grant holders (as at December 2022) to help with the impact of cost of living worth an additional 7.6% of their grant value at a cost of £61,375.
- Matched giving to local charities of £11,988 (2021: £5,169).

We are always incredibly proud and privileged to be able to provide funding year after year, thanks to the generosity of Lloyds Banking Group. At the end of the year, we were delighted to receive a further £61,400 in funds from the Lloyds Banking Group (LBG), to give to our active grant holders in recognition of the cost of living challenges facing charities right now. We operate with complete independence from LBG but this is a real example of the support we enjoy from Group Executive as well as our local bank colleagues.

Through this engagement with our work, we have continued to offer developmental support including our mentoring programme, charity response forums and the skills exchange. We have mentoring relationships with 11 charities to really maximise impact beyond pure funding. This continues to illustrate the unique offering from the Foundation.

At the end of the year, the Foundation held two evening receptions in Jersey and Guernsey, which enabled us to show-case the work of a charity in each island, demonstrating the benefit of their Foundation grant but also, perhaps more importantly, emphasising the added value of having a mentor from the Bank working alongside them. We were joined by charities, Foundation trustees, Lloyds Bank colleagues, local politicians, and other funders, encouraging interaction, sharing learning and networking. We plan to run these events again in 2023.

As part of our skills and training for charities and after a two year gap due to Covid, we welcomed back our annual seminars focussing on Engaging with Lived Experience. We were delighted and privileged to welcome the inspirational Paula Harriott, Head of Prison Engagement for the Prison Reform Trust as our keynote speaker. These seminars were packed with charities and interested parties in both islands, seeking to learn more about lived experience, eager to find out how they could incorporate *lived experience* into their organisations and the value that would add. The feedback and comments were overwhelming. So much so that our 2023 seminars will expand on last year by exploring the

practical steps charities can take to achieve their vision for lived experience leadership. We are pleased to announce that Paula will join us again to share her knowledge and experience and to guide charities in their own lived experience journey.

Collaboration and partnership with States and the third sector will always be a focus and the Foundation will continue to encourage more co-operation and shared vision. To see so many politicians at our events is encouraging. Of course, we recognise that will always be a work in progress but it is never more important than now, with charities facing ever more onerous challenges in resources, rising costs and expansion of services.

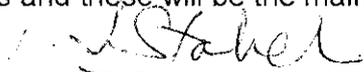
Closer collaboration with other grant givers is key, sharing intelligence, understanding on need, and emerging need, where there are gaps in services, where funding requests are coming into grant givers helps to ensure that funding is distributed where it will have the greatest impact. Where charities require significant funding, a single conversation between groups of grant givers and charities is a more efficient approach and has resulted in co-funding arrangements. As a group of grant givers, we have a more co-ordinated and stronger voice with the islands' governments.

We are as ever enormously grateful to our sole funder, Lloyds Banking Group for their ongoing financial commitment and wider support offered to the Foundation and charities in the Channel Islands. We are also grateful to the support of Lloyds Bank Foundation for England and Wales helping to ensure the smooth running of the Foundation's back-office functions.

At the very heart of the Foundation, the Board recognises the huge contribution in both experience and expertise from our Executive Director, Jo Le Poidevin. She is the eyes, ears and engine room of the Foundation. This is an opportunity to thank her, on behalf of myself and all the Trustees for her support and guidance over the past year.

We cannot perform our role as a Foundation without a spectacular Board and I send a personal thank you to all the Trustees who work diligently, providing knowledge, wisdom and passion to the good governance of the Foundation and our grant giving process. A special thank you to John Henwood whose six years' exceptional service to the Board ended in 2022. And a fond welcome to David Pirouet who has recently joined us.

The Foundation launched its three-year Strategy for 2023-25. The core objectives for 2023 will again focus on delivering support to organisations who can make a real difference with an emphasis through our grant programme on salaries and core funding. Against a backdrop of volatile financial markets, we will always be watchful of our financial stability, with funds given where the need is greatest, where real impact can be measured. We will continue to provide a voice in our community for those most vulnerable and disadvantaged, working with other grant givers, organisations and Government in this regard. Our strategic partnership with Lloyds Banking Group will continue enabling us to offer charities developmental support to complement our core funding. As a leading funder across the Channel Islands, we will continue to focus on our core work as well as working in partnership with those with shared ideals and these will be the main aims for the Foundation for the year ahead.



Philippa Stahelin
Chair of Trustees
30 March 2023

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2022

Grants approved in 2022

All grants during 2022 (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	2022 No. of Grants	2022 Grants £	2021 No. of Grants	2021 Grants £
Support for Children and Young People	1	66,000	8	269,699
Health including Mental Health	5	233,850	5	189,000
Support for People with Disabilities	-	-	5	249,944
Community Support	2	73,500	3	83,000
Training, employment and lifelong learning	-	-	3	105,000
Support for Older People	2	109,501	-	-
Victim Support	-	-	2	70,000
Advice and advocacy	1	40,000	-	-
Offenders / Ex-offenders	-	-	1	35,000
Relationships including caring	-	-	1	35,000
Homelessness	1	90,000	1	35,000
	12	612,851	29	1,071,643
Cost of living grants		61,375		-
Matched giving donations		11,988		5,169
Total		686,214		1,076,812

TRUSTEES' REPORT AND STRATEGIC REPORT

(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 2022, 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. Details of the auditor, investment managers, bankers and location of registered office are included on page 3.

Recruitment, appointment, induction and training of Trustees

The list of Trustees covers the year to 31 December 2022 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 Board of Trustees.

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 Board of Trustees, comprises at least three serving Trustees who consider nominations and interview candidates or agree a Selection Panel of three from the Board of Trustees to undertake recruitment.

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 and training is provided as 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.

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.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

The Board (cont.)

The Board meets four times a year (or more frequently if required), normally in January, March (incorporating the AGM), July and November. Meeting venues normally alternate between Guernsey and Jersey. The Board meets virtually if required due to COVID-19 border restrictions or government guidance.

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 would normally frequently travels between the Islands. The Executive Director will conduct visits virtually if COVID-19 border restrictions or government guidance is in place.

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 LBG 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 four times a year, normally January, March, July and November, including once a year, to consider the report of the auditors and the annual report and financial statements prior to their presentation to the full Board. The Committee satisfies itself as to the auditors' independence. The July meeting will include the attendance of Cazenove Capital to present on the performance of the investment portfolio and their investment outlook. All members of the Committee normally attend meetings.

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 and broadly follows Lloyds Banking Group.

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 of the Board of Trustees.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)**Board Committees (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 full Board and Audit and Investment Committee at each of the four meetings.

The principal risks are as follows;

Risk	How we manage it
Virtually all the income arising from a single source, Lloyds Banking Group plc	<ul style="list-style-type: none"> • The funding agreement includes a minimum level – this was increased in 2021 from £460,500 to £614,000 effective from 2022 • The funding agreement requires nine year's notice to be given • Funding is available from reserves to maintain grant giving or the grant giving budget is adjusted
Investment losses	<ul style="list-style-type: none"> • Regular monitoring of performance • Diversified portfolio • Advice from Investment Manager – Cazenove Capital
Impact – is the Foundation making the desired impact	<ul style="list-style-type: none"> • Regular feedback from grant holders • Training and support for grant holders • Monitoring of grant holders • Regular review of grant making strategy
Key person failure	<ul style="list-style-type: none"> • Support from Lloyds Foundation for England & Wales • Support of Executive Director by Chair and Trustees • Regular communications and monitoring
IT security	<ul style="list-style-type: none"> • Training in cyber security • Access controls • Back-up and recovery processes

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

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 and the Bank of Scotland Foundation. See Note 12 for details of transactions with these connected charities and related parties.

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

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. |

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

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

Channel Islands-wide and UK Matched Giving Scheme	<p>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.</p> <p>A scheme 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.</p>
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A second objective was to continue to provide developmental support including mentoring, to help charities to improve their resilience and sustainability.

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, including Matched Giving and cancelled grants, amounted to £686,214 (2021: £1,076,812).
- 23 charities received additional grants to help with cost of living issues
- There were 8 grants for Jersey based charities and 4 for Guernsey based charities
- 19 charities received donations under the Matched Giving scheme.

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

- Embedding a Charity Support offer including access to Charity Response Forums, the Skills Exchange and a mentoring programme in partnership with Lloyds Banking Group colleagues
- Delivering two seminars (one in each of the main Islands) for charities and sector stakeholders on the topic 'Engaging with lived experience'
- Hosting two receptions (one in each of the main Islands) for charities, sector stakeholders, politicians and senior civil servants to celebrate and learn more about our work with charity partners, and an opportunity for informal networking and making new connections

Public benefit

In reviewing our aims, objectives and planning for future activities, the Trustees have considered 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 LBG. 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 £20 million (£614,000) and a maximum amount of 3.07% of £50 million (£1,535,000). This secures the Foundation's funding over the long term.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Income (cont.)

The Foundation's donation income for 2022 at £778,650 (2021: £868,690).

The other source of income was interest and dividends of £24,043 (2021: £23,583). The Foundation's investments generated unrealised losses of £149,342. This compares to the unrealised gains of £128,612 in 2021.

Expenditure

Charitable expenditure for the year by the Foundation was £822,292 (2021: £1,173,317).

The deficit for the year before investment gains and losses was £30,970 compared to the deficit for 2021 of £294,698.

Grants

The Foundation's policy is to support registered charities or those accorded charitable status by the Guernsey Registry 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;

- Health including mental issues or a disability – We support charities which create opportunities for people with health issues including mental health or a physical or learning disability to live and work independently.
- Homelessness – We help charities which provide accommodation and support for people who are homeless or at risk of homelessness and support their return into society.
- People leaving institutional care to live independently – We help charities providing support and accommodation for people who are getting back into society after leaving care or prison.
- Addiction and dependency – We support charities providing education and rehabilitation for people who misuse alcohol and drugs and have gambling problems.
- Loneliness and isolation – We help charities providing support to people who are vulnerable, people experiencing loneliness and people with carer responsibilities.
- Employment, literacy, financial literacy and debt problems – We support employment and learning programmes for people disadvantaged by poor education and literacy including financial literacy and debt problems.
- Domestic violence – We support charities who help prevent and protect people from abusive relationships.
- Human Rights – We help charities who promote and protect human rights issues (from modern slavery to sexual exploitation), and charities who challenge discrimination and promote equality, diversity and inclusion.

The Foundation supports 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 at least on an annual basis.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Grants (cont.)

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

The current reserves level principally arose from the one off gift of shares from LBG in 2017 and the Foundation generally seeks to award grants using its covenant income from LBG in the year it is received. The Foundation is conscious of the risk of a single source of funding and the wide range of events that can impact on this income. The Foundation's policy is to set a planned upper limit on its targeted reserve level so that the Foundation does not hold funds back from delivering its charitable activities unnecessarily.

The Foundation aims to manage its reserves within an upper and lower reserve limit, or 'reserves corridor'. The Foundation monitors its short and medium forecast position to identify risks that could cause it to fall outside of this corridor (either side of it), and what corrective actions would be required to bring the Foundation back into the corridor over a three-year period.

It is essential that the Foundation's minimum reserve requirement is met by 'liquid' assets so it can be confident that it would have the funds at any given point in time should the Foundation need them. Liquid Assets are readily accessible assets, principally cash.

The Trustees have set a lower reserve level of £1.5m and an upper reserve level of £2.5m. Temporary reductions below £1.5m are permissible to allow for exceptional grant funding such as projects or emergencies subject to the provision that at no time shall forecast reserves fall below £1.25m.

As at 31 December 2022 the Foundation's unrestricted reserves were £1,468,464 (2021: £1,648,776) which were just below the lower reserve limit but above the minimum level.

The above reserves corridor is based on forecast results and does not take into account exceptional events which may or may not occur, such as sudden and unexpected market impacts on investments. Should such events occur and not be temporary, the Trustees would, as noted above, be expected to determine what corrective actions are required to bring the Foundation back into the corridor over a three-year period.

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 Foundation aims to follow Lloyds Banking Group's Responsible Investment Framework. Its exclusions policy focuses on companies that have failed to meet ESG standards. In support of this the Foundation wishes to exclude the following investments:

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

- (i) manufacturers of controversial weapons
- (ii) UN Global Compact violators
- (iii) those companies deriving more than 10% of their revenue from thermal coal and tar sands extraction.

Investments (cont.)

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	Allocation	Assets	Allocation
	2022	2022	2021	2021
	£'000	%	£'000	%
Equities	746	45.1	929	51.8
Bonds	416	25.2	386	21.6
Alternative investments	358	21.6	433	24.2
Cash	135	8.1	43	2.4
Total	1,655	100.0	1,791	100.0

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 £1.3 million (2021: £1.3m) 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;

Alternative investments	2022	2021
Hedge Funds	80,598	90,657
Commodities	89,894	145,932
Diversified Asset Fund	108,147	122,258
Structured Products	79,125	74,083
Total	£357,764	£432,930

The Hedge Fund and Commodities are also invested in a UCITS Fund with individual valuations provided by the fund manager based on fair value of individual investments. The Diversified Asset 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 and included at fair value.

Performance benchmarks are established by the Audit and Investment Committee and agreed with the investment manager. Performance against the agreed benchmarks are reviewed quarterly by the Audit and Investment Committee. Cazenove Capital present on investment performance and market outlook to the Audit and Investment Committee annually.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)**Investments (cont.)**

The performance compared to benchmark (ARC Sterling Balanced Asset ACI Index) was as follows;

	Fund performance		Benchmark	
	2022	2021	2022	2021
Total fund	(7.6)%	7.0%	(9.1)%	8.6%

Financial risk management

The risk associated with the Foundation's investments are monitored by the 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 holdings in a wide range of asset classes. The Foundations' investments are made up from holdings in over 30 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 2022, 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 £74,619 (2021: £92,900).

Currency – 94% of the Foundation's investments are held in GBP with 5% in US \$ and 1% in Euro. A 10% fall in US \$ would result in a reduction in net income and the value of investments of £7,533 (2021: £24,499).

- **(ii) Credit risk**

At 31 December 2022 25% (2021: 22%) of the Foundation's investments were invested in bonds. The Foundations' bond investments are made through holdings in eleven (2021: nine) managed funds selected by Cazenove Capital which spreads the exposure across a large number of counterparties.

- **(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 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.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

PLANS FOR FUTURE PERIODS

Future activities

The Foundation will continue to make grants to charities helping disadvantaged and disabled people play a fuller role in the community through the same grant-making programmes and will continue to provide developmental support including mentoring, to help charities to improve their resilience and sustainability.

The Foundation is committed to delivery of its core 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 its grant-making programmes
- to continue to provide developmental support including mentoring, to help charities to improve their resilience and sustainability.

COVID 19, Ukraine war, cost of living crisis and other events

The Trustees have considered the ongoing impact of Covid 19, Brexit, the Ukraine war and the cost of living crisis on the Foundation, including its connected foundations, grantees and investments. The trustees note that;

- The Risk Register is reviewed quarterly with particular regard to the evolving impact of macro-events
- The Foundation's staff are able to work from home whenever required.
- Every effort is being made to support existing grant holders including flexibility on delivery of services, grant spend and grant periods where the impact of macro events is being felt locally in areas such as recruitment and cost of living pressures.

The Foundation is closely monitoring the value of its investments. The value of investments has fallen in 2022 as a result of external events after three strong years of gains. The Trustees are keeping the situation under review. 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 draw upon funds held by Cazenove Capital through disposals to enhance our grant giving capability.

Going concern

As stated above we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2022 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 £614,000 to be 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 at least until March 2024.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

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' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of 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, 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.

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.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2022

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

INDEPENDENT AUDITORS

A resolution concerning the appointment of Deloitte LLP as auditors to the Foundation will be proposed at the annual general meeting.

This report, including the Strategic Report was approved by the Board of Trustees on 30 March 2023 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'P. Stahelin', is written over a horizontal dotted line.

Philippa Stahelin
Chair of Trustees
30 March 2023

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lloyds Bank Foundation for the Channel Islands (the 'charitable company'):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of financial activities
- the balance sheet
- the statement of cash flows; and
- the related notes 1 to 12.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2022

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

- we identified a fraud risk related to the application of grant expenditure in line with charitable objectives, and the correct recognition of liabilities in respect of grant expenditure. We have addressed this risk by selecting a sample of grants recognised in the year and reviewing the grant agreements, Board minutes, cash payments and related information in order to understand the purpose of the grant, any conditions present and ascertain the correct level of expenditure and related liability to recognise.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2022

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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



Craig Wisdom FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 March 2023

STATEMENT OF FINANCIAL ACTIVITIES**(Incorporating Income & Expenditure account)****YEAR ENDED 31 DECEMBER 2022**

	Note	Unrest- ricted 2022 £	Total 2022 £	Unrest- ricted 2021 £	Total 2021 £
Income from:					
Donations	3	778,650	778,650	868,690	868,690
Investment income	6	24,043	24,043	23,583	23,583
Total		802,693	802,693	892,273	892,273
Expenditure on:					
Investment fees		11,371	11,371	13,654	13,654
Charitable activities	4a	822,292	822,292	1,173,317	1,173,317
Total		833,663	833,663	1,186,971	1,186,971
Net (expenditure) before gain on investment		(30,970)	(30,970)	(294,698)	(294,698)
Net unrealised (loss)/ gain on investments	6	(149,342)	(149,342)	128,612	128,612
Net (expenditure)		(180,312)	(180,312)	(166,086)	(166,086)
Net movement in funds		(180,312)	(180,312)	(166,086)	(166,086)
Reconciliation of funds					
Funds brought forward		1,648,776	1,648,776	1,814,862	1,814,862
Funds carried forward	10	1,468,464	1,468,464	1,648,776	1,648,776

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 27 to 38 form part of these financial statements.

YEAR ENDED 31 DECEMBER 2022

BALANCE SHEETCompany number 1971241
AS AT 31 DECEMBER 2022

	Note	Total 2022 £	Total 2021 £
Fixed assets:			
Tangible assets	5	-	-
Investments	6	1,654,798	1,791,499
Total fixed assets		1,654,798	1,791,499
Current assets:			
Debtors	7	9,503	917
Cash at bank and in hand		209,126	86,210
Total current assets		218,629	87,127
Liabilities:			
Creditors: Amounts falling due within one year	8	(346,124)	(197,450)
Net current liabilities		(127,495)	(110,323)
Total assets less current liabilities		1,527,303	1,681,176
Creditors: Amounts falling due after more than one year	9	(58,839)	(32,400)
Total net assets		1,468,464	1,648,776
The funds of the charity:			
Unrestricted funds	10	1,468,464	1,648,776
Total charity funds		1,468,464	1,648,776

The financial statements including the notes on 27 to 38 were approved and authorised for issue by the Trustees on 30 March 2023 and signed on their behalf by:



Philippa Stahelin
Chair of Trustees

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	(A)	111,514	(490,954)
Cash flows from investing activities:			
Income from investments		24,043	23,583
New investment and reinvested income		(382,244)	(596,753)
Proceeds from sales of investments		443,637	976,103
Movements on term deposits		(74,034)	20,724
Net cash generated from investing activities		11,402	423,657
Change in cash and cash equivalents in the reporting year		122,916	(67,297)
Cash and cash equivalents at the beginning of the reporting year		86,210	153,507
Cash and cash equivalents at the end of the reporting year	(B)	209,126	86,210

(A) NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2022 £	2021 £
Net (expenditure) for the reporting year	(180,312)	(166,086)
Adjustments for:		
Income from investments	(24,043)	(23,583)
(Increase)/decrease in debtors	(8,586)	240
Increase(decrease) in creditors	175,113	(172,913)
Losses/(gains) on investments	149,342	(128,612)
Net cash generated from/(used in) operating activities	111,514	(490,954)

(B) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash in hand	209,126	86,210
Total cash and cash equivalents	209,126	86,210

The notes on pages 27 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The Foundation is a public benefit entity, is incorporated in England and Wales as a company limited by guarantee not having a share capital. There are currently nine Trustees who are also the members of the company. Each member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The charity is a registered charity. The registered office is given on page 3.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of 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).

Going Concern

The Trustees have adopted the going concern basis of accounting in preparing the financial statements having assessed the principal risks relating to the Foundation's income. The Foundation receives virtually all its income under a covenant with Lloyds Banking Group Plc which requires nine years notice to be given which contains provision for a minimum £614,000. The covenant income for the full year is received early in the financial year prior to the signing of the financial statements. The Foundation holds a level of reserves to enable its activities to continue for more than one year from the balance sheet date in the event that no further funding was received. Accordingly, the Foundation expects to continue to have access to sufficient liquid resources to meet its obligations for a period of at least 12 months after the approval of these financial statements, namely the period to March 2024.

Fund accounting

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.

Investments and cash

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.

Derivatives are recognised in the Balance Sheet at fair value. Managers of segregated funds may enter into derivatives as part of their portfolio risk management, fair values of these derivatives are provided by the fund managers.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (cont.)

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.

Cash at bank and in hand comprises of bank accounts and term deposits.

Debtors

Trade and other debtors are recognised at their settlement value. Prepayments are valued at the amount prepaid.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments other than investments

The Charity has financial assets and financial liabilities of a kind that qualify as basic and complex financial instruments. Basic financial instruments are measured at their settlement value in the case of current assets.

Valuation of assets

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

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 are:

Computer equipment	33% per annum
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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.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (cont.)

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 and any amount relating to future years is included in grants payable.

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.

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

Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (cont.)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

2. DONATIONS

	Unres- tricted £	Total 2022 £	Unres- tricted £	Total 2021 £
Donations from Lloyds Banking Group				
- Covenant income	626,685	626,685	784,390	784,390
- Cost of living supplement	61,400	61,400	-	-
- Operating costs contribution	75,000	75,000	75,000	75,000
- Events and publications	6,265	6,265	-	-
Donated services				
- External audit fees paid by Lloyds Banking Group	9,300	9,300	9,300	9,300
	778,650	778,650	868,690	868,690

3. ANALYSIS OF EXPENDITURE

a) Charitable activities

	Grants £	Other Charitable activities £	Support Costs £	2022 £
Grants Programmes				
Jersey	411,611	-	89,341	500,952
Guernsey	177,900	-	36,542	214,442
Cost of living grants	61,375	-	12,607	73,982
	650,886	-	138,490	789,376
Other activities				
Matched Giving	11,988	-	2,463	14,451
Training and events	-	18,465	-	18,465
	11,988	18,465	2,463	32,916
Total	662,874	18,465	140,953	822,292

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF EXPENDITURE (cont.)

a) Charitable activities (cont.)	Grants	Other Charitable activities	Support Costs	2021
	£	£	£	£
Grants Programmes				
Jersey	295,008	-	37,332	332,340
Guernsey	397,907	-	45,885	443,792
Covid 19 emergency grants Jersey	175,000	-	20,180	195,180
Covid 19 emergency grants Guernsey	140,000	-	16,144	156,144
Alderney	35,000	-	4,036	39,036
	1,042,915	-	123,577	1,166,492
Other activities				
Matched Giving	5,169	-	596	5,765
Training and Events	-	1,060	-	1,060
	5,169	1,060	596	6,825
Total	1,048,084	1,060	124,173	1,173,317

b) Grant awards

	2022		2021	
Grants awarded	No.	£	No.	£
Grants in Jersey	8	434,951	15	498,736
Grants in Guernsey	4	177,900	13	537,907
Alderney	-	-	1	35,000
Cost of living grants	-	61,375	-	-
Total Grants	12	674,226	29	1,071,643
Other activities				
Matched Giving	19	11,988	14	5,169
Total Grants and Matched Giving awarded in the year		686,214		1,076,812
Less grants cancelled or refunded in the year		(23,340)		(28,728)
Grants payable (Note 4c)		662,874		1,048,084

A full list of Approved Grants for 2022 is set out in Note 12 on page 37 and 38.

NOTES TO THE FINANCIAL STATEMENTS (cont.)**4. ANALYSIS OF EXPENDITURE (cont.)**

c) Grants payable

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

	2022	2021
	£	£
Reconciliation of grants payable		
Amounts outstanding at 1 January	223,621	395,021
Grants approved/cancelled in year		
Grants approved in the year	686,214	1,076,812
Grants cancelled	-	(14,364)
Grants payable in the year	686,214	1,062,448
Grants paid during the year	(522,320)	(1,233,848)
Due within one year (Note 8)	328,676	191,221
Due after more than one year (Note 9)	58,839	32,400
Amounts outstanding at 31 December	387,515	223,621

There were no cancellations in 2022. Cancellations in 2021 relate to one Jersey grant.

d) Support costs

	Note	2022	2021
		£	£
Staff costs	4e	64,266	64,452
Governance costs	4f	29,159	22,171
Communications		23,941	26,882
Other costs		23,586	10,668
Total		140,952	124,173

e) Staff costs

	2022	2021
	£	£
Wages and salaries	60,000	60,000
Social Security costs	4,020	3,960
Other costs	246	492
Total	64,266	64,452

The monthly average number of persons employed by the Foundation during the year was one (2021: one) who is the full time Executive Director.

NOTES TO THE FINANCIAL STATEMENTS (cont.)**4. ANALYSIS OF EXPENDITURE (cont.)**

One employee received emoluments of £60,000 (2021: one £60,000).

f) Governance costs	2022	2021
	£	£
Company Secretary, Finance and Administration	10,781	10,532
Audit fee	9,300	9,300
Liability insurance	2,379	-
Trustee costs	6,699	2,339
Total	29,159	22,171

Company Secretary and Finance costs include £8,782 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 (2021: £8,526). The remaining £2,000 (2021: £2,006) largely represents general administration support given by one individual.

The auditors 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. Five of the Trustees received £6,699 in reimbursed expenses relating to travel, subsistence and other expenses (2021: £2,339 four Trustees).

5. TANGIBLE FIXED ASSETS

	Computer equipment and software £	Total 2022 £	Total 2021 £
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	6,054
Depreciation	-	-	-
Disposals	-	-	-
At end of the year	6,054	6,054	6,054
Net book value at beginning of the year	-	-	-
Net book value at end of the year	-	-	-

The fixed assets are fully depreciated, and still in use.

NOTES TO THE FINANCIAL STATEMENTS (cont.)**6. INVESTMENTS**

	2022	2021
	£	£
Investments listed or traded on a recognised stock exchange	1,441,137	1,674,049
Derivative financial instruments	79,125	74,083
Cash held by investment managers	134,536	43,367
Total	1,654,798	1,791,499
Movement in the year		
As at 1 January	1,791,499	2,062,961
Additions	369,602	586,827
Disposals	(443,637)	(976,103)
Net unrealised (losses)/gains	(182,050)	109,998
Net realised gains	32,707	18,614
Reinvested net income	12,642	9,926
Cash movements	74,034	(20,724)
As at 31 December	1,654,798	1,791,499

	2022	2021
	£	£
Investment income		
Bank interest	31	3
Dividends	24,012	23,580
Total	24,043	23,583

The historical cost of the Foundation investments (excluding cash) as at 31 December 2022 was £1,433,122 (2021: £1,496,161). Details of the nature of the investment assets, valuation methods and risk management are included in the trustees' report.

7. DEBTORS

	2022	2021
	£	£
Other debtors	6,265	-
Prepayment	3,238	917
Total	9,503	917

8. CREDITORS: amounts falling due within one year

	2022	2021
	£	£
Grants outstanding (Note 4c)	328,676	191,221
Accruals	5,239	5,500
Taxes and social security	4,372	-
Trade creditors	7,837	729
Total	346,124	197,450

NOTES TO THE FINANCIAL STATEMENTS (cont.)

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

	2022	2021
	£	£
Grants outstanding (Note 4c)	58,839	32,400
Total	58,839	32,400

10. MOVEMENT IN FUNDS

	Balance at 1 Jan 2022	Total incoming resources	Total resources expended	Change in market value of investments	Balance at 31 Dec 2022
	£	£	£	£	£
Unrestricted funds	1,648,776	802,693	(833,663)	(149,342)	1,468,464
Total	1,648,776	802,693	(833,663)	(149,342)	1,468,464

	Balance at 1 Jan 2021	Total incoming resources	Total resources expended	Change in market value of investments	Balance at 31 Dec 2021
	£	£	£	£	£
Unrestricted funds	1,814,862	892,273	(1,186,971)	128,612	1,648,776
Total	1,814,862	892,273	(1,186,971)	128,612	1,648,776

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 2022 was nine (2021: nine).

12. RELATED PARTY TRANSACTIONS

a) Connected Foundations

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

Lloyds Bank Foundation for England & Wales

Society Building
8 All Saints Street
London N1 9RL

The Foundation paid £8,782 (2021: £8,526) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

12. RELATED PARTY TRANSACTIONS Continued

Halifax Foundation for Northern Ireland

Clifton House Heritage Centre
2 North Queen Street
Belfast BT15 1ES

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 £614,000 and a maximum amount of £1,535,000.

In addition to the covenant income of £626,685 (2021: £784,390) the Foundation received £61,400 to enable it to make additional grants to charities to cover the increased cost of living, £75,000 (2021: £75,000) to cover a proportion of operating expenses and £6,265 to cover the cost of publications and events.

The Foundation's principal bank is Lloyds Banking Group Plc. At 31 December 2022 the Foundation held a cash balance with Lloyds Banking Group plc of £209,126. At 31 December 2021 there was a cash balance of £86,210.

The Foundation received interest income of £31 (2021: £3) from cash balances held with Lloyds Banking Group Plc.

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.

Brian Heath is a Board Member and Non-executive Director of MyVoice Independent Advocacy Jersey. MyVoice benefited from a Lloyds Bank mentor in 2021.

Neil Fellows, works as Senior Manager at Lloyds Bank International. In that capacity, he used the Foundation's Matched Giving Scheme to support **GROW Ltd** with £500. Grow Ltd received another £2,000 under the same scheme in 2022, (2021: £75). In 2021 the Foundation awarded a grant of £100,000 to Grow Ltd., which was paid in full the same year.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

12. LIST OF APPROVED GRANTS FOR 2022

Guernsey grants 2022	£	
Guernsey Community Savings	53,500	Towards a part time Manager
Guernsey Mind	50,000	Towards Guernsey Mind's strategic plan
Guernsey Voluntary Service	54,400	Towards salaries for the Jubilee Social Club
Relate Guernsey	20,000	Towards core operating costs to achieve their Business Plan
Total approved for Guernsey	177,900	4 grants
Cost of living support funding	25,886	Towards the impact of cost of living pressures on charitable funding
Total	203,786	

Jersey grants 2022	£	
Caritas Jersey	40,000	Towards the salary of the CEO
Dementia Jersey	55,101	Towards the salary of the Lead Dementia Advisor and Counsellor
Jersey Action Against Rape	60,000	Towards the cost of the Lead Counsellor
Jersey Recovery College	52,000	Towards rent of a training facility
Kairos Art	32,700	Towards the two key members of staff
Macmillan Cancer Support Jersey	39,150	Towards the Holistic Needs Assessment Service
The Shelter Trust Jersey	90,000	Towards the Vulnerable women's service
You Matter	66,000	Towards the salaries of the Educators for delivery of the education, group and one to one programmes
Total approved for Jersey	434,951	8 grants
Cost of living support funding	35,489	Towards the impact of cost of living pressures on charitable funding
Total	470,440	

