

The Lancashire Foundation

Financial Statements and Trustees' Report

For the year ended 31 December 2023

Registered Charity in England and Wales number 1149184

The Lancashire Foundation

Contents

Reference and Administrative Details of the Lancashire Foundation	3
Trustees' report	4
Statement of trustees' responsibilities	10
Independent auditor's report	11
Statement of financial activities	15
Statement of financial position	16
Cash flow statement	17
Notes to the financial statements	18

The Lancashire Foundation

Reference and Administrative Details of the Lancashire Foundation

Trustees

Louise Wells (Chair) (appointed 1 November 2017)
Derek Stapley (appointed 1 December 2014)
Emma Grimes (appointed 29 March 2018)
Robert Kennedy (appointed 5 March 2022)

Registered Office

29th Floor
20 Fenchurch Street
London
EC3M 3BY

Banker

HSBC Bank Plc
2nd Floor
62-76 Park Street
London
SE1 9DZ

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor

Bates Wells Braithwaite London LLP
2-6 Cannon Street
London
EC4M 6YH

Investment adviser

Amber River Premier
Swan House
Liston Road
Marlow
Buckinghamshire
SL7 1DP

Registered Charity in England and Wales Number 1149184

The Lancashire Foundation

Trustees' report

For the year ended 31 December 2023

The trustees present their report and the audited financial statements of The Lancashire Foundation ("the Charity") for the year ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out in Notes 2 and 3 to the accounts and comply with the Charity's Trust Deed, the Charities Act 2011, the Statement of Recommended Practice: Accounting and Reporting by Charities published in 2019 and Amendments to FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Structure, Governance and Management

Governing Document

The Charity is structured as a charitable trust governed by a Trust Deed dated 27 September 2012 and is a charity registered by the Charity Commission, number 1149184, operating from the registered office shown on page 3.

Organisation

The Charity is managed by the trustees who hold quarterly meetings.

Decisions are taken at meetings when a quorum of at least one third of the number of trustees or two trustees, whichever is greater, are present.

Decisions may also be taken without a meeting on a unanimous basis through written resolution or other communication between the trustees.

The day to day management of the affairs of the charity has been delegated to the Donations Committee ("the Committee").

The role and activity of the Committee can be summarised as follows:

- To receive and analyse requests for donations from charitable bodies and where appropriate recommend to the trustees that a donation be made;
- To seek to build relationships with those charities that the Foundation supports and through developing strong and long-term relationships be able to provide assurance that the Foundation's funds are spent in a manner that leads to their effective use; and
- To support the Foundation in achieving its purpose through its core aims and objectives.

For the year ended 31 December 2023, the following trustees were members of the Committee:

Emma Grimes

Other members of the Committee for the year ended 31 December 2023 were as follows:

The Lancashire Foundation

Jennifer Wilson (Chair)
Mark Carvalho
Kelly Turner
Nick Nebard
Nancy Da Silva
Minnie Beagley
Jayne King
Kate Parker (appointed 21 March 2023)

The composition of the Committee is reviewed from time to time by the trustees in order to make such changes as are necessary to ensure that it remains reflective of and responsive to the needs of the Charity.

Appointment of trustees

The founder of the Charity, Lancashire Holdings Limited ("the Founder"), may appoint new or additional trustees by written resolution provided that if the number of trustees falls to less than three and the Founder fails to appoint new trustee(s) within six months thereof, the remaining trustees may appoint new or additional trustees by written resolution so as to bring the number up to three.

The trustees who have served during the year are set out on page 3. The number of trustees shall not be permitted to fall below three.

All trustees give of their time freely and no trustee may receive any remuneration or other benefit in money or money's worth from the Charity.

On appointment, all new trustees receive information and training as appropriate to ensure that they are familiar with all aspects of the Charity including its finances, future plans and objectives.

Risk management

The trustees have, within the year under review, assessed the risks that the Charity faces and can confirm that systems are in place to minimise those risks. The trustees will continue to monitor and re-consider the risks the Charity is exposed to during the coming year.

The principal uncertainty facing the Charity is the level of future income. Due to the discretionary and annual nature of donations made by the Charity and its strong financial position the trustees believe that this can be effectively managed.

The Foundation received a donation of £204,408 from the Founder during 2023 (2022: £184,348)

Objectives and Activities

The Charity and its Trust Fund are administered and managed by the trustees. The objects of the Charity are to hold the Trust Fund and its income upon trust and to apply them for all purposes which are exclusively charitable under the laws of England and Wales from time to time by the making of grants to any individual, group, organisation or institution in the United Kingdom, Bermuda and worldwide.

The Lancashire Foundation

The Charity is committed to channelling its resources in an effective way to meet community needs, particularly focussed on helping the severely disadvantaged in society.

The Charity's strategy is to provide grants to charities or organisations whose work reflects and is aligned to the values and interests of the people and businesses within the Lancashire group of insurers. In certain cases, these grants may be renewed for a number of years, subject always to an annual review of the proposed grant at the discretion of the Charity.

The Charity also invites applications for grants from members of staff of The Lancashire Group to charities with which they have an interest or involvement.

The trustees review the success of the Charity's activities through:

- analysis of levels of staff engagement with charities including the amount of "matching donations" made by the Charity;
- analysis of the allocation of donations to different types of charities;
- analysis of the performance of the underlying charities; and
- assessing the impact of the Charity's funding on the outcome and success measures used by each recipient organisation.

Reserves policy

The trustees have assessed the availability of resources to provide ongoing support to the majority of the charitable organisations currently supported based on the level of funds held, anticipated investment income and future donations from the Founder and are satisfied that sufficient reserves are held.

Restricted Funds

At 31 December 2023 the Charity held restricted funds of £2,653 (2022: £nil) in relation to staff fundraising for Project Transform. See note 11 for further details.

Public benefit

The Charity is a public benefit entity and the trustees have paid due regard to the public benefit guidance published by the Charities Commission.

Investment policy

The Charity holds shares in the Founder which it received when exercising share warrants gifted by the Founder. The policy of the Charity is to hold these shares to receive dividend income to fund donations and to sell shares if required to provide additional cash.

The Charity has also holds a diversified portfolio of investment funds which is managed by a third-party provider. The performance of the funds is regularly monitored by the trustees. When considering potential funds to be held in the portfolio criteria around social responsibility are applied with the aim of selecting ethical and sustainable investments.

Cash balances are held in liquidity funds, term deposit and interest-bearing current accounts.

Achievements and Performance

The trustees have considered each application made to the Charity.

The Lancashire Foundation

During the year the Charity distributed £571,034 (2022: £498,726) to 67 (2022: 60) charities. £94,350 (2022: £40,000) of this amount was distributed to 35 (2022: 22) charities as part of a staff initiative whereby staff could apply for a donation for their nominated charity.

The 10 largest donations during 2023 were to The Family Centre, International Red Cross: Turkey/Syria appeal, BMC access and conservation trust, Waterstart, Cancer Research, St Giles Trust, Bermuda Autism Support "Tomorrow's Voices", Keep Bermuda Beautiful, Friends of Essex and London homeless and HOME.

During the year, the Charity matched individual employee fundraising up to a limit of £2,000, resulting in donations of £12,664 (2022: £7,600).

Details of grants made can be found in the notes to the financial statements. The trustees ensure that grants are made in accordance with the Charity's objectives.

The level of the annual donation from the Founder is dependent on its results for the year and the circumstances of the Charity. During 2023 the Charity received a donation from the Founder of £204,408 (2022: £184,348).

Financial Review

During 2023 the Charity received donations of £207,061 (2022: £184,348) including a donation from the Founder of £204,408 (2022: £184,348). The Charity also received investment income of £80,417 (2022: £18,925) giving total incoming resources of £287,478 (2022: £203,273).

During the year donations of £571,034 were made (2022: £498,726). After including governance costs of £17,514 (2022: £13,137), a loan impairment charge of £6,862 (2022: impairment of £2,559) and foreign exchange loss of £6,954 (2022: gain of £11,556) total resources expended were £602,364 (2022: £502,866).

Taking into account a gain on the revaluation of investments of £12,444 (2022: loss of £46,358) total funds reduced in 2023 by £302,442 (2022: reduction of £345,951).

At 31 December 2023, the Charity had net assets of £1,284,084 (31 December 2022: £1,586,526).

Related parties

As noted above, the Founder at its discretion has the power to provide donations to the Charity and has the power to appoint trustees. The Charity holds an investment in the shares of the Founder.

The Founder and the Charity have jointly sponsored an internship programme for Bermuda resident college graduates and the Charity was not allocated any costs during 2023 or 2022. The total allocation to date of £179,152 was payable to LISL at 31 December 2023 (2022: £179,152). This scheme came to an end during 2021 and therefore no further costs are expected to be incurred.

The Lancashire Foundation

Future Plans

The Charity will continue to encourage staff to take part in charitable activities, often by matching sums raised, or by direct grants to charities or organisations in which staff have an interest or involvement. The trustees encourage involvement from staff in the charities or organisations supported by the Charity.

The charity will also make funds available to support the wider ESG initiatives that the Founder has committed to with a focus on supporting social causes.

The Charity Governance code

The trustees have considered the principles of the Charity Governance Code and applied these to the operation of the charity as follows:

1. Organisational purpose

The trustees are clear about the Charity's aims which are described in the object and activities section above and ensure that these are being delivered effectively and sustainably.

2. Leadership

The Charity is led by the trustees who provide strategic leadership in line with the Charity's aims and values.

3. Integrity

The trustees act with integrity, adopting values and creating a culture which helps to achieve the organisation's charitable purposes. The trustees are aware of the importance of the public's confidence and trust in charities, and the trustees undertake their duties accordingly.

4. Decision-making, risk and control

The trustees make sure that their decision-making processes are informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored.

5. Trustee effectiveness

The trustees work as an effective team, using the appropriate balance of skills, experience, backgrounds and knowledge to make informed decisions.

6. Diversity

The trustees are committed to embracing diversity to support the effectiveness, leadership and decision-making within the Charity.

7. Openness and accountability

The trustees manage the organisation in a transparent and accountable way.

The Lancashire Foundation

Statement of disclosure of information to auditor

The trustees who held office at the date of approval of this trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditor is unaware and each trustee has taken all the steps they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

The Lancashire Foundation

Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements

Under the trust deed of the Charity and charity law, the trustees are responsible for preparing a Trustees' Annual Report and the financial statements in accordance with applicable law and regulations. The trustees are required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assess the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Charity or to cease operations or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed of the Charity, within the framework of trust law. They are responsible for keeping accounting records which are sufficient to show and explain the charity's transactions and disclose at any time, with reasonable accuracy, the financial position of the Charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities.

Approved by the trustees and signed on their behalf by:



Louise Wells
Trustee
19th June 2024

The Lancashire Foundation

Independent auditor's report to the Trustees of The Lancashire Foundation

Opinion

We have audited the financial statements of The Lancashire Foundation ("the charity") for the year ended 31 December 2023 which comprise the Statement of Financial Activities, Statement of Financial Position, and Cash flow statement and related notes, including the accounting policies in note 3 Significant Accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they

The Lancashire Foundation

were made, the above conclusions are not a guarantee that the charity will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, and inspection of policy documentation as to the charity’s high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee, and Donations Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because Charity has simple revenue streams with limited complexity around revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by individuals who do not frequently post journals, those posted with descriptions containing key words or phrases or posted with no description, those posted to unusual accounts with a corresponding entry to cash, and all material post-closing journals.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Trustees (as required by auditing standards), and discussed with the Trustees the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related charities legislation

The Lancashire Foundation

and SORP), and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery and certain aspects of charity legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees, and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or

The Lancashire Foundation

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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 10, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity'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 they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Rajan Thakrar
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

19th June 2024

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

The Lancashire Foundation

Statement of financial activities for the year ended 31 December 2023

	<u>Note</u>	<u>Unrestricted funds</u>	<u>Restricted funds</u>	<u>2023</u> <u>Total funds</u>	<u>2022</u> <u>Total funds</u>
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Income from					
Donations	5	204,408	2,653	207,061	184,348
Investments	9	80,417	-	80,417	18,925
Total income		<u>284,825</u>	<u>2,653</u>	<u>287,478</u>	<u>203,273</u>
Expenditure on					
Charitable activities	6	(572,896)	(5,000)	(577,896)	(501,285)
Governance costs	7	(17,514)	-	(17,514)	(13,137)
Unrealised and realised foreign exchange gains (losses)		<u>(6,954)</u>	<u>-</u>	<u>(6,954)</u>	<u>11,556</u>
Total expenditure		<u>(597,364)</u>	<u>(5,000)</u>	<u>(602,364)</u>	<u>(502,866)</u>
Gain (loss) on revaluation of investments	9	<u>12,444</u>	<u>-</u>	<u>12,444</u>	<u>(46,358)</u>
Net outgoing resources before transfers		<u>(300,095)</u>	<u>(2,347)</u>	<u>(302,442)</u>	<u>(345,951)</u>
Transfers					
Transfer between funds		<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(305,095)</u>	<u>2,653</u>	<u>(302,442)</u>	<u>(345,951)</u>
Fund balance brought forward		<u>1,586,526</u>	<u>-</u>	<u>1,586,526</u>	<u>1,932,477</u>
Fund balance carried forward		<u>1,281,431</u>	<u>2,653</u>	<u>1,284,084</u>	<u>1,586,526</u>

All operations are continuing.

The accompanying notes form part of these financial statements.

The Lancashire Foundation

Statement of financial position as at 31 December 2023

	<u>Note</u>	<u>2023</u> £	<u>2022</u> £
Assets			
Fixed assets			
Concessionary loan	8	-	7,260
Total fixed assets		-	7,260
Current assets			
Investments	9	1,453,054	1,740,720
Cash and cash equivalents		48,856	49,889
Total current assets		1,501,910	1,790,609
Liabilities			
Current liabilities			
Creditors	10	217,826	211,343
Total current liabilities		217,826	211,343
Net current assets		1,284,084	1,579,266
Net assets		1,284,084	1,586,526
Funds			
Unrestricted		1,281,431	1,586,526
Restricted	11	2,653	-
Total funds		1,284,084	1,586,526

The accompanying notes form part of these financial statements.

Approved by the trustees on 19th June 2024 and signed on their behalf by:



.....
Louise Wells
Trustee

The Lancashire Foundation

Cash flow statement for the year ended 31 December 2023

	<u>2023</u> £	<u>2022</u> £
Cash flows from operating activities:		
Net cash (used in) / provided by operating activities	(374,868)	(306,029)
Cash flows from investing activities:		
Dividends and interest from investments	80,417	18,925
Sale of investments	300,109	296,825
Net cash provided by / (used in) investment activities	<u>380,526</u>	<u>315,750</u>
Change in cash and cash equivalents in year	5,658	9,721
Cash at the beginning of year	49,889	29,801
Change in cash due to exchange rate movements	(6,691)	10,367
Cash at bank at end of year	<u>48,856</u>	<u>49,889</u>

	<u>2023</u> £	<u>2022</u> £
Net incoming (outgoing) resources (as per the statement of financial activities)	(314,886)	(299,593)
Adjustments for:		
Dividends and interest from investments	(80,417)	(18,925)
Increase/ (Decrease) in creditors	6,533	20,191
Decrease in Concessionary loan	6,948	3,854
Revaluation adjustments	6,954	(11,556)
Net cash (used in) / provided by operating activities	<u>(374,868)</u>	<u>(306,029)</u>

Analysis of cash and cash equivalents

	<u>2023</u> £	<u>2022</u> £
Cash at bank	15,440	1,667
Notice deposits	33,416	48,222
Total cash and cash equivalents	<u>48,856</u>	<u>49,889</u>

The accompanying notes form part of these financial statements.

The Lancashire Foundation

Notes to the financial statements

1. Statement of compliance

The Charity is a charitable trust. The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 December 2023.

2. Basis of preparation and accounting

Basis of preparation

The financial statements are prepared on a going concern basis. The trustees believe the going concern assumption to be appropriate as the trustees have sufficient unrestricted funds available for the ongoing use and continuing benefit of the Charity and its objectives. The Trustees are satisfied that the level and diversification of reserves held is sufficient to mitigate the related risks and have concluded that there are no material uncertainties that could cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

The key factors considered are that the Charity has a strong balance sheet with sufficient net assets and no significant ongoing contractual obligations. The vast majority of the net assets held by the Charity are highly liquid and can be readily sold if required. The trustees have analysed the latest available information in relation to the net assets when assessing the impact on going concern and the fact that donation income for the year 2024 from the founder has already been approved and paid by the founder. In addition, all outgoing donations and charitable activities are fully at the discretion of the Charity and can be withheld if needed as such there are no long-term commitments in relation to the outgoing donations. As a result of these factors, the Trustees expect that the Charity has adequate reserves to continue its operations for a period of at least 12 months from the date that the financial statements are approved.

Presentation currency

The financial statements are presented in Pounds Sterling which is the functional currency of the Charity.

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions, or at the average rate for the period when this is a reasonable approximation. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. The resulting exchange differences on translation are recorded in the statement of financial activities.

Basis of accounting

The financial statements have been prepared under the accruals concept and provide information that is relevant, reliable, comparable and understandable.

3. Significant accounting policies

- a) The accounts are prepared under the historic cost convention as modified by the revaluation of investments, and are drawn up in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, and applicable

The Lancashire Foundation

United Kingdom accounting standards. Amendments to FRS 102 were issued on 27 March 2024. These are not expected to have an effect on the Foundation.

- b) Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.
- c) Shares are initially recognised at cost. They are subsequently recorded at fair value, determined based on bid prices from recognised exchanges, broker-dealers, recognised indices or pricing vendors. Any gain or loss on revaluation is taken to the statement of financial activities.
- d) Voluntary income is recognised in the statement of financial activities when:
 - The Charity becomes entitled to it;
 - The trustees are reasonably certain they will receive it; and
 - The trustees are reasonably certain that the value can be reliably measured.
- e) Investment income is accounted for in the year which the Charity is entitled to receipt.
- f) Grants payable are accounted for as soon as committed.
- g) Grants payable are recognised when donations are approved by the donations committee and trustees.
- h) Due to the ongoing financial support of the Charity by the Founder, there are no costs incurred in relation to generating funds.
- i) Governance costs comprise of audit fees and bank charges and are accounted for on an accruals basis. These are allocated to unrestricted funds.
- j) Restricted funds in relation to "Project Transform" are those which must be applied in accordance with the purpose for which they were raised.
- k) Unrestricted funds comprise those funds which the trustees are free to use for any purpose in the furtherance of the charitable objectives.
- l) Where the donations committee and trustees allocate unrestricted funds to a restricted purpose such as "Project Transform" then the relevant funds are transferred from unrestricted to restricted funds.
- m) Concessionary loans are recorded at the amount paid, with the carrying amount adjusted to allow for potential impairment due to non-payment.

4. Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received with categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

5. Donations received

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Donation from Lancashire Holdings Limited	204,408	184,348
Donations to Project Transform appeal (note 11)	2,653	-
	<u>207,061</u>	<u>184,348</u>

The Lancashire Foundation

6. Charitable activities

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Grants to institutions made in the year	571,034	498,726
Adjustment to provision for potential loss on concessionary loan (see note 8)	6,862	2,559
	<u>577,896</u>	<u>501,285</u>

No charge is made for the trustees' services nor are the trustees reimbursed by the Charity for any costs they may incur. There are no other staff costs and the Charity does not employ any staff.

The Founder and the Charity have jointly sponsored an internship programme for Bermuda resident college graduates and the Charity did not receive an allocation of costs in 2022 or 2023 however the amount due to Lancashire Insurance Services Limited at 31 December 2023 remains at £179,152 (2022: £179,152).

7. Governance costs

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Audit fee	15,000	12,000
Legal fees	1,440	-
Bank charges	1,074	1,137
	<u>17,514</u>	<u>13,137</u>

8. Concessionary loan

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Concessionary loan	-	7,260

During 2014 the Charity entered into a concessionary loan agreement with Kiva, a non-profit organisation, which provides small loans to small businesses in the developing world through partnerships with a number of micro-finance organisations.

Under the terms of the agreement \$855,000 (£670,378) was loaned for a minimum period of 2 years from 8 July 2014 to enable matching loans to be made to small businesses in developing countries. No interest was payable on the amount loaned.

At 31 December 2022, the majority of the \$855,000 originally loaned to Kiva had been repaid apart from £131,178 which had been provided for as impaired and £7,260 which was still outstanding.

During 2023, a further repayment of £256 was received and the remaining balance was written off.

The Lancashire Foundation

9. Investments

The Charity holds the following investments:

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Lancashire Holdings Limited shares	885,662	922,564
Externally managed investment funds	567,392	818,156
	<u>1,453,054</u>	<u>1,740,720</u>

Lancashire Holdings Limited shares

At 31 December 2023, the Charity held 141,933 (2022: 141,933) common shares in Lancashire Holdings Limited which are listed on the London stock exchange. These have been recorded at fair value based on the closing share price on 31 December 2023 and 31 December 2022.

No shares were sold during 2023.

Externally managed investment funds

During 2020, the Charity implemented a plan to diversify investments held and placed £1,000,000 in a portfolio of investment funds which is managed by a third-party provider. These have been recorded at fair value based on the closing fund price on 31 December 2023 and 31 December 2022.

During 2023, withdrawals totaling £300,109 (2022: £296,825) were made from the externally held investment funds.

The funds held in the portfolio are summarised by type as follows:

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Global equity	219,994	273,515
Flexible allocation	130,355	193,140
UK bond	98,972	122,713
UK equity	51,597	143,348
Global bond	41,468	56,372
Asia-Pacific equity	25,006	24,315
Cash	-	4,753
	<u>567,392</u>	<u>818,156</u>

At 31 December 2023, the externally managed portfolio included investments in 18 funds (2022: 16). None of the individual funds held represented more than 10% of the total value of portfolio.

The Lancashire Foundation

Investment income included the following:

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Dividend income on Lancashire Holdings Limited shares	73,932	17,485
Bank interest	6,485	1,440
	<u>80,417</u>	<u>18,925</u>

The Gain (loss) on revaluation to fair value of investments included the following:

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Lancashire Holdings Limited shares	(36,902)	170,319
Externally managed investment funds	49,346	(216,677)
	<u>12,444</u>	<u>(46,358)</u>

10. Creditors

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Accrued expenses	15,000	24,000
Accrual in relation to donations for the year	23,674	8,191
Amount payable to Lancashire Insurance Services Limited (see note 12)	179,152	179,152
	<u>217,826</u>	<u>211,343</u>

11. Restricted funds

From 2010 to 2019, six to eight employees from across the Lancashire Group of Companies volunteered for Project Transform and travelled to the Philippines to work alongside International Care Ministries (Philippines) for a week providing aid and support to those living in extreme poverty.

It was not possible to arrange a Project Transform trip for 2020 or 2021 due to the restrictions on travel as a result of the Coronavirus pandemic.

During 2023 Project Transform was relaunched with a group of employees travelling to Tanzania for a week. During the year £2,653 was raised by staff donations and events and £5,000 was pledged from the Foundation for the benefit of Project Transform. This donation remains payable at year end.

Restricted funds were held in a separate bank account. The balance at 31 December 2023 was £2,653 and represents funds raised not yet expended. (2022: £Nil)

12. Related parties

During the year the Charity received a donation from Lancashire Holdings Limited of £204,408 (2022: £184,348) and investment income of £73,932 (2022: £18,925) from the Charity's holding of shares in Lancashire Holdings Limited.

The Lancashire Foundation

There were no sales of Lancashire Holdings Limited shares during the year (refer to note 9 for further details).

There were no amounts due to or from Lancashire Holdings Limited at 31 December 2023.

The Founder and the Charity have jointly sponsored an internship programme for Bermuda resident college graduates. The scheme came to an end during 2022 and the Charity did not receive an allocation of costs 2023 or 2022. The related amounts have not yet been paid by the Charity and £179,152 was due to Lancashire Insurance Services Limited at 31 December 2023 (2022: £179,152).

Derek Stapley and Robert Kennedy who are trustees of the Charity are also Trustees of Malawi Community Hubs. During the year the Charity donated £4,250 (2022: £4,250) to Malawi Community Hubs.

Robert Kennedy who is a trustee of the Charity is married to an employee of WeSeeHope. During the year the Charity donated £2,000 (2022: £Nil) to WeSeeHope.

13. Subsequent events

The Founder has approved and paid a donation to the Charity of \$750,000 for 2024 which will enable it to continue to meet its objectives in that year by supporting new and existing charities.

The Lancashire Foundation

Appendix 1: Grants to Institutions

	<u>2023</u>	<u>2022</u>
	£	£
The Family Centre	110,000	45,000
Turkey/Syria: Red Cross	50,000	—
BMC access and conservation trust	45,000	—
Waterstart	40,000	—
Cancer Research	32,000	32,000
St Giles Trust	30,000	33,600
Bermuda Autism Support "Tomorrow's Voices"	30,000	30,000
Keep Bermuda Beautiful	24,000	—
Friends of Essex and London homeless	20,000	21,954
HOME	10,000	42,817
International Care Ministries (Philippines)	10,000	34,174
London Air Ambulance	10,000	10,000
Bermuda Zoological Society	8,000	—
Warwick Academy Outreach Programme	5,750	3,750
Knowledge Quest	5,500	5,500
Bermuda National Trust	5,350	—
Action on Alzheimer's and dementia	5,000	20,000
Windreach Bermuda	5,000	5,000
Victor Scott Primary School	5,000	5,000
The Poppy Factory	5,000	5,000
Surfers against sewage	5,000	—
Circles Alt Ed	5,000	—
Thames 21	5,000	—
Tree Musketeers	5,000	—
Women's Environmental	5,000	—
Transform	5,000	—
Malawi Community Hubs	4,250	4,250
Relay for life	4,030	—
Football Kits	3,300	—
Medical detection dogs	2,500	2,500
Mission Aviation Fellowship	2,500	2,500
Turkey/Syria: Red Cross staff matching	2,190	—
Bobby's Big heart	2,000	4,000
Plymouth hospitals	2,000	—
Parkinson's Disease Society UK	2,000	—
Forget me no support group	2,000	—
Waves Music. Toby's Fund	2,000	—
Prestwood Nature	2,000	—
Crohn's & Colitis UK	2,000	—
Team up for Social Mobility	2,000	—
WeSeeHope	2,000	—
The Kevin Bell repatriation trust	2,000	—
Home for Good	2,000	—

The Lancashire Foundation

Appendix 1: Grants to Institutions

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Pregnant then screwed	2,000	—
Haven House Children's Hospice	2,000	—
The Royal Marsden	2,000	—
Friends of Treetops School	2,000	—
George's Windmills	2,000	—
Scars	2,000	—
Women's resource center	2,000	—
Habitat for Humanity	2,000	—
Trees for cities	2,000	—
Recoil trampoline centre	2,000	—
Usher kids	2,000	—
Staunton Harold Sailability trust	2,000	—
Nature Vibez	2,000	—
Oakhaven trust	2,000	—
Raleigh International. Bermuda Backyard Ultra	2,000	—
Living Reefs foundation	2,000	—
IT takes a village	2,000	—
Bermuda foundation for insurance studies	2,000	—
Sands	2,000	—
Scars	1,772	—
Brain Tumor charity	1,690	—
Save our bumps	1,167	—
Great Ormond Street Hospital	1,035	—
Bermuda diabetes association	1,000	—
International Red Cross: Ukraine appeal	—	39,720
UNICEF Ukraine appeal	—	33,066
Bloody Good Period	—	10,000
Adult Education School	—	10,000
Hospice UK	—	10,000
The B.I.G. Foundation	—	6,000
Ukraine refugee support	—	5,420
Magic Breakfast	—	5,000
Youth Centres Calgary	—	4,000
Young Lives vs Cancer	—	4,000
The Stroke Association	—	4,000
The Neil Burnie Foundation	—	4,000
Bermuda Rugby Football Union	—	4,000
Bermuda Cancer Centre	—	3,864
Toby's Fund	—	2,500
Care for children	—	2,500
Ovarian Cancer Action	—	2,000
All Saints School	—	2,000
Circadian Trust	—	2,000

The Lancashire Foundation

Appendix 1: Grants to Institutions

	<u>2023</u>	<u>2022</u>
	<u>£</u>	<u>£</u>
Spinal Cure Australia	—	2,000
James Roberts Trust	—	2,000
Roots International Street Team	—	2,000
Bermuda Education Network	—	2,000
Mercy Ships	—	2,000
Meals on Wheels	—	2,000
H-ABC	—	2,000
The Psoriasis Association	—	2,000
Outward Bound	—	2,000
Matthew Wilson Multiple Myeloma fund	—	2,000
Children's Hospital Pyjamas	—	2,000
St Luke's Hospice	—	2,000
Sebby's Corner Charity	—	2,000
Help Rural Nepal	—	2,000
Sporting Chance	—	2,000
Brain Tumour Charity	—	2,000
Support Public Schools	—	2,000
Miscellaneous donations under £2,000	—	3,611
Total donations	<u>571,034</u>	<u>498,726</u>