

# **LLOYD'S CHARITIES TRUST**

## **REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2021**

**LLOYD'S CHARITIES TRUST  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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# **LLOYD'S CHARITIES TRUST**

(Registered Number 207232)

## **TRUSTEES**

Ms Vicky Carter (Chair)

Mr David Ibeson  
Mr Andrew Brooks  
Ms Amy Bumstead  
Mr Oliver Ferrari  
Ms Caroline Klein  
Ms Claire O'Meara  
Ms Elizabeth Cabrera  
Ms Hannah-Polly Williams  
Mr Mark Fidler  
Mr Ola Jacob Raji  
Mr Raza Hassan

## **Secretary**

Mrs Sarah Chamberlain (Appointed 01 July 2021)  
Ms Michaela Hawkins (Resigned 01 July 2021)

## **Investment Managers**

Cazenove Capital Management  
12 Moorgate, London EC2R 6DA

## **Auditors**

Simpson Wreford & Partners  
Suffolk House, George Street, Croydon CR0 0YN

## **Bankers**

National Westminster Bank PLC  
PO Box 12258, 1 Princes Street, London EC2R 8PA

**LLOYD'S, LIME STREET, LONDON, EC3M 7HA**  
020-7327-1000

## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE TRUSTEES**

The trustees of Lloyd's Charities Trust ("the Trust") have pleasure in presenting their report together with the audited financial statements of the Trust for the year ended 31 December 2021.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Structure**

Lloyd's Charities Trust (LCT) is a registered charity established for the public benefit under a deed of trust dated 17 June 1953 and is a registered charity subject to the provisions of the Charities Act 2011. It confines its grants to those purposes accepted in law as charitable. The financial statements have been prepared in accordance with the accounting policies set out on pages 18-19 and comply with the Trust's deed and applicable law.

The Trust is also guided by terms of reference which cover issues such as number of trustees, frequency of meetings and quorate meetings.

Responsibility for carrying out the objectives of the Trust rests with the trustees. The Trust is supported by a Secretariat working under the direction of the trustees, employed by the Corporation of Lloyd's and supported by the wider Global Community Engagement team. Delegated authority is given to the Global Community Engagement team at Lloyd's, Central Finance and Lloyd's Treasury and Investment Management to advise and assist, as per the LCT Delegated Authority documentation. With the exception of audit fees, bank charges, and investment management fees which are borne directly by the Trust, all administration costs are borne in full by the Corporation of Lloyd's.

The disbursement of the Trust's fund is at the sole discretion of the trustees unless funds have been given for a specific purpose.

##### **Trustees**

There were twelve trustees as at 31 December 2021.

The normal maximum term of office is nine years and trustees are asked to serve a minimum of three years.

All trustees give their time freely and no trustee remuneration was paid in the year from funds of LCT. Any reasonable travel expenses were covered for trustees, as a cost borne by the Corporation of Lloyd's.

##### **Governance**

New trustees are appointed by the Board of Trustees, following approval from the Council of Lloyd's.

As a charity established to provide charitable grants on behalf of the Lloyd's market, trustees are drawn from across the Lloyd's market with the aim of representing different market constituencies – underwriters, brokers and members of Lloyd's governing body. Trustees external to the Lloyd's market are also on the Board of Trustees and bring specific skills and expertise, and diversity of experience.

The Trust also aims to be a diverse Board of Trustees, representing different voices as outlined in its Recruitment Policy, which is reviewed every three years. The formal recruitment process allows potential trustees to apply to become a trustee, and then the Trust's trustee recruitment subcommittee will formally interview potential candidates and decide who to put forward to the board. The board will collectively agree what skills and knowledge gaps exist on the board and recruit candidates based on their experience and expertise, knowledge and interest in the charitable sector.

Potential trustees are invited to meet with the trustee recruitment subcommittee (including the Chair and the Global Community Engagement team) before agreeing to become a trustee. They will be informed of the Trust's structure, objectives and activities, and their responsibilities as a trustee. A full induction will be undertaken for all new trustees that follows good practice and guidance from the Charity Commission. All new trustees are required to sign the LCT's Code of Conduct as part of their onboarding process.

Once appointed, trustees will be supported by the Secretary and the Board of Trustees in any area of induction or training needed. Regular updates are provided at the meetings with regards to governance issues and changes to charity regulations.



## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE TRUSTEES (continued)**

All trustees complete a Register of Interests and a skills audit on an annual basis, as well as alerting the Chair and Global Community Engagement team when there is a new potential conflict of interest.

Trustees meet at least three times a year as this is sufficient for the size and nature of the organisation. As stated in the original Trust Deed, any questions submitted at a meeting shall be decided by a majority vote of the trustees present at a meeting, but in the event of a tie the Chair shall have a second or casting vote.

At the trustee meetings, the trustees agree the broad strategy and areas of activity for the Trust, including consideration of governance, grant giving, charity partnerships, investment, reserve and risk management policies and performance. The day to day administration of grants and processing and handling of applications prior to consideration by the relevant subcommittee is delegated to the Global Community Engagement team at Lloyd's. The charity partner selection committee of trustees meet as required to review all applications for partnerships and shortlist applications and recommendations to take forward to the board.

Annual grant giving is awarded through the Lloyd's Market Charity Awards through a subcommittee who meet annually to review all applications and shortlist applications from the Lloyd's market and recommendations to take forward to trustee meetings.

LCT has a number of subcommittees of which trustees and the Global Community Engagement team are a part of, and they are chaired by a trustee. These include:

- Trustee recruitment
- Charity partner selection
- Lloyd's Market Charity Awards

Lead trustees are also allocated to lead on: the risk register; the Trust's investments which involves sitting on the Charities Investment Advisory Committee and acting as a lead trustee for charity partners.

Minutes are taken at each meeting, circulated to trustees along with action points and responsibilities, and kept as a record.

#### **Risk Management**

The trustees have considered the major risks to which the charity is exposed and reviewed those risks and established systems and procedures to manage those risks. LCT's risk management approach is outlined in their risk management policy, reviewed every three years.

The risk register outlines the major risks to which the charity is exposed. The risk register is reviewed annually.

The trustees' approach to risk management concerning their investment income is outlined in the Financial Review on page 7.

As Lloyd's employees, all individuals administering Lloyd's Charities Trust are able to raise issues relating to fraud and financial crime in accordance with Lloyd's Speaking Up procedures.

LCT has a conflicts of interests policy and procedure which all trustees and new trustees are familiar with and follow. This is reviewed every three years.

LCT also has a complaints policy which outlines how complaints should be made and escalated within the Trust and its delegation of authority to the Corporation of Lloyd's. This is reviewed every three years.

#### **Objectives and Activities**

The objective of the Trust is to make grants to charitable organisations on behalf of the Society of Lloyd's in line with the strategy of the Trust. The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities.

It focuses on three key areas established for the public benefit to achieve the Trust's strategic priorities:

# **LLOYD'S CHARITIES TRUST**

## **REPORT OF THE TRUSTEES (continued)**

### **1. General Fund**

For over 60 years, Lloyd's Charities Trust has been providing charitable support to a wide range of local, national and international charities on behalf of the Lloyd's market. Insurance plays a valuable role in creating a more confident and secure world and we believe that our charitable giving should extend this role in relevant ways.

Mindful of Lloyd's position as the world's leading specialist insurance and reinsurance market, and given its role in covering global risks including natural disasters, Lloyd's Charities Trust aims to help the global communities most at risk from disasters and emergencies in the following ways:

- We give to charities responding to disasters and emergencies, to help relieve suffering and rebuild lives;
- In areas prone to natural disasters, we fund disaster risk reduction initiatives aiming to build resilience.

As one of London's leading financial markets and a major employer and contributor to the economy, Lloyd's Charities Trust focuses some of our giving locally, to improve economic prospects, community and quality of life:

- To spread the economic and social benefits of the Lloyd's London market, we support projects that tackle disadvantage and foster opportunity;
- We support colleagues in the Lloyd's London market in their individual and collective charitable efforts by making donations to their chosen causes through the Lloyd's Market Charity Awards.

The strategy of Lloyd's Charities Trust is:

#### **Mission Statement:**

Building resilient communities by supporting causes relevant to the market and our people.

#### **Story:**

The Lloyd's insurance market enables the sharing of risk in a world facing diverse challenges. For more than 60 years, Lloyd's Charities Trust has helped to build resilient and sustainable communities where it matters most.

#### **Focus:**

As the Lloyd's market responds to emerging risks and the challenges that these pose to communities around the world, it becomes increasingly important that Lloyd's Charities Trust supports projects that aim to reduce the risk of devastation to the people who need it most. Through our charity partnerships, we work with organisations who help the most vulnerable groups with disaster risk reduction globally.

Lloyd's Charities Trust also supports causes close to the hearts of our people in the Lloyd's market in London. Recognising the voluntary and fundraising efforts of individuals from across the market, we reward their chosen charities with unrestricted grants to help maintain stability and resilience in a changing world.

### **2. Lloyd's Community Programme**

Established in 1989, Lloyd's Community Programme (LCP) is a sub-fund of the Trust which helps individuals achieve their full potential through support from the Lloyd's market. This is achieved through projects that tackle disadvantage and foster opportunity, including in the Lloyd's market. Through long-standing relationships with local delivery partners, LCP has established a wide range of volunteering opportunities for employees across the Lloyd's market.

### **3. Lloyd's Education Fund**

The Lloyd's Education Fund provides university bursaries to young people from schools in London who have achieved their A-level results and have a firm offer from a university outside of London. It also provides funding to the Cambridge Heath Sixth Form Partnership's university access and wider reading programme which offers sixth form students, at three Tower Hamlets based schools, resources to set them up for success at university. This fund was previously known as the Cuthbert Heath Centenary Fund.

## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE TRUSTEES (continued)**

#### **ACHIEVEMENTS AND PERFORMANCE**

##### **1. General Fund**

During 2021, Lloyd's Charities Trust made donations amounting to £498k from its General Fund to support the programmes described below. This has resulted in support to 36 organisations, helping many more beneficiaries globally. The impacts of COVID-19 will be discussed within each section.

##### **Lloyd's Market Charity Awards**

To meet our aim to support the individual and collective charitable efforts of colleagues in the Lloyd's market, Lloyd's Charities Trust runs the annual Market Charity Awards, that makes donations to their chosen causes. This is a long-standing scheme that recognises and celebrates charities that Lloyd's market employees are actively involved with; through volunteering or fundraising activities, as well as supporting employees through difficult times.

In 2020, in response to COVID-19, the Corporation of Lloyd's donated an additional £1 million to Lloyd's Charities Trust to support the Lloyd's Market Charity Awards. Trustees agreed to donate half of the funds for the 2020 awards and save the remaining amount for 2021 when the impacts of COVID-19 would still be being felt by the charitable community.

As such, trustees increased the potential award from £4k to up to £25k depending on the size of the charity. In some cases, it was agreed that charities would receive their donations across two years.

In 2021, 58 applications eligible for an award were received from individuals working in 24 businesses across the Lloyd's market and 29 winners were chosen to receive a donation on behalf of 29 charities. Donations totalled £498k to the 29 charities.

##### **Habitat for Humanity Great Britain**

Lloyd's Charities Trust continued their partnership with Habitat for Humanity through an 18-month partnership from May 2020 – December 2021. The partnership encourages a Lloyd's market approach to help meet Habitat for Humanity's goal of a world where everyone has a safe and decent place to live.

Habitat for Humanity Great Britain were awarded a grant of £130k (£43k annually) to deliver their project in Malawi, which aimed to help better prepare the most vulnerable communities for future disasters in an area affected by severe flooding and devastation. The project helped deliver training and materials to 21,000 individuals to help disaster proof their homes. The key deliverables of the project were: to build an understanding of why some communities chose to live in flood-prone lowland areas, undertake a comprehensive training programme using the proven participatory approach to safe shelter awareness, PASSA, methodology, designed to enable communities, local authorities and other stakeholders to prepare for, withstand and recover from future disasters and finally, construct two Rescue Centres for families to access training and materials to 'disaster proof' their homes, and allow selected families to seek refuge during emergencies.

The project is now complete, and all the key deliverables have been achieved. The impact of the project went above and beyond the initial ambitions and the local communities have taken the support of risk reduction, to reach further aims of having prepared sustainability plans for the Rescue Centres, to ensure they are put to full use. They will become the focal point of many important community activities with security guards being hired using community funds, illustrating the level of commitment and ownership that the communities feel.

##### **2. Lloyd's Community Programme**

Delivery partners' applications for funding were reviewed at the LCT trustee meeting. All applications were successful, and LCP continues to work with THEBP (trading as The Switch), ELBA and Cambridge Heath. It was noted however that the Cambridge Heath Partnership would be winding down and coming to an end over the next year.

In addition to their previously funded programmes, all of the charity partners had developed their applications to include a dynamic response to COVID-19 and the challenges their communities faced. As well as delivering ELBA's Team Challenge programme, some of the funding was used to support a new Community Recovery Programme which would aim to help small charities in East London survive, and build back better from, COVID-

## LLOYD'S CHARITIES TRUST

### REPORT OF THE TRUSTEES (continued)

19. THEBP requested approval to replace their travel bursaries with learner recovery bursaries which would be distributed in the form of grants to schools allowing them to provide, for example, catch-up sessions or technology solutions for remote learning. Cambridge Heath planned to use some of their funding, as well as underspend from last year's university fund, to provide additional support packages to students impacted by COVID-19, including whole year group university outreach and open day events.

The Global Community Engagement team also started working with SEO London, a non-profit organisation with a 20-year history in the diversity and inclusion space of preparing talented young people from underrepresented backgrounds for career success. Their mission is to drive a cultural shift and create an inclusive workplace where everyone can achieve their potential. In 2021, SEO London has placed 30 students into work placements across the market. 241 volunteers from our market have supported as workshop leaders and mentors. The 'Insuring Futures' collaboration between SEO London and the Lloyd's Community Programme is helping transform the lives of students from diverse backgrounds. As well as educating students about the structure and function of London's insurance markets, 'Insuring Futures' creates opportunities for candidates to work with market firms. Importantly, this helps candidates in the long term by building workplace skills and instilling confidence in their ability to thrive in an industry they might not have otherwise considered. In its first year, the programme has engaged over 1200 secondary school students and diverse undergraduates through the support of 58 market firms and 190 volunteers.

In 2021 Lloyd's Community Programme's delivery model was significantly impacted by the effects of COVID-19 with all in-person volunteering being cancelled and delivery partners having to quickly change their operating models to provide online opportunities where possible. LCP was still able to disburse grants to its community delivery partners of £238k and the programme involved 966 volunteers from 54 companies across the Lloyd's market. The number of volunteer hours has been estimated at 4429.

### 3. Lloyd's Education Fund

In 2021, income from LEF investments was used to support the Lloyd's University Bursary Fund. 12 students from low-income backgrounds were selected for a £5,000 grant for the 2021 cohort to help towards living expenses while studying for undergraduate degrees at universities outside of London. Applications were open to young people from schools across London.

In total, Lloyd's Education Fund disbursed grants of £109k to 24 students in 2021 with AEGIS London providing funding for three of these bursaries (one student per year), totalling £15k and General Reinsurance Corporation Genre providing funding for one of these bursaries (one student in first year), totalling £5k. In 2019 the payments were split into two payments, one in September 2019 and one in January 2021, to better support students in managing their money. This sum, therefore, represents the second tranche and final payment (£2k per student) of funding for the 2018 cohort, as well as first tranche (£3k per student) of funding for the 2019, 2020, and the 2021 cohort. AEGIS London and General Reinsurance Corporation will continue to fund one bursary student per year, LEF will continue funding five places and the Corporation of Lloyd's will fund five students per year. This commitment has currently been made for three years.

One student from the 2020 cohort took a gap year and deferred their place and started university in the 2021/22 academic year. The Global Community Engagement Team received no correspondence from another student in the 2020 cohort after several attempts to contact them, and so they did not receive their second year payment. Another student from the 2020 cohort notified the Global Community Engagement team in March 2022 that they would be pausing their studies and due to reassume year three in September 2023. One student from 2019 cohort took a break from their studies in the first term and then continued in September 2020. They were due to receive their second year funding in 2021, however, no correspondence was received from the student after several attempts to contact them, and so they did not receive their second-year payment. All students are required to sign up to new Lloyd's Community Programme's partner SEO London, to receive employability support, work placement opportunities in the Lloyd's market, a mentor, and support applying for career opportunities once they complete their degree.

## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE TRUSTEES (continued)**

#### **FINANCIAL REVIEW**

##### **Funding Sources and Reserves Policy**

###### **General Fund**

The General Fund of Lloyd's Charities Trust receives an annual donation of £250k from the Council of Lloyd's to support the work of its partner charities and the Lloyd's Market Charity Awards. The Corporation of Lloyd's donated an additional £1 million during 2020 in response to COVID-19 of which £466k of this was deferred to be used in 2021.

Trustees have agreed a reserves policy of holding circa £250k in reserve. This equates to one year's income received from the Council of Lloyd's and permits cover for any unbudgeted expenditure during the year. As at 31 December 2021, reserves totalling £576k were held.

###### **Lloyd's Community Programme**

In 2021, Lloyd's Community Programme received its annual donation of £250k from the Council of Lloyd's. LCP management approved the retention of at least one year's funding of £250k from the Council of Lloyd's in case community partners ever ran into significant financial difficulties. As at 31 December 2021, reserves totalling £302k were held.

###### **Lloyd's Education Fund**

The Lloyd's Education Fund relies on the investment income from funds managed by Cazenove Capital Management. The policy has been to leave the capital of the fund untouched as far as possible in order to provide a future income stream to support the fund's activities. This policy has remained unchanged during the last year. As at 31 December 2021, reserves totalling £2,733k were held

##### **Investment policy and management**

The invested funds of Lloyd's Education Fund are held in funds managed by Cazenove Capital Management, whereby the costs of investment management are borne directly by the Trust and amount to £8k (2020: £8k).

Investments are reviewed during the year to ensure that they are meeting the trustees' long-term objectives of maximising income whilst protecting the capital value of the Fund.

The cash element is placed with Morgan Stanley Funds PLC (Gartmore) as are any surplus funds from the General Fund and Lloyd's Community Programme funds.

Bi-annual review meetings are held with the Trust's advisory investment manager, Cazenove Capital Management as part of the Charities Investment Advisory Committee, as well as additional meetings with the lead trustees for LCT's investments.

A report on the investments by Cazenove Capital Management is included on page 11.

##### **Summary of investment changes and capital movement**

The gain for the year amounted to £257k (2020 loss: £294k).

##### **Ethical Policies**

The trustees review their level of exposure to ethically sensitive investments regularly and although they have not adopted a negative screening policy, they continue to monitor their exposure level throughout 2021. The exposure level to ethically sensitive investments continued to be low and investment managers continue to engage with companies to encourage them to manage their ESG impact. This exposure rating was reviewed in detail in 2021 at the LCT strategy meeting by the lead trustees for LCT's investments, who also sit on the Charities Investment Advisory Committee.

## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE TRUSTEES (continued)**

#### **Commitments and Liabilities**

The trustees have committed expenditure of £250k to charitable partnerships.

Lloyd's Charities Trust has made a commitment to spend the annual £250k donation from the Council of Lloyd's on charitable partnerships that achieve the strategy of the Trust over the next three years. LCT had committed to support Habitat for Humanity Great Britain for a minimum of 18 months (2019 – 2021) in line with the new strategy of LCT. This was then renewed for a further 12 months from February 2022 to January 2023. Beyond this, selected charity partners will be announced after a fair and open application process in line with the Trust's strategy.

#### **Lloyd's Community Programme**

As at the end of 2021 there is a provision for £76k payable to THEBP under a funding agreement entered into during the year.

#### **Lloyd's Education Fund**

As at the end of 2021, Lloyd's Education Fund has made a commitment to fund up to five Lloyd's University Bursary Fund students for three years of university.

As part of the same bursary programme AEGIS London and Gen Re have committed to fund one student for three years of university. The Corporation of Lloyd's has committed to fund five students for three years of university from 2020.

The total number of students on the programme is currently 27 with a total value of funding of £115k per annum.

#### **PLANS FOR THE FUTURE**

The plans for the 2022 financial year include:

- Increasing support from the Lloyd's market through company donations and improving the marketing of the Trust.
- Working with Habitat for Humanity Great Britain around engagement opportunities for the Lloyd's market to support the partnership beyond the grant; e.g. fundraising, volunteering, awareness raising.
- Reviewing the investment strategy to include considerations on ESG investments.
- Reviewing the focus on charity partnerships and preparing for the new charity partner process in 2023.

#### **General Fund**

Trustees plan to continue supporting Habitat for Humanity Great Britain (2021 – 2022); and continue to run the Lloyd's Market Charity Awards scheme.

#### **Lloyd's Community Programme**

LCP will continue to fund the delivery partners agreed in 2021, subject to an annual review of all programmes and partners. Notice had been given to the Cambridge Heath Partnership of schools in 2020 that the partnership would be winding down over the next two years and so will not continue in 2022. LCP will continue to engage Lloyd's managing agents with volunteering opportunities and actively raise funds from Lloyd's brokers who wish to support the programme and get involved. A focus for 2022 includes utilising an improved suite of communication materials to the market to raise awareness about opportunities for market engagement, in addition to increasing engagement from the Corporation of Lloyd's employees as well as considering the long-term benefits and capacity for providing remote volunteering opportunities.

In 2022, programmes will be reviewed to ensure that they are fit for purpose and benefit those who need it most. This will include all delivery partners providing more long-term remote volunteering opportunities to complement the face-to-face volunteering that people are more accustomed to.

#### **Lloyd's Education Fund**

Following approval at the LCP management board, the fund continues to be used to support the Lloyd's University Bursary Fund and the wider travel bursary fund.

#### **Public Benefit**

The Trustees take full account of the published Charity Commission general guidance on public benefit and are satisfied that the aims of the charity are carried out wholly in pursuit of its charitable aims for the public benefit. Lloyd's Charities Trust's grant-making is of measurable benefit to individuals. Applications can be made by all charities focussing on disaster risk reduction on a global scale.


## LLOYD'S CHARITIES TRUST

### REPORT OF THE TRUSTEES (continued)

#### Acknowledgements

The trustees wish to record their sincere thanks to members of the Corporation of Lloyd's staff who assist with the administration of the financial statements of the Trust, and to the Corporation of Lloyd's which bears the majority of the administration costs.

Approved by the Board of Trustees on 13/10/2022 and signed on its behalf by:-

A handwritten signature in blue ink, appearing to read 'Vicky Carter'.

Vicky Carter  
Chair

A handwritten signature in blue ink, consisting of a large 'D' followed by a cursive name.

Trustee

## **STATEMENT OF THE TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The trustees 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).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## LLOYD'S CHARITIES TRUST

### REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S CHARITIES TRUST

YEAR ENDED 31 DECEMBER 2021

#### Overview

##### Investment Objective

The portfolio is designed to maximise income whilst protecting the real value of capital over the medium to long term. The portfolio is managed on an advisory basis with Cazenove Capital Ltd providing investment advice on an ad hoc basis, custody, reporting and administration services. The portfolio uses a broad range of investments and may allocate a high proportion of its assets to equity, or equity-like, investments in pursuing its aims. Whilst the majority of the portfolio is invested in readily tradable assets, illiquid assets are considered part of the investable universe and the portfolio may have some exposure. Cash, fixed income and other defensive assets will normally account for only a small part of the portfolio.

Description	Market Value	Weight
<b>Multi-Asset</b>	<b>2,415,793</b>	<b>91.7%</b>
Charity Multi-Asset Fund	590,458	22.4%
Charity Responsible Multi-Asset Fund	1,825,336	69.3%
<b>Cash</b>	<b>217,540</b>	<b>8.3%</b>
Lloyd's Charities Trust (LEF)	42,545	1.6%
JPMorgan GBP Liq LVNAV-E-GBP-Acc	175,003	6.6%
<b>Total</b>	<b>2,633,333</b>	<b>100.0%</b>

##### Portfolio Performance 2021

The portfolio ended December with a value of £2,633,333 compared to the end of December 2020 value of £2,365,421 (a 12 month return of +14.3% net of fees).

##### Fund Performance 12 months to 31<sup>st</sup> December 2021

Asset Class	Fund	1 year
Alternatives - Multi-Asset	Charity Responsible M-A Fund -S-GBP-Dis	14.5%
Alternatives - Multi-Asset	Charity M-Asset -S-GBP-Inc	10.7%

Source: Schroders, Lipper, DataStream. Performance is quoted net of underlying fund fees. Past performance is not a guide to future returns. The value of investments can go down as well as up.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S CHARITIES TRUST**

### **Opinion**

We have audited the financial statements of Lloyd's Charities Trust (the 'charity') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 trustee's 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 charity'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.

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, including the Trustees' 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.

## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S CHARITIES TRUST (Continued)**

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees are responsible for the preparation of financial statements which 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 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 the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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 obtained an understanding of the legal and regulatory framework applicable to the entity and the sector in which it operates, through discussions with management and those charged with governance. We identified the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice and the Charities Act 2011, Data Protection Act 2018 and the Bribery Act 2010 as being of significance in the context of Lloyd's Charities Trust and its ongoing activities.
- We made enquiries with management and those charged with governance along with reviewing board meeting minutes to confirm our understanding that the charity continued to comply with the applicable legal and regulatory frameworks, and also to confirm our understanding of the specific policies and procedures enlisted by the charity to ensure ongoing compliance.

## **LLOYD'S CHARITIES TRUST**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S CHARITIES TRUST (Continued)**

- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud may occur, and gained an understanding of the charity's policies and procedures on fraud risks through discussion with the charity's management.
- We considered the risk of material misstatement due to fraud as a result of possible management override of controls and improper revenue recognition. In addressing this risk of fraud from the above we have tested the appropriateness of journal entries and other adjustments including a sample of manual journals along with testing revenue recognition and confirming that cut-off is appropriate.
- We communicated those laws and regulations considered relevant to the charity, and potential fraud risks to all engagement team members, and consider that the engagement team had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations, and remained alert to any indications of fraud throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Simpson Wreford & Partners**

Statutory Auditor  
Suffolk House  
George street  
Croydon  
CR0 0YN

Date

Simpson Wreford & Partners is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**LLOYD'S CHARITIES TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021**

		Unrestricted Funds	Restricted Funds			
	Note	General Fund £'000	Lloyd's Education Fund £'000	Lloyd's Community Programme £'000	31-Dec 2021 Total £'000	31-Dec 2020 Total £'000
<b>INCOME:</b>						
Donations and legacies	2	718	-	290	1,008	1,332
Investment income	3	-	83	-	83	78
Total income		718	83	290	1,091	1,410
<b>EXPENDITURE:</b>						
Investment management fees		-	(8)	-	(8)	(8)
Audit and other professional fees		(2)	-	-	(2)	(3)
<b>Charitable activities:</b>						
Donations and grants payable	5	(541)	-	(238)	(779)	(858)
Bursaries	5	-	(109)	-	(109)	(72)
Total expenditure		(543)	(117)	(238)	(898)	(941)
Net income / (expenditure) and net movement in funds		175	(34)	52	193	469
Net realised gain / (loss) on investments	6	-	62	-	62	-
Net unrealised gain / (loss) on investments	6	-	195	-	195	(294)
<b>NET MOVEMENT IN FUNDS</b>		175	223	52	450	175
Balance brought forward at 1 January 2021		401	2,510	250	3,161	2,986
Balance carried forward at 31 December 2021		576	2,733	302	3,611	3,161

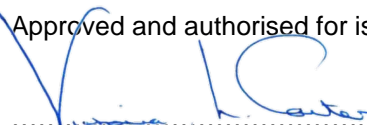
The notes on pages 18 - 23 form part of these financial statements.


**LLOYD'S CHARITIES TRUST**

**BALANCE SHEET AS AT 31 DECEMBER 2021**

		Unrestricted Funds	Restricted Funds		31-Dec 2021	31-Dec 2020
	Note	General Fund £'000	Lloyd's Education Fund £'000	Lloyd's Community Programme £'000	Total £'000	Total £'000
INVESTMENTS						
At market value	6	-	2,458	175	2,633	2,366
CURRENT ASSETS						
Debtors	7	-	-	-	-	39
Short term deposits		156	-	195	351	351
Cash and cash equivalents		424	277	8	709	921
		<b>580</b>	<b>277</b>	<b>203</b>	<b>1,060</b>	<b>1,311</b>
CURRENT LIABILITIES						
Creditors	8	(4)	(2)	(76)	(82)	(516)
Total expenditure		(4)	(2)	(76)	(82)	(516)
NET CURRENT ASSETS		<b>576</b>	<b>275</b>	<b>127</b>	<b>978</b>	<b>795</b>
NET ASSETS		<b>576</b>	<b>2,733</b>	<b>302</b>	<b>3,611</b>	<b>3,161</b>
FUNDS		<b>576</b>	<b>2,733</b>	<b>302</b>	<b>3,611</b>	<b>3,161</b>

Approved and authorised for issue by the Board of Trustees on 13/10/2022 and signed on its behalf by: -

  
 Vicky Carter, Chair

  
 Trustee

The notes on pages 18 - 23 form part of these financial statement

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
<b>Net cash used in operating activities</b>	9	<b>(285)</b>	863
<b>Cash flows from investing activities:</b>			
Interest and dividends		83	78
Purchase of investments		(2,395)	-
Proceeds from sale of investments		2,223	-
<b>Net cash provided by investing activities</b>		<b>(89)</b>	78
<b>Change in cash and cash equivalents in year</b>		<b>(374)</b>	941
Cash and cash equivalents brought forward		1,476	535
<b>Cash and cash equivalents brought forward</b>		<b>1,102</b>	1,476
<b>Cash and cash equivalents consist of:</b>			
Cash within investments		42	204
Short term deposits		351	351
Cash at bank		709	921
<b>Total</b>		<b>1,102</b>	1,476

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

### 1 ACCOUNTING POLICIES

#### a) BASIS OF ACCOUNTING

The charity constitutes a public benefit entity as defined by FRS 102. In preparing the financial statements the Charity follows best practice as laid down in the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP FRS 102) in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011. They are drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value.

#### b) GOING CONCERN

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### c) DONATIONS AND LEGACIES

Donations and legacies are included in the Statement Of Financial Activities when receivable.

#### d) ALLOCATION BETWEEN FUNDS

Investment income and capital gains and losses on investments are allocated to individual funds in proportion to their share of the Fund account balance at the beginning of the year.

#### e) INVESTMENT INCOME

Dividends from equity investments are taken into account on the due date of payment; all other income is included by reference to the amount due in respect of the accounting period.

#### f) GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS

Gains or losses on disposals in the year are calculated by reference to the carrying value of the holding as at the date of sale.

#### g) ADMINISTRATION EXPENSES

The cost of the administration of the Charity is borne in full by the Corporation of Lloyd's with the exception of investment management fees, audit fees and bank charges. No remuneration was paid to the Trustees and any reasonable Trustees expenses are reimbursed by the Corporation.

#### h) FUNDS

The General Fund comprises all unrestricted monies which may be used towards meeting the charitable objectives of the Lloyd's Charities Trust at the discretion of the trustees.

The Lloyd's Education Fund and Lloyd's Community Programme are restricted funds to be used for specific purposes or for donations subject to donor-imposed conditions, as confirmed by the trustees.

Further details of each fund are disclosed at note 12.



**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)****1 ACCOUNTING POLICIES (continued)****i) GRANTS**

Grants are accounted for by reference to the amount paid in respect of the accounting period.

**j) INVESTMENTS**

Investments are stated at their market value at the date of the balance sheet; fund prices are quoted daily by the underlying provider. Gains and losses on investments are taken directly to the Statement Of Financial Activities.

**k) TAXATION**

The Charity is established as an exempt approved charity for taxation purposes.

**l) DEBTORS**

Debtors are recognised at the settlement amount due.

**m) SHORT TERM DEPOSITS**

Short term deposits include short term highly liquid investments with a short maturity of three months or less from the date of acquisition.

**n) CREDITORS**

Creditors 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 are normally recognised at their settlement amount.

**o) FINANCIAL INSTRUMENTS**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at amortised cost or as specified in the preceding accounting policies. As there are currently no long-term financial instruments, the transaction value and settlement value will be the same.

**2 DONATIONS AND LEGACIES**

	<b>2021</b> <b>£'000</b>	2020 £'000
General donations	<b>42</b>	73
Donation from the Corporation of Lloyd's	<b>966</b>	1,259
	<b><u>1,008</u></b>	<u>1,332</u>

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

## 3 INVESTMENT INCOME

	2021 £'000	2020 £'000
Dividends – UK equities	78	70
Dividends – property fund	5	6
Interest – UK fixed interest investments	-	2
	<u>83</u>	<u>78</u>

In 2021, of the investment income, £83k (2020: £77k) was attributable to restricted income funds, with the balance of £nil (2020: £1k) allocated to unrestricted funds.

## 4 AUDITORS REMUNERATION

The auditor's remuneration constituted an audit fee of £2k (2020: £2k) and non-audit fees of £nil (2020:£nil).

## 5 ANALYSIS OF CHARITABLE EXPENDITURE

	2021 £'000	2020 £'000
<b>Funded from unrestricted funds:</b>		
Habitat for Humanity	43	53
Lloyd's Market Charity Awards	498	534
<b>Funded from restricted funds:</b>		
Lloyd's Community Programmes	238	235
Lloyd's Education Fund	109	108
	<u>888</u>	<u>930</u>

More detail of the individuals and institutions paid can be found within the trustee's report.

## 6 QUOTED INVESTMENTS

	2021			
	£'000 Equity	£'000 Property	£'000 Cash	£'000 Total
Market value brought forward	2,001	161	204	2,366
Net purchases / (sales)	336	(164)	-	172
Net realised gain / (loss) on investments	59	3	-	62
Net unrealised gain / (loss) on investments	195	-	-	195
Movements on cash account	-	-	(162)	(162)
Market value carried forward	<u>2,591</u>	<u>-</u>	<u>42</u>	<u>2,633</u>

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

## 7 DEBTORS

	2021 £'000	2020 £'000
Other debtors	-	39
	<u>-</u>	<u>39</u>

## 8 CREDITORS

	2021 £'000	2020 £'000
Accruals and deferred income	(6)	(473)
Accruals for grants payable	(76)	(43)
	<u>(82)</u>	<u>(516)</u>

The Corporation of Lloyd's donated £1 million during 2020, of which £466k was deferred to be used in 2021.

## 9 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Net movement in funds	450	175
Less interest and dividend income shown within investing activities	(83)	(78)
(Gain) / loss on investments	(257)	294
Decrease / (increase) in debtors	39	(39)
(Decrease) / increase in creditors	(434)	511
Net cash (outflow) / inflow from operating activities	<u>(285)</u>	<u>863</u>

## 10 DISCLOSURE OF RELATED PARTY TRANSACTIONS &amp; TRUSTEE REMUNERATION

The trustees receive no remuneration and no expenses were reimbursed within the financial year 2021.

There were no related party transactions in the year 2021.

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

## 11 FUNDING COMMITMENTS

Lloyd's Charities Trust has made a commitment to spend the £500,000 per year for three years from the Council of Lloyd's to fund a number of partners including through the Lloyd's Community Programme. This includes its partnerships with Habitat for Humanity Great Britain as well as the Lloyd's Market Charity Awards. Any other partners were selected through a fair and open applications process in 2021.

## 12 FUNDS

## General Fund

The general fund is available to be spent for any purposes of the charity.

## Lloyd's Education Fund

Previously the Cuthbert Heath Centenary Fund, The Lloyd's Education Fund was established to benefit young people in London communities. Funds are generated by income from the charity's investments and are used to provide bursaries and educational support to low income students. Funds are restricted to this purpose.

## Lloyd's Community Programme Fund

Expenditure from The Lloyd's Community Programme is restricted to funding local organisations with the aim to help individuals achieve their potential with the support from the Lloyd's market. Income is generated mainly through an annual donation of £250,000 from the Council of Lloyd's. In addition, donations are made by brokers in the Lloyd's market

## 13 ANALYSIS OF COMPARATIVE INFORMATION WITHIN THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds	Restricted Funds		
	General Fund	Lloyd's Education Fund	Lloyd's Community Programme	31-Dec 2020 Total
	£'000	£'000	£'000	£'000
<b>INCOME AND EXPENDITURE</b>				
<b>INCOME:</b>				
Donations and legacies	788	255	289	1,332
Investment income	1	77	-	78
<b>Total Income</b>	<b>789</b>	<b>332</b>	<b>289</b>	<b>1,410</b>
<b>EXPENDITURE:</b>				
Investment management fees	-	(8)	-	(8)
Audit fees	(3)	-	-	(3)
Charitable activities:				
Donations and grants payable	(587)	(36)	(235)	(858)
Bursaries	-	(72)	-	(72)
<b>Total expenditure</b>	<b>(590)</b>	<b>(116)</b>	<b>(235)</b>	<b>(941)</b>
<b>Net income/(expenditure) and net movement in funds</b>	<b>199</b>	<b>216</b>	<b>54</b>	<b>469</b>
Net (loss)/gains on Investments	-	(294)	-	(294)
<b>NET MOVEMENT IN FUNDS</b>	<b>199</b>	<b>(78)</b>	<b>54</b>	<b>175</b>
Balances brought forward at 1 January 2020	202	2,588	196	2,986
<b>Balances carried forward at 31 December 2020</b>	<b>401</b>	<b>2,510</b>	<b>250</b>	<b>3,161</b>

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021 (continued)

## 14 ANALYSIS OF COMPARATIVE INFORMATION WITHIN THE BALANCE SHEET

	Unrestricted Funds	Restricted Funds		
	General Fund	Lloyd's Education Fund	Lloyd's Community Programme	31-Dec 2020
	£'000	£'000	£'000	Total £'000
INVESTMENTS				
At Market Valuation	-	2,191	175	2,366
CURRENT ASSETS				
Debtors	-	-	39	39
Short term deposits	156	-	195	351
Cash and cash equivalents	759	321	(159)	921
	915	321	75	1,311
CURRENT LIABILITIES				
Creditors	(514)	(2)	-	(516)
	(514)	(2)	-	(516)
NET CURRENT ASSETS	401	319	75	795
NET ASSETS	401	2,510	250	3,161
FUNDS	401	2,510	250	3,161

## 12 POST BALANCE SHEET EVENTS

## Change to Foundation

In 2021, a consultation was undertaken with an employee working group and trustees of the four Lloyd's charities. It found that:

- Charitable activities are fragmented with little strategic alignment.
- Stakeholders in both the Corporation and the market have low awareness of the quantity or impact of Lloyd's charitable activities.
- Those that are aware value the impact within the community and historical significance of Lloyd's charities.

The consultation concluded that a corporate charitable foundation would provide a useful umbrella vehicle for Lloyd's many and varied charitable activities, enable greater strategic alignment, improve impact assessment and reporting and greatly improve market and Corporation awareness and engagement. This change also offered an opportunity to review and streamline the underlying support processes for the charities. Trustees of LCT have exercised their power to amend the name of the Charity to "The Lloyd's of London Foundation". All activity will now be brigaded under the Lloyd's of London Foundation

Drawing on Lloyd's long history of charitable giving, and in line with Lloyd's ESG-related ambitions, Lloyd's Foundation will focus on the themes of resilience, sustainability, and inclusion for people and communities