

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

2023

Contents

REFERENCE AND ADMINISTRATIVE DETAILS	3
CHAIR'S REVIEW OF THE YEAR	5
TRUSTEES' REPORT AND THE STRATEGIC REPORT <i>(incorporating the Directors's Report)</i>	8
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS	20
STATEMENT OF FINANCIAL ACTIVITIES <i>(incorporating Income</i> <i>and Expenditure Report)</i>	24
BALANCE SHEET	25
STATEMENT OF CASH FLOWS	26
NOTES TO THE FINANCIAL STATEMENTS	27

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

REFERENCE AND ADMINISTRATIVE DETAILS

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

REFERENCE AND ADMINISTRATIVE DETAILS (cont.)

TRUSTEES

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

Philippa Stahelin

Chair
Chair of Nomination Committee
Chair of Remuneration Committee

Brian Heath MBE

Heather MacCallum

Hana Atkinson (from 1 August 2023)

Adele Bohlen (from 1 February 2024)

Neil Fellows

Gavin Ferguson (until 9 July 2023)

Alasdair Gardner (until 30 November 2023)

Tracey Johnson

Poppy Murray

David Pirouet (from 2 January 2023)

Deputy Chair

Chair of Audit & Investment Committee

Executive Director

Johanna Le Poidevin

CHAIR'S REVIEW OF THE YEAR

Welcome to my annual Review for the Lloyds Bank Foundation for the Channel Islands as we reflect on the year past and look ahead, outlining our aims, priorities, ambitions and objectives for 2024.

As is always the case, underpinning all our work is our constant pledge to support charitable organisations which help people, especially those who are disadvantaged, supporting them as they help islanders play a fuller role within their local communities throughout the Channel Islands. Our funding and support are an investment to enable these charities to make a real difference to the lives of local people.

In 2023 we are proud to record that we provided funding of £798,873 (2022: £686,214, including cost of living grant of £61,375).

Grants totalling £781,421 to the following charities:

- Autism Guernsey, Bright Beginnings, Carers Guernsey, Guernsey Bereavement Service, GROW, Mill Street Community Café
- Beresford Street Kitchen, Brighter Futures, Brightly, Caring Cooks, Caritas Jersey, Every Child Our Future, Family Meditation Jersey, FREEDA, Jersey Eating Disorders Support, Jersey Employment Trust, Sanctuary Trust.

The Foundation provided the following additional funding; -

- Matched giving to colleague chosen charities of £10,221 (2022: £11,988).
- Lived experience leadership programme at a cost of £7,231 (2022: nil).

We continue to be incredibly proud and privileged to be able to provide funding year after year, thanks to the generosity of the covenant from Lloyds Banking Group (LBG). We operate with complete independence from LBG but benefit from our strategic partnership, where we are so fortunate for the support we receive at Group level as well as through our local bank colleagues. The support given through colleagues volunteering their time, skills and expertise is threefold: for the Foundation itself, the charities we fund and support, and our events throughout the year.

The Foundation's unique offer of developmental support including our mentoring programme, charity response forums, the skills exchange, and training and events are ongoing and well used. We have mentoring relationships with 11 charities to really maximise impact beyond pure funding. A real demonstration of the benefit of funds with appropriate support to maximise impact. There is a renewed commitment from the Foundation, hand in hand with LBG, to maintain and continue to offer this unique support programme into 2024 and beyond.

Building on the successful end of year evening receptions in both islands in 2022, we repeated them in 2023. Once again this enabled us to showcase the work of a charity in each island. The purpose of this is not only to remind the community and charities of the funding and support available from the Foundation but also, most importantly, to really show how having a mentor from the Bank working alongside a charity leader helps to strengthen an organisation, making a real difference to the people they support. We are always delighted to celebrate the incredible work of our partner charities and to share this with other local charities, Foundation trustees, Lloyds Bank colleagues, local politicians, and other funders,

YEAR ENDED 31 DECEMBER 2023

encouraging interaction, sharing learning and networking. I would like to recognise and thank GROW in Guernsey and Jersey Recovery College and our bank colleague mentors for demonstrating their outstanding work.

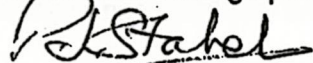
As announced in last year's review, 2023 was the second year where the annual seminars focussed on the topic of Lived Experience and from them, we launched our Lived Experience leadership pilot programme, inviting a number of charities across the islands to work together to bring Lived Experience into the heart of their organisation. This programme is being delivered face to face and online, and the co-production and partnership learning has been exceptional. Once again, we are indebted to Paula Harriott, Head of Prisoner Engagement at the Prison Reform Trust for her help in co-designing and delivering the programme with us, as well as the other speakers from charities in the UK and Channel Islands. I would also like to extend thanks to the charities from both Guernsey and Jersey who have also contributed to sessions across the year. This programme will run through until June 2024.

Collaboration and co-production will continue to be a focus for much of the Foundation's ambitions and work this year. We believe that a shared vision of supporting those in greatest need is key to everything we do. We already know that by supporting those charities best placed to deliver that need, is the most effective way of achieving this. We will carry on working with all parties in this space – politicians, charities and fellow funders across the islands as the best way forward.

Through our communications during 2024, you will see the Foundation maintaining awareness of our aims and highlighting the incredible work being done in our islands. We especially want to celebrate how support from the Foundation has enabled those at the front line to do what they do best. We will always strive to partner with those who make the real difference and where the need is greatest.

I must acknowledge the contribution, passion and professionalism of our Executive Director, Jo Le Poidevin who remains the very heart of the Foundation, guiding the Board in our decision-making and continuing to be a crucial link between the charities and the Board. As our sole employee she handles everything at the Foundation with enormous skill, and I thank her on behalf of myself and the Board of Trustees. I also recognise the hard work of the Board with thanks to them, to those departing and a welcome to our new trustees who all share the Foundation's passion and vision. A special welcome to the Foundation for Adele Bohlin, Island Director and Chief Executive Officer of Lloyds Bank International who joins the board as one of our bank Trustees. We are delighted to harness her energy and commitment to the charitable sector in our islands.

It promises to be another busy year as our incredible charities in both the Bailiwick of Guernsey and Jersey will be working tirelessly to make people's lives better in an environment where funds and resources are stretched, and charities are having to take on more. Supporting these organisations with funding and developmental support, celebrating their extraordinary work and highlighting the challenges and value of our incredible charity sector will be a large part of our priorities into 2024.



Philippa Stahelin
Chair of Trustees
21 March 2024

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

Grants approved in 2023

All grants during 2023 fell within one or other of the two main objects of the Foundation: Education and Training, or Social and Community Needs.

Issue	2023 No. of Grants	2023 Grants £	2022 No. of Grants	2022 Grants £
Support for Children and Young People	2	42,462	1	66,000
Health including Mental Health	8	340,622	5	233,850
Community Support	1	50,000	2	73,500
Training, employment and lifelong learning	2	99,932	-	-
Support for Older People	-	-	2	109,501
Advice and advocacy	2	39,400	1	40,000
Domestic Violence	1	100,000	-	-
Homelessness	1	109,005	1	90,000
Cost of living grants		-		61,375
Total grant funding	17	781,421	12	674,226
Lived experience leadership programme		7,231		-
Matched giving donations		10,221		11,988
Total funding		798,873		686,214

TRUSTEES' REPORT AND STRATEGIC REPORT

(Incorporating the Directors' Report)

The Trustees, who are also Directors of the company, present their annual report and the audited financial statements for the year ended 31 December 2023, which have been prepared in accordance with Charities "Statement of Recommended Practice" applicable to charities preparing their accounts in accordance with FRS 102 ('the SORP'), the Companies Act 2006, and the Charities Act 2011. The Trustees have taken into consideration the Charity Commission guidance on public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document and constitution

Lloyds Bank Foundation for the Channel Islands (the Foundation) was incorporated under and is regulated by its Memorandum and Articles of Association dated 13 December 1985 (as altered by Special Resolution on 17 March 1999, 2 December 2013 and 25 March 2014) as a company registered in the United Kingdom and limited by guarantee.

Structure of the Foundation

Of the nine Trustees, there is representation from the two main Islands, plus the Chair. The names and roles of Trustees are provided on page 4 of this report.

The legal and accounting records are maintained in London. Details of the auditor, investment managers, bankers and location of registered office are included on page 3.

Recruitment, appointment, induction and training of Trustees

The list of Trustees covers the year to 31 December 2023 and up to the date of signing the financial statements. Their appointments are ratified by Lloyds Banking Group Plc's Nomination and Governance Committee on the recommendation of the Foundation's Board of Trustees.

Applications for Trusteeship are sought both through Island-wide networks and open competition. The Nomination Committee, which operates under specific terms of reference delegated from the Board of Trustees, comprises at least three serving Trustees who consider nominations and interview candidates or agree a Selection Panel of three from the Board of Trustees to undertake recruitment.

Trustees normally serve for a three-year period and may be re-appointed for one further three-year term. Trustees' skills and outside interests are regularly reviewed, and prior to seeking a new Trustee the Nomination Committee reviews the composition of the Board to identify any specific skills required and training is provided as required.

Newly appointed Trustees are provided with a comprehensive pack of induction materials and are encouraged to visit beneficiary charities together with fellow Trustees or the Executive Director.

The Board

The full Board of Trustees makes strategy and policy decisions and sets the annual budget. The Chair has authority to approve grants up to £5,000 per grant between Board meetings but apart from those, all grant decisions are made by the full Board of Trustees.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

The Board (cont.)

The Board meets four times a year (or more frequently if required), normally in January, March (incorporating the AGM), July and November. Meeting venues normally alternate between Guernsey and Jersey. The Board meets virtually if required.

The Executive Director is responsible for the day-to-day operation of the Foundation and has authority to incur administrative expenditure within the budget set by the Trustees. Initial assessment of applications, visits to applicants and monitoring visits of grant holders are undertaken by the Executive Director who is based in Guernsey and would normally frequently travel between the Islands. The Executive Director will conduct visits virtually if border restrictions or government guidance is in place.

Board Committees

There are three permanent Committees of the Board, which report fully on their meetings and other activities - the Nomination Committee, Audit and Investment Committee and Remuneration Committee each of which comprise a minimum of three Trustees. The Terms of Reference of these Committees are regularly reviewed by the Board.

The role of the **Audit and Investment Committee** is to satisfy itself that any financial statements published by the Foundation follow approved accounting principles and give a true and fair view of the Foundation's financial position. This includes examination and review of the Foundation's annual financial statements with the auditors prior to consideration by the full Board, and examination and review of reports prepared by the LBG internal audit function. The Committee's remit also includes overseeing the Foundation's risk management procedures and monitoring investments held by the Foundation.

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

The role of the **Remuneration Committee** is to make recommendations to the Trustees concerning the broad policy framework for remuneration and the year-end review of Foundation staff. It determines the remuneration package and terms and conditions of the Executive Director (at present the sole paid employee) on appointment and recommends to Trustees her salary for the forthcoming year. Pay setting is calculated by research on market indicators and broadly follows Lloyds Banking Group.

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)**Board Committees (cont.)**

The process for the appointment of new Trustees is described, above, in the section headed "Recruitment, appointment, induction and training of Trustees".

Risk management

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- An annual budget approved by the Trustees
- Regular consideration by the Trustees of financial results, variance from budgets
- Delegation of authority and segregation of duties
- Identification and management of risks
- Approval of grants by the Trustees

In respect of operational practices, a review of risks facing the Foundation is undertaken by the Board. Risks identified are prioritised in terms of potential impact and likelihood of occurrence, and the Trustees confirm that systems or procedures are in place to mitigate the significant risks identified. The review incorporates examination of the adequacy of the Foundation's internal controls. It is recognised that risk management is an ongoing activity involving all Trustees and staff and is established as an agenda item for the full Board and Audit and Investment Committee at each of the four meetings.

The principal risks are as follows;

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Related parties

The Foundation is related to Lloyds Banking Group plc and connected to the Lloyds Bank Foundation for England & Wales, Halifax Foundation for Northern Ireland and the Bank of Scotland Foundation. See Note 12 for details of transactions with these connected charities and related parties.

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

OBJECTIVES AND ACTIVITIES

The objects of the Foundation, as set out in the Memorandum of Association, are as follows:

Lloyds Bank Foundation for the Channel Islands is established to do anything which is a charitable purpose according to the laws of England and Wales from time to time principally in, but not limited to, the Channel Islands including in particular (but without prejudice to the generality of the foregoing):

- To advance education and training in all aspects of knowledge by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards; and
- To advance scientific or medical research, on the condition that all useful results of such scientific or medical research are published, and education in scientific or medical research by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards; and
- To promote the provision of facilities in the interest of social and community welfare for recreation and leisure time occupation and enjoyment of the arts with the object of improving the conditions of life of people who are disadvantaged by youth, age, infirmity or disablement, poverty or social and economic circumstances.

Aims, objectives, strategies and significant activities

The aims of the Foundation are encapsulated in the mission statement:

The Foundation's mission is to support charitable organisations which help people, especially those who are disadvantaged, to play a fuller role in communities throughout the Channel Islands.

The Trustees' primary objective for the year was to continue to provide grants to support charities meeting a wide range of needs in the Islands, in accordance with the Foundation's objects and through the following grant-making programmes:

Jersey	A responsive grant-making programme to support charities with beneficiaries in the Bailiwick of Jersey.
Guernsey	A responsive grant-making programme to support charities with beneficiaries in the Bailiwick of Guernsey, including Alderney and Sark.
Channel Islands-wide and UK	A responsive grant-making programme to support charities working across the Channel Islands as a whole and, normally in conjunction with the sister Lloyds Bank Foundations, in the UK.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

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

Matched Giving Scheme

A scheme open to members of staff of Lloyds Banking Group plc based in the Channel Islands, to match fundraising efforts or voluntary time given to charities within the Foundation's guidelines.

A second objective was to continue to provide developmental support including mentoring, to help charities to improve their resilience and sustainability.

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

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

- The grant expenditure approved in the year, excluding Matched Giving and cancelled grants, amounted to £781,421 (2022: £674,226).
- There were 11 grants for Jersey based charities and 6 for Guernsey based charities (2022: 8 Jersey charities and 4 Guernsey charities).
- 15 charities received donations under the Matched Giving scheme (2022: 19 charities).

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

- Development support offered to charities to help improve their resilience and sustainability including reviewing organisational structures, leading and managing teams, engaging with lived experience, communication and marketing, strategy, business and financial planning through: mentoring, skills exchange, charity response forums, and training
- Delivering two seminars (one in each of the main Islands) for charities and sector stakeholders on the topic 'Putting lived experience at the heart of your charity'
- In partnership with other key funders, co-funding and co-delivering training to charities in Outcomes Based Accountability
- Hosting two receptions (one in each of the main Islands) for charities, sector stakeholders, politicians and senior civil servants to celebrate and learn more about our work with charity partners, and an opportunity for informal networking and making new connections.

Public benefit

We have a duty to have due regard to the Charity Commission's public benefit guidance, under Section 17 of the Charities Act 2011. We are confident that we meet those public benefit requirements having taken Charity Commission guidance into consideration.

FINANCIAL REVIEW

Income

In December 2013 the Foundation entered into a new nine-year rolling agreement, the covenant, with LBG. From 2014, the Foundation receives 0.01535% of the Group's profits, averaged over three years, subject to a minimum amount of 3.07% of £20 million (£614,000) and a maximum amount of 3.07% of £50 million (£1,535,000). This secures the Foundation's funding over the long term.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Income (cont.)

The Foundation received £758,043 under the covenant agreement (2022: £626,885) and £91,274 from LBG towards the Foundation's operating costs (2022: £151,965).

The other source of income was interest and dividends of £47,624 (2022: £24,043). The Foundation's investments generated unrealised gains of £21,270 (2022: losses of £149,342).

Expenditure

Charitable expenditure for the year by the Foundation was £961,366 (2022: £822,292). In addition, there was £25,347 of capital expenditure (2022: Nil) spent on development of a new database for the administration of the grants.

The deficit for the year before investment gains and losses was £70,862 compared to the deficit for 2022 of £30,970.

Grants

The Foundation's policy is to support registered charities or those accorded charitable status by the Guernsey Registry, Jersey's Charity Commission and the Charity Commission for England & Wales to help disabled or disadvantaged people to play a fuller role in communities throughout the Islands.

Guidelines are published and are also available on the Foundation's website www.lloydsbankfoundationci.org.uk which set out the range of activities eligible for consideration. Currently the priorities identified by the Trustees as those they wish to focus on within their overall objectives cover;

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Grants (cont.)

The Foundation supports charities which demonstrate good governance and sustainable activities measured against identifiable outcomes. Grants are agreed by the Trustees for a one, two or three-year period, and monitored at least on an annual basis.

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

Reserves

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

The Foundation has historically managed its reserves within an upper and lower reserve limit, or 'reserves corridor'.

In January 2024 the Trustees reviewed the reserves policy in light of the increasing needs of the charitable sector in the Channel Islands and have decided to amend the current policy to gradually reduce the reserves over a period of time but still retain a buffer of funds for emergency grant giving and a reserve covering an estimated future 24 months operating costs on a cash flow basis. At January 2024 the Trustees have decided that the reserves for emergency or creative grant giving should be £500,000 and that the amount required for operating costs is estimated at £400,000 making the total reserve requirement in the region of £900,000.

As at 31 December 2023 the Foundation's unrestricted reserves were £1,418,872 (2022: £1,468,464). The trustees will align the level of reserves with the minimum reserves requirement over the next five years.

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

Investments

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

The investment criteria reflect the ethical policies and risk appetite of the Foundation. The Foundation aims to follow Lloyds Banking Group's Responsible Investment Framework. Its exclusions policy focuses on companies that have failed to meet ESG standards. In support of this the Foundation wishes to exclude the following investments:

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

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

The Trustees aim to keep at least 70% of the assets in investments that can be realised within three months.

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

The asset allocation at 31 December and performance for the year was as follows (subject to audit);

	Assets	Allocation	Assets	Allocation
	2023	2023	2022	2022
	£'000	%	£'000	%
Equities	324	46.8	746	45.1
Bonds	173	25.0	416	25.2
Alternative investments	158	22.8	358	21.6
Cash	37	5.4	135	8.1
Total	692	100.0	1,655	100.0

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

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

	Fund performance		Benchmark	
	2023	2023	2022	2022
Total fund	5.1%	5.4%	(7.6)%	(7.0)%

Financial risk management

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

- (i) Market risk

Exposure - The portfolio is well diversified with holdings in a wide range of asset classes. The Foundations' investments are made up from holdings in over 32 managed funds selected by Cazenove Capital.

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Investments (cont.)

Sensitivity - The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2023, in the event that there was a general 10% fall in equity markets there would be a reduction in net income and the value of investments of £32,436 (2022: £74,619).

Currency - 94% of the Foundation's investments are held in GBP with 6% in US \$. A 10% fall in US \$ would result in a reduction in net income and the value of investments of £3,854 (2022: £7,533).

- (ii) Credit risk

At 31 December 2023 25% (2022: 25%) of the Foundation's investments were invested in bonds. The Foundations' bond investments are made through holdings in seven (2022: eleven) managed funds selected by Cazenove Capital which spreads the exposure across a large number of counterparties.

- (iii) Liquidity risk

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

Fundraising Activities

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

PLANS FOR FUTURE PERIODS

Future activities

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

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

The Trustees have agreed the following objectives:

- to continue to provide grants to support charities meeting a wide range of needs in the Islands, in accordance with the Foundation's objects and through its grant-making programmes
- to continue to provide developmental support including mentoring, to help charities to improve their resilience and sustainability.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Business continuity

The Trustees have considered the risks facing the Foundation, including its connected foundations, grantees and investments and the potential for significant impact on its activities. The trustees note that;

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

The Foundation is closely monitoring the value of its investments. The value of investments has increased in value in 2023, recovering some of the losses from the previous year. The Trustees are keeping the situation under review. Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested a significant fall in value may affect future grant giving.

Going concern

As stated above we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2023 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £614,000 to be paid each year and that the actual sum paid is based on the profits of the three prior years. The Trustees are therefore confident that they are able to fully fund their operating costs, meet all existing grant commitments and continue grant funding activities at least until March 2025.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Lloyds Foundation for the Channel Islands for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to;

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Charities SORP FRS 102;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

INDEPENDENT AUDITORS

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

This report, including the Strategic Report was approved by the Board of Trustees on 21 March 2024 and signed on their behalf by:

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

Philippa Stahelin
Chair of Trustees
21 March 2024

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial activities (Incorporating Income & Expenditure account);
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 13.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in respect of these matters.

Use of our report

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



Helen Perkins, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom

Date: 21 March 2024

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income & Expenditure account)

YEAR ENDED 31 DECEMBER 2023

	Note	Unrest- ricted 2023 £	Total 2023 £	Unrest- ricted 2022 £	Total 2022 £
Income from:					
Donations	3	849,317	849,317	778,650	778,650
Investments	6	47,624	47,624	24,043	24,043
Other		4,506	4,506	-	-
Total income		901,447	901,447	802,693	802,693
Expenditure on:					
Investment fees		10,943	10,943	11,371	11,371
Charitable activities	4a	963,841	963,841	822,292	822,292
Total expenditure		974,785	974,785	833,663	833,663
Net (expenditure) before investment gains/(losses)		(73,338)	(73,338)	(30,970)	(30,970)
Net gain/(loss) on investments	6	21,270	21,270	(149,342)	(149,342)
Net (expenditure)		(52,068)	(52,068)	(180,312)	(180,312)
Net movement in funds		(52,068)	(52,068)	(180,312)	(180,312)
Reconciliation of funds					
Funds brought forward		1,468,464	1,468,464	1,648,776	1,648,776
Funds carried forward	10	1,416,396	1,416,396	1,468,464	1,468,464

All recognised gains and losses have been included in the Statement of Financial Activities and the amounts included are derived from the continuing activities of the Foundation.

The notes on pages 27 to 39 form part of these financial statements.

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

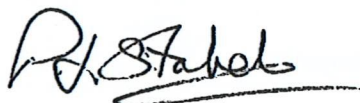
BALANCE SHEET

Company number 1971241

AS AT 31 DECEMBER 2023

	Note	Total 2023 £	Total 2022 £
Fixed assets:			
Tangible assets	5	25,346	-
Investments	6	692,483	1,654,798
Total fixed assets		717,829	1,654,798
Current assets:			
Debtors	7	21,215	9,503
Current asset investments	6	1,000,000	-
Cash at bank and in hand		195,977	209,126
Total current assets		1,217,192	218,629
Liabilities:			
Creditors: Amounts falling due within one year	8	(407,290)	(346,124)
Net current assets/(liabilities)		809,902	(127,495)
Total assets less current liabilities		1,527,731	1,527,303
Creditors: Amounts falling due after more than one year	9	(111,335)	(58,839)
Total net assets		1,416,396	1,468,464
The funds of the charity:			
Unrestricted funds	10	1,416,396	1,468,464
Total charity funds		1,416,396	1,468,464

The financial statements including the notes on 27 to 39 were approved and authorised for issue by the Trustees on 21 March 2024 and signed on their behalf by:



Philippa Stahelin
Chair of Trustees

YEAR ENDED 31 DECEMBER 2023

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Net cash generated (used in)/from operating activities	(A)	(19,011)	111,514
Cash flows from investing activities:			
Income from investments		47,624	24,043
New investment and reinvested income		(419,262)	(382,244)
Proceeds from sales of investments		1,306,264	443,637
Movements on term deposits		71,236	(74,034)
Net cash generated from investing activities		5,862	11,402
Change in cash and cash equivalents in the reporting year		(13,149)	122,916
Cash and cash equivalents at the beginning of the reporting year		209,126	86,210
Cash and cash equivalents at the end of the reporting year	(B)	195,977	209,126

(A) NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2023 £	2022 £
Net (expenditure) for the reporting year	(52,068)	(180,312)
Adjustments for:		
Income from investments	(47,624)	(24,043)
(Increase) in debtors	(11,711)	(8,586)
Increase in creditors	113,662	175,113
(Gains)/losses on investments	(21,270)	149,342
Net cash generated (used in)/from operating activities	(19,011)	111,514

(B) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash in hand	195,977	209,126
Total cash and cash equivalents	195,977	209,126

The notes on pages 27 to 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

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

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments, and in accordance with applicable Accounting Standards in the United Kingdom, including the Charities SORP FRS 102 (second edition – October 2019), and in accordance with the Companies Act 2006 and Charities Act 2011, using consistently applied accounting policies.

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

Going Concern

The Trustees have adopted the going concern basis of accounting in preparing the financial statements having assessed the principal risks relating to the Foundation's income. The Foundation receives virtually all its income under a covenant with Lloyds Banking Group Plc which requires nine years notice to be given which contains provision for a minimum £614,000. The covenant income for the full year is received early in the financial year prior to the signing of the financial statements. The Foundation holds a level of reserves to enable its activities to continue for more than one year from the balance sheet date in the event that no further funding was received. Accordingly, the Foundation expects to continue to have access to sufficient liquid resources to meet its obligations for a period of at least 12 months after the approval of these financial statements, namely the period to March 2025.

Fund accounting

Unrestricted funds

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

Investments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (cont.)

Cash and cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with a maturity of one year or less from the date of acquisition or opening of the deposit or similar account.

Debtors

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

Creditors

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

Financial instruments other than investments

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

Valuation of assets

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

Capitalisation and depreciation

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

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The principal rates used are:

Computer software	33% per annum
-------------------	---------------

Income

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

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

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

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

Donated services

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (cont.)

Recognition of expenditure

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

Grant expenditure is recognised where there is a legal or constructive obligation to pay. Grants, both single and multi-year, are recognised in the financial statements as liabilities after they have been approved by the Trustees, the recipients have been notified and there are no further terms and conditions to be fulfilled which are within the control of the Foundation.

For the majority of multi-year grants the full amount is recognised on award and any amount relating to future years is included in grants payable.

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

Pension costs

The Foundation also participates in a defined contribution scheme. Contributions in respect of the year are charged to the Statement of Financial Activities in the year to which they relate.

Allocation of expenditure

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

Taxation

The Foundation is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the Foundations primary objects, if these profits are applied solely for charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

2. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Accounting estimates and judgements

In the application of the Foundation's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

There are no critical accounting judgements at the reporting date.

Key sources of estimation uncertainty are detailed below.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

a) Multi-year grants

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

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. DONATIONS

	Unres- tricted £	Total 2023 £	Unres- tricted £	Total 2022 £
Donations from Lloyds Banking Group				
- Covenant income	758,043	758,043	626,685	626,685
- Cost of living supplement	-	-	61,400	61,400
- Operating costs contribution	75,000	75,000	75,000	75,000
- Events and publications	6,574	6,574	6,265	6,265
Donated services				
- External audit fees paid by Lloyds Banking Group	9,700	9,700	9,300	9,300
	849,317	849,317	778,650	778,650

4. ANALYSIS OF EXPENDITURE

a) Charitable activities

	Grants £	Other Charitable activities £	Support Costs £	2023 £
Grants Programmes				
Jersey	487,189	-	90,276	577,465
Guernsey	294,232	-	54,521	348,753
	781,421	-	144,797	926,218
Other activities				
Matched Giving	10,221	-	1,894	12,115
Training and events	-	25,508	-	25,508
	10,221	25,508	1,891	37,623
Total	791,642	25,508	146,691	963,841

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF EXPENDITURE (cont.)

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

b) Grant awards

	No.	2023 £	No.	2022 £
Grants awarded				
Grants in Jersey	11	487,189	8	434,951
Grants in Guernsey	6	294,232	4	177,900
Cost of living grants		-		61,375
Total Grants	17	781,421	12	674,226
Other activities				
Matched Giving	19	10,221	19	11,988
Total Grants and Matched Giving awarded in the year		791,642		686,214
Less grants cancelled or refunded in the year		-		(23,340)
Grants payable (Note 4c)		791,642		662,874

A full list of Approved Grants for 2023 is set out in Note 12 on page 37 and 38.
Further details on categories of Grants are set out on page 7.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF EXPENDITURE (cont.)

c) Grants payable

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

	2023 £	2022 £
Reconciliation of grants payable		
Amounts outstanding at 1 January	387,515	223,621
Grants approved/cancelled in year		
Grants approved in the year	791,642	686,214
Grants cancelled	-	-
Grants payable in the year	791,642	686,214
Grants paid during the year	(692,264)	(522,320)
Due within one year (Note 8)	375,558	328,676
Due after more than one year (Note 9)	111,335	58,839
Amounts outstanding at 31 December	486,893	387,515

There were no cancellations in 2023. One grant was cancelled in 2022 and the amount paid refunded.

d) Support costs

	Note	2023 £	2022 £
Staff costs	4e	70,716	64,266
Governance costs	4f	28,992	29,159
Communications		24,440	23,941
Other costs		22,543	23,586
Total		146,691	140,952

	2023 £	2022 £
Staff costs		
Wages and salaries	66,651	60,000
Social Security costs	4,532	4,020
Pension cost	272	-
Movement on holiday pay accrual	(739)	246
Total	70,716	64,266

The monthly average number of persons employed by the Foundation during the year was one (2022: one) who is the full time Executive Director. The total employee benefits received by the key management personnel (Executive Director) is included in the table above.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

4. ANALYSIS OF EXPENDITURE (cont.)

The number of employees whose total employee benefits (excluding employer pension and national insurance costs) for the reporting period amounted to over £60,000 was one £60,001 – 70,000 (2022: one £60,001 – 70,000).

e) Governance costs	2023	2022
	£	£
Company Secretary, Finance and Administration	11,837	10,781
Audit fee	9,700	9,300
Liability insurance	2,688	2,379
Trustee costs	4,767	6,699
Total	28,992	29,159

Company Secretary and Finance costs include £9,221 payable to the Lloyds Bank Foundation for England & Wales in respect of time spent by that Foundation's Company Secretary and Finance department for administration of the Foundation for the Channel Islands (2022: £8,782). The balance largely represents general administration support including minute taking given by one individual.

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

The Trustees, who are also the directors of the Company, received no remuneration during the year. Seven of the Trustees received £2,477 in reimbursed expenses relating to travel, subsistence and other expenses (2022: £2,523 five Trustees).

5. TANGIBLE FIXED ASSETS

	Computer equipment and software £	Total 2023 £	Total 2022 £
Cost			
At beginning of the year	6,054	6,054	6,054
Additions	25,346	25,346	-
Disposals	(6,054)	(6,054)	-
At end of the year	25,346	25,346	6,054
Accumulated Depreciation			
At beginning of the year	6,054	6,054	6,054
Depreciation	-	-	-
Disposals	(6,054)	(6,054)	-
At end of the year	-	-	-
Net book value at beginning of the year	-	-	-
Net book value at end of the year	25,346	25,346	-

NOTES TO THE FINANCIAL STATEMENTS (cont.)**5. TANGIBLE FIXED ASSETS (continued)**

The additions comprised the acquisition of grant administration software for the Foundation.

6. INVESTMENTS

	2023	2022
	£	£
Fixed asset investments		
Investments listed or traded on a recognised stock exchange	592,429	1,441,137
Derivative financial instruments	62,951	79,125
Cash held by investment managers	37,103	134,536
Total	692,483	1,654,798
Movement in the year		
As at 1 January	1,654,798	1,791,499
Additions	419,262	369,602
Disposals	(1,306,264)	(443,637)
Net unrealised (losses)	(10,276)	(182,050)
Net realised gains	31,836	32,707
Reinvested net income	16,125	12,642
Net cash movements	(112,998)	74,034
As at 31 December	692,483	1,654,798
Current asset investments	£	£
Term deposit maturing within one year	1,000,000	-
Total	1,000,000	-
	2023	2022
	£	£
Investment income		
Bank interest	20,265	31
Dividends	27,359	24,012
Total	47,624	24,043

Investments within the portfolio comprises investments in equity, bonds, alternative investments, or structured products. The portfolio does not contain any direct investment in equity or bonds. Equity and bond investments are made through collective investment funds (such as OIECs, SICAVs and UCITs). In accordance with FRS 102, exchange traded funds and commodities have been classified as FVH Level 1, all other PIVs and the structured products are classified as FVH Level 2. For each investment, the valuations have been provided by the fund manager based on the fair value of each security.

The alternative investments are regarded as Level 2 instruments except for the commodities which are regarded as Level 3 as they are exchange traded, are made up as follows;

Alternative investments	2023	2022
Hedge Funds	19,991	80,598
Commodities	40,227	89,894
Diversified Asset Fund	34,405	108,147
Structured Products	62,951	79,125
Total	£157,574	£357,764

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

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

The historical cost of the Foundation investments (excluding cash) as at 31 December 2023 was £578,590 (2022: £1,433,122). Details of the nature of the investment assets, valuation methods and risk management are included in the trustees' report.

7. DEBTORS

	2023	2022
	£	£
Other debtors	6,575	6,265
Prepayments and accrued income	14,640	3,238
Total	21,215	9,503

8. CREDITORS: amounts falling due within one year

	2023	2022
	£	£
Grants outstanding (Note 4c)	375,558	328,676
Accruals	7,476	5,239
Taxes and social security	4,790	4,372
Amount due to Lloyds Bank Foundation for England & Wales	15,319	-
Trade creditors	4,147	7,837
Total	407,290	346,124

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

	2023	2022
	£	£
Grants outstanding (Note 4c)	111,335	58,839
Total	111,335	58,839

None of the outstanding grants were payable after more than five years.

10. MOVEMENT IN FUNDS

	Balance at 1 Jan 2023 £	Total incoming resources £	Total resources expended £	Net gain or loss on investments £	Balance at 31 Dec 2023 £
Unrestricted funds	1,468,464	901,447	(974,785)	21,270	1,416,396
Total	1,468,464	901,447	(974,785)	21,270	1,416,396

NOTES TO THE FINANCIAL STATEMENTS (cont.)

10. MOVEMENT IN FUNDS

	Balance at 1 Jan 2022 £	Total incoming resources £	Total resources expended £	Net gain or loss on investments £	Balance at 31 Dec 2022 £
Unrestricted funds	1,648,776	802,693	(833,663)	(149,342)	1,468,464
Total	1,648,776	802,693	(833,663)	(149,342)	1,468,464

11. GUARANTEE COMPANY

The Foundation is a company limited by guarantee not having a share capital. The liability of the members is limited by the Memorandum of Association to £1 each. The number of Trustees who are also members at 31 December 2023 was nine (2022: nine).

12. RELATED PARTY TRANSACTIONS

a) Connected Foundations

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

Halifax Foundation for Northern Ireland

Clifton House Heritage Centre

2 North Queen Street

Belfast BT15 1ES

Bank of Scotland Foundation

The Mound

Edinburgh EH1 1YZ

Lloyds Bank Foundation for England & Wales

Society Building

8 All Saints Street

London N1 9RL

The Foundation paid £9,221 (2022: £8,782) to Lloyds Bank Foundation for England & Wales (LBFEW) in respect of time spent by that Foundation's staff for administration of the Foundation for the Channel Islands.

To provide the grant administration and financial services the LBFEW and the Foundation agreed to adopt common financial system and grants database. The Foundation implemented the Salesforce grants database in 2023 following LBFEW's earlier adoption. LBFEW co-ordinated the implementation for the Foundation and provided funding to the Foundation to meet the implementation costs which totalled £22,882.50. The Foundation are repaying this funding over three years.

No interest is payable on this arrangement. Based on LBG overnight deposit rates this represents interest foregone of around £60 (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS (cont.)

12. RELATED PARTY TRANSACTIONS Continued

At 31 December 2023 there was £15,319 due to the Foundation to LBFEW under this arrangement (2022: Nil).

b) Related company

The Foundation is related to Lloyds Banking Group plc as it derives its revenue primarily from Lloyds Banking Group plc. In December 2013 a new funding agreement was entered into with Lloyds Banking Group plc and from 2014 the Foundation annually receives a share of Lloyds Banking Group plc profits, subject to a minimum amount of £614,000 and a maximum amount of £1,535,000. In 2023 the Foundation received £758,043 (2022: £626,685) in accordance with the funding agreement.

Trustee Neil Fellows and Alasdair Gardner (who retired as a trustee in July 2023) were employed by Lloyds Banking Group plc in 2023.

In 2023 in addition to the sum payable under the funding agreement the Foundation received £75,000 (2022: £75,000) to cover a proportion of operating expenses and £6,574 (2022: £6,265) to cover the cost of publications and events. In 2022 the Foundation received a one-off sum of £61,400 to enable it to make additional grants to charities to cover the increased cost of living.

The Foundation's principal bank is Lloyds Banking Group Plc. At 31 December 2023 the Foundation held a £1 million term deposits and a bank account with a balance of £195,977 with Lloyds Banking Group plc. At 31 December 2022 there was a cash balance of £209,126.

The Foundation earned interest income of £20,265 (2022: £31) from cash balances held with Lloyds Banking Group Plc.

c) Transactions

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

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

Neil Fellows, works as Senior Manager at Lloyds Bank International. In that capacity, he used the Foundation's Matched Giving Scheme to support GROW Ltd with £500 (2022: £500). Grow Ltd received another £642 under the same scheme in 2023, (2022: £2,000). In 2023 the Foundation awarded a grant of £70,000 to Grow Ltd, of which £40,000 was paid in the same year and £30,000 was outstanding at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

13. LIST OF APPROVED GRANTS FOR 2023

Guernsey grants 2023	£	
Autism Guernsey	46,332	Towards the salary of the Autism Wellbeing and Enablement Facilitator
Bright Beginnings	48,000	Towards the costs of the Children's Centre
Carers Guernsey	40,000	Towards the salary of the Outreach Worker
GROW	70,000	Towards the salary of the Workshop/Retail Manager
Guernsey Bereavement Service	40,000	Towards the salary of the Trainer and Charity Liaison Officer
Mill Street Community Cafe	50,000	Towards the salary of the Business Development Manager
Total approved for Guernsey	294,332	6 grants

Jersey grants 2023	£	
Beresford Street Kitchen	65,000	Towards the operational costs of BSK Academy
Brighter Futures	43,000	Towards the salary of the Key Worker
Brightly	27,462	Towards the salary of the part-time Co-ordinator
Caring Cooks	33,390	Towards Operational Costs
Caritas Jersey	22,000	Towards the salary of the Chief Executive Officer
Every Child Our Future	15,000	Towards the salary of the Chief Executive Officer
Family Meditation Jersey	17,400	Towards rent costs
FREEDA	100,000	Towards the salary of the Chief Executive Officer
Jersey Eating Disorders Support	20,000	Towards the salaries of the Chief Executive Officer and Deputy Chief Executive Officer
Jersey Employment Trust	34,932	Towards the Transition (14-21) Employment Co-ordinator
Sanctuary Trust	109,005	Towards the salary of the Support Worker
Total approved for Jersey	487,189	11 grants

The first of these is the fact that the
 government has been unable to raise the
 necessary funds to meet its obligations.
 This is due to a number of factors, including
 the fact that the government has been unable to
 collect the necessary taxes, and the fact that
 the government has been unable to borrow the
 necessary funds from the international market.
 The second factor is the fact that the
 government has been unable to implement the
 necessary reforms to the economy. This has
 led to a number of problems, including
 inflation, unemployment, and a general
 decline in the standard of living. The third
 factor is the fact that the government has
 been unable to maintain a stable political
 environment. This has led to a number of
 problems, including corruption, and a
 general lack of confidence in the government.
 The fourth factor is the fact that the
 government has been unable to maintain a
 stable social environment. This has led to
 a number of problems, including social
 unrest, and a general lack of confidence in
 the government. The fifth factor is the fact
 that the government has been unable to
 maintain a stable international environment.
 This has led to a number of problems, including
 a general lack of confidence in the
 government, and a general lack of confidence
 in the international community.