LLOYDS BANK FOUNDATION
CHANNEL ISLANDS

LLOYDS BANK FOUNDATION FOR THE CHANNEL ISLANDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

2021

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REFERENCE AND ADMINISTRATIVE DETAILS

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

Kathryn Le Quesne (until March 2021)	Chair, (until March 2021) Chair of Nominations Committee (until March 2021) Chair of Remuneration Committee (until March 2021)
Philippa Stahelin (from May 2021)	Chair (from May 2021) Chair of Nominations Committee (from May 2021) Chair of Remuneration Committee (from May 2021)
Brian Heath MBE	Deputy Chair (from November 2021)
Jurat David Hodgetts LVO (until November 2021)	Deputy Chair (until November 2021)
Heather MacCallum	Chair of Audit & Investment Committee
Neil Fellows	
Advocate Gavin Ferguson	
Alasdair Gardner	
John Henwood MBE	
Tracey Johnson	
Poppy Murray (from December 2021)	

Executive Director

Johanna Le Poidevin

CHAIR'S REVIEW OF THE YEAR

I am delighted to be writing my first Annual Report in my first year as Chair of Lloyds Bank Foundation for the Channel Islands. This Review offers a chance to reflect on the year as well as a look forward to our strategy and key objectives into 2022.

Our fundamental mission remains the same – to support charitable organisations which help people, especially those who are disadvantaged, to play a fuller role in communities throughout the Channel Islands.

COVID continued to overshadow our communities again in 2021 and the measures of co-working, instant access to funds and being available for COVID emergency and recovery funding continued. Many of the changes in terms of availability of funds outside normal deadlines were carried into 2021, to ensure delivery of money at the point of need. Joint working with other charitable grant givers across the Channel Islands, which had worked so well in 2020 was built on and continued, making grant giving more efficient and co-ordinated.

We have provided support with funding, mentors and training, all with the background of COVID restrictions presenting a further year of challenges for charities and the Foundation alike. But it was also a year when we could celebrate the extraordinary work of the Foundation within our communities through the 35-year anniversary grant programme providing 10 awards of £35,000 in unrestricted funding for charities working in the areas of: domestic violence, employability support, and mental health and wellbeing.

In 2021 we awarded grants totalling £1,071,643 to the following charities:

- Alderney Mind
- Autism Guernsey, Bowel Cancer Guernsey, Carers Guernsey, Guernsey Caring for Ex-Offenders, Guernsey Employment Trust, Guernsey Mind, GROW, Ron Short Centre, Safer, Styx Centre, Trauma Recovery Centre, Vive La Vallette, Youth Commission for Guernsey and Alderney
- Autism Jersey, Beresford Street Kitchen, Brightly, Centre Point Trust, Family First, Jersey Action Against Rape, Jersey Childcare Trust, Jersey Eating Disorder Support, Jersey Employment Trust, Jersey Women's Refuge, NSPCC Jersey, The Shelter Trust, Words and Numbers Matter

We continue to inform our communities of the work of the Foundation, with a much enhanced social media programme, celebrating the work of our local charities and highlighting their value to those who they serve. Greater reach within the communities led to more charities knowing about the help we can give and broadening our funding application base. We seek always to find new opportunities to support people in the Channel Islands, via our social media platforms but more importantly with direct engagement in our communities with personal contact and visits, when possible. Partnerships with charitable organisations is a mainstay of our working and although primarily this is through our grant and matched giving programmes, it is also through sharing time, expertise, and skills with one-to-one support for charities and for the wider sector through training and events. A powerful offering from the Foundation comes through our mentoring programme and we were able to match eight Lloyds Bank colleagues as volunteer mentors to charities in 2021.

CHAIR'S REVIEW OF THE YEAR (cont.)

Governments continue to be preoccupied with political pressures, so the work of the Foundation becomes ever more important. Discussions at Government level are being had via our combined grant givers groups and with the Foundation. Partnership working must be the key going forwards.

As we move forwards in 2022, we recognise that the Foundation and the charities we support will continue to face challenging times. Many charities stepped in to fill gaps in services and used reserves to fund them. Already we are seeing high demands for support as we approach our first round of grant giving for the year, so selecting who we can help will be no easy task.

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

We are fortunate to have the experience and expertise of Jo Le Poidevin, our Executive Director. She has been instrumental in building links with other grant givers, reacting quickly to charity needs and guiding the Board through the challenges over the past year.

As ever, the Foundation has been grateful to call upon the services of the Board and the Trustees have performed their duties with real diligence and enthusiasm. We said goodbye to our Chair Katie Le Quesne, who has led the Foundation admirably and set so many new initiatives in place to strengthen the organisation. We thank her and wish her well.

Another Trustee and Deputy Chair, David Hodgetts, came to the end of his term and we thank him for sharing his infinite knowledge and expertise. A new Trustee, Poppy Murray was appointed recently, and I know will prove a huge asset to the Board and will strengthen us with her skills.

Our focus will remain on our core objectives and criteria, supporting charities who really make a difference. With a watchful eye on the financials, the Foundation will look to give funds where the need is greatest, and the results of those funds are most impactful. Raising awareness in the community, engaging Lloyds Bank locally in our work will be part of our aim for 2022, as well as continuing our mentoring and training programmes. This and working with partners and engaging with Government will be the core strands and aims for the Foundation for the year ahead.

Philippa Stahelin
Chair of Trustees
31 March 2022

Grants approved in 2021

All grants during 2021 (excluding cancelled grants and Matched Giving) fell within one or other of the two main objects of the Foundation: Education and Training, or Social and Community Needs.

Issue	2021 No. of Grants	2021 Grants £	2020 No. of Grants	2020 Grants £
Support for Children and Young People	8	269,699	6	106,368
Health including Mental Health	5	189,000	7	194,813
Support for People with Disabilities	5	249,944	4	151,200
Community Support	3	83,000	11	361,824
Training, employment and lifelong learning	3	105,000	2	68,383
Victim Support	2	70,000	-	-
Offenders / Ex-offenders	1	35,000	-	-
Relationships including caring	1	35,000	3	84,050
Homelessness	1	35,000	-	-
Total Grants	**29**	**1,071,643**	**33**	**966,638**

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 2021, which have been prepared in accordance with Charities SORP FRS 102 (second edition – October 2019), the Companies Act 2006, and the Charities Act 2011. The Trustees have taken into consideration the Charity Commission guidance on public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

The legal and accounting records are maintained in London. Details of auditors, 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 2021 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.)

ORGANISATIONAL STRUCTURE AND DECISION-MAKING

The Board (continued)

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. Due to the pandemic travel restrictions the Board met virtually from March 2020 onwards. The Board was able to meet face to face in November 2021.

The Executive Director is responsible for the day-to-day operation of the Foundation and has authority to incur administrative expenditure within the budget set by the Trustees. Initial assessment of applications, visits to applicants and monitoring visits of grant holders are undertaken by the Executive Director who is based in Guernsey and would normally frequently travels between the Islands. Due to the pandemic visits were conducted virtually to comply with the government restrictions and regulations, with limited face to face visits during the latter part of 2021.

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 Lloyds Banking Group plc 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 annually, to consider the report of the auditors and the annual report and financial statements prior to their presentation to the full Board. All members of the Committee normally attend meetings. The Committee satisfies itself as to the auditors' independence.

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.

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 on the Board of Trustees.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Board Committees (continued)

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.

The principal risks are as follows;

Risk	How we manage it
Virtually all the income arising from a single source, Lloyds Banking Group plc	• The funding agreement includes a minimum level – this was increased in 2021 from £460,500 to £614,000 effective from 2022 • The funding agreement requires nine year's notice to be given • Funding is available from reserves to maintain grant giving
Investment losses	• Regular monitoring of performance • Diversified portfolio • Advice from Investment Manager – Cazenove Capital
Impact – is the Foundation making the desired impact	• Regular feedback from grantees • Training and support for grantees • Regular review of grant making strategy
Key person failure	• Support from Lloyds Foundation for England & Wales • Support of Executive Director by Chair and Trustees • Regular communications and monitoring
IT security	• Training in cyber security • Access controls • Back up and recovery processes

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Related parties

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

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

OBJECTIVES AND ACTIVITIES

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

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

- To advance education and training in all aspects of knowledge by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards;

- To advance scientific or medical research, on the condition that all useful results of such scientific or medical research are published, and education in scientific or medical research by means of (but not limited to) the making of grants, including the establishment of scholarships and prizes, and other like awards; and

- To promote the provision of facilities in the interest of social and community welfare for recreation and leisure time occupation and enjoyment of the arts with the object of improving the conditions of life of people who are disadvantaged by youth, age, infirmity or disablement, poverty or social and economic circumstances.

Aims, objectives, strategies and significant activities

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

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

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

Jersey	A responsive grant-making programme to support charities with beneficiaries in the Bailiwick of Jersey.
Guernsey	A responsive grant-making programme to support charities with beneficiaries in the Bailiwick of Guernsey, including Alderney and Sark.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Aims, objectives, strategies and significant activities (continued)

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.
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.

Achievements and performance
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 £1,071,643 (2020: £966,638).
- There were 15 grants for Jersey and 13 for Guernsey based charities and one for Alderney.
- 15 charities received donations under the Matched Giving scheme.

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

- Embedding a Charity Support offer including access to Charity Response Forums, the Skills Exchange and a mentoring programme in partnership with Lloyds Banking Group colleagues
- In partnership with Lloyds Bank Academy the delivery of a series of five digital webinars for charities: Creating a digital strategy; Leading and collaborating using digital tools; Creating your online brand; Telling your story in an online world; and Becoming an effective influencer.

Public benefit
In reviewing our aims, objectives and planning for future activities, the Trustees have considered the Charity Commission's general guidance on public benefit. The Trustees always ensure that the activities undertaken are in line with the charitable objectives and aims of the Lloyds Bank Foundation for the Channel Islands.

FINANCIAL REVIEW

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

FINANCIAL REVIEW (continued)

The Foundation's donation income for 2021 at £868,690 was similar to the prior year (2020: £868,293).

The other source of income was interest and dividends of £23,583 (2020: £22,491). In addition to the dividend income the Foundation's investments generated unrealised gains of £128,612. This compares to the unrealised gains of £155,979 in 2020.

Expenditure

Charitable expenditure for the year by the Foundation was £1,186,971 (2020: £1,074,728). This resulted in a deficit of £166,086 compared to the deficit for 2020 of £27,965.

Grants

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

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

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

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Grants (Continued)

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 Foundation's policy is to set a planned upper limit on its targeted reserve level so that the Foundation does not hold funds back from delivering its charitable activities unnecessarily.

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

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

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

As at 31 December 2021 the Foundation's unrestricted reserves were £1,648,776 (2020: £1,814,862) which is just above the lower reserve limit.

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

Investments

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

The investment criteria reflect the ethical policies and risk appetite of the Foundation. we aim 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;

	Assets 2021 £'000	Allocation 2021 %	Assets 2020 £'000	Allocation 2020 %
Equities	929	51.8	1,067	51.7
Bonds	386	21.6	547	26.5
Alternative investments	433	24.2	391	19.0
Cash	43	2.4	58	2.8
Total	**1,791**	**100.0**	**2,063**	**100.0**

The portfolio does not contain any direct investment in equity and bonds. All investments are made through collective investment funds (such as OIECs, SCIAVs and UCITSs). These investments totalling £1.3 million (2020: £1.6m) are regarded as Level 2 investments in accordance with Section 34 of FRS 102. The funds individually invest in listed securities and the valuations are provided by the fund manager based on the fair value of each security.

The alternative investments are regarded as Level 2 investments except for the structured products which are regarded as Level 1, are made up as follows;

Alternative investments	2021	2020
Hedge Funds	90,657	56,025
Commodities	145,932	150,301
Diversified Asset Fund	122,258	123,384
Structured Products	74,083	61,671
Total	**£432,930**	**£391,381**

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 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.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Investments (continued)

Performance benchmarks are established by the Audit and Investment Committee and agreed with the investment manager. Performance against the agreed benchmarks are reviewed half yearly by the Audit and Investment Committee.
The performance compared to benchmark was as follows;

	Fund performance		Benchmark	
	2021	2020	2021	2020
Total fund	7.0%	8.2%	8.6%	3.6%

Financial risk management

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

- ***(i) Market risk***

Exposure - The portfolio is well diversified with holdings in a wide range of asset classes. The Foundations' investments are made up from holdings in over 30 managed funds selected by Cazenove Capital.

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

Sensitivity - The largest market risk is a fall in the value of equity markets. Based on the position at 31 December 2021, 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 £92,900 (2020: £106,700).

Currency – 85% of the Foundation's investments are held in GBP with 14% in US $ and 1% in Euro. A 10% fall in US $ would result in a reduction in net income and the value of investments £24,499 (2020: £27,350).

- ***(ii) Credit risk***

At 31 December 2021 22% (2020: 27%) of the Foundation's investments were invested in bonds. The Foundations' bond investments are made through holdings in nine (2020: nine) managed funds selected by Cazenove Capital which spreads the exposure across a large number of counterparties.

- ***(iii) Liquidity risk***

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

Fundraising Activities

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes. In relation to this statement, the Foundation does not undertake fundraising from the general public and does not

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Investments (continued)

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

COVID 19 and other events

The Trustees have considered the impact of the latest developments surrounding Covid 19 on the Foundation, including its connected foundations, grantees and investments. The trustees note that;

- The Foundation's staff have been able to work from home, when required through the crisis.
- Every effort is being made to support existing grant holders including flexibility on delivery of services, grant spend and grant periods, and temporarily relaxing outcome monitoring and reporting deadlines. The Foundation introduced a COVID recovery 35 grant programme totaling £350,000 to mark the Foundation's 35th anniversary. The grant programme awarded £35,000 in unrestricted funding to 10 charities addressing domestic violence, employability support for people who are disadvantaged, and mental health and wellbeing.

The Foundation is closely monitoring the value of its investments. Although the Foundation's investments fell in the early weeks of the pandemic in 2020 the values recovered to show positive returns in both 2020 and 2021. The value of investments has fallen in the early part of 2022 as a result of external events and the Trustees are keeping the situation under review. Although there are currently no restrictions on redemptions from any of the funds in which the Foundation is invested the fall in value may affect any decision to draw upon funds held by Cazenove Capital through disposals to enhance our grant giving capability.

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

Going concern

As stated above we are able to take a long-term view of our investments and the covenant with the Lloyds Banking Group provides a significant degree of protection. The funding for 2022 has been received in full and for future years the agreement, which requires nine years notice to be given, provides for a minimum payment of £614,000 to be paid each year and that the actual sum paid is based on the profits of the three prior years. The Trustees are therefore confident that they are able to fully fund their operating costs, meet all existing grant commitments and continue grant funding activities for the remainder of the year and throughout 2023.

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' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to;

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102 (second edition – October 2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

TRUSTEES' REPORT AND STRATEGIC REPORT (cont.)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

In so far as the Trustees are aware:

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

INDEPENDENT AUDITORS

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

This report, including the Strategic Report was approved by the Board of Trustees on 31 March 2022 and signed on their behalf by:

Philippa Stahelin
Chair of Trustees
31 March 2022

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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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 Trustees about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Charities Act and UK Companies Act; and
- did 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 specific procedures performed to address it are described below:

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters,

Use of our report

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

Sarah Anderson

Sarah Anderson FCCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 March 2022

STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Income from:							
Donations	2	868,690	-	868,690	868,293	-	868,293
Investment income	6	23,583	-	23,583	22,491	-	22,491
Total		**892,273**	**-**	**892,273**	**890,784**	**-**	**890,784**
Expenditure on:							
Investment fees		13,654	-	13,654	12,304	-	12,304
Charitable activities	3a	1,173,317	-	1,173,317	1,062,424	-	1,062,424
Total		**1,186,971**	**-**	**1,186,971**	**1,074,728**	**-**	**1,074,728**
Net (expenditure) before gain on investment		**(294,698)**	**-**	**(294,698)**	**(183,944)**	**-**	**(183,944)**
Net unrealised gain on investments	5	128,612	-	128,612	155,979	-	155,979
Net (expenditure)/ income		**(166,086)**	**-**	**(166,086)**	**(27,965)**	**-**	**(27,965)**
Net movement in funds		**(166,086)**	**-**	**(166,086)**	**(27,965)**	**-**	**(27,965)**
Reconciliation of funds							
Funds brought forward		1,814,862	-	1,814,862	1,842,827	-	1,842,827
Funds carried forward	9	**1,648,776**	**-**	**1,648,776**	**1,814,862**	**-**	**1,814,862**

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

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

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	Total 2021 £	Total 2020 £
Fixed assets:			
Tangible assets	4	-	-
Investments	5	1,791,499	2,062,961
Total fixed assets		**1,791,499**	**2,062,961**
Current assets:			
Debtors	6	917	1,157
Cash at bank and in hand		86,210	153,507
Total current assets		**87,127**	**154,664**
Liabilities:			
Creditors: Amounts falling due within one year	7	(197,450)	(347,963)
Net current liabilities		**(110,323)**	**(193,299)**
Total assets less current liabilities		**1,681,176**	**1,869,662**
Creditors: Amounts falling due after more than one year	8	(32,400)	(54,800)
Total net assets		**1,648,776**	**1,814,862**
The funds of the charity:			
Unrestricted funds	9	1,648,776	1,814,862
Total charity funds		**1,648,776**	**1,814,862**

The financial statements including the notes on 27 to 38 were approved and authorised for issue by the Trustees on 31 March 2022 and signed on their behalf by:

Philippa Stahelin
Chair of Trustees

STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Net cash (used in) operating activities	(A)	**(490,954)**	**(377,564)**
Cash flows from investing activities:			
Income from investments		23,583	22,491
New investment and reinvested income		(596,103)	(650,735)
Proceeds from sales of investments		976,103	635,620
Movements on term deposits		20,724	140,509
Net cash generated from/(used in) investing activities		**423,657**	**147,883**
Change in cash and cash equivalents in the reporting year		**(67,297)**	**(229,681)**
Cash and cash equivalents at the beginning of the reporting year		**153,507**	**383,188**
Cash and cash equivalents at the end of the reporting year	(B)	**86,210**	**153,507**

(A) NET CASH FLOWS USED IN OPERATING ACTIVITIES

	2021 £	2020 £
Net (expenditure)/ for the reporting year	**(166,086)**	**(27,965)**
Adjustments for:		
Income from investments	(23,583)	(22,491)
Decrease/(increase) in debtors	240	(181)
(Decrease) in creditors	(172,913)	(170,948)
Gain on investments	(128,612)	(155,979)
Net cash (used in) operating activities	**(490,954)**	**(377,564)**

(B) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand	86,210	153,507
Total cash and cash equivalents	**86,210**	**153,507**

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

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

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

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

Fund accounting
Restricted and unrestricted funds are separately disclosed as set out in note 9. The different funds held are defined below:

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.

Restricted funds
These are funds which are subject to specific restrictions imposed by the donor.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (Continued)

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

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

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

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

Computer equipment	33% per annum
Furniture and other office equipment	10% per annum

All assets are fully depreciated but remain in use.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont.)

1. ACCOUNTING POLICIES (Continued)

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

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

Pension costs

The Foundation does not participate in any pension schemes.

Allocation of expenditure

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

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.

Accounting estimates and judgements

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

2. DONATIONS

	Unrestricted £	Restricted £	2021 £	Unrestricted £	Restricted £	2020 £
Donations from Lloyds Banking Group						
- Covenant income	784,390	-	784,390	784,368	-	784,368
- Operating costs contribution	75,000	-	75,000	75,000	-	75,000
Donated services						
- External audit fees paid by Lloyds Banking Group	9,300	-	9,300	8,925	-	8,925
	868,690	**-**	**868,690**	**868,293**	**-**	**868,293**

3. ANALYSIS OF EXPENDITURE

a) Charitable activities

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

Support costs have been allocated on the basis of expenditure on grant programmes.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. ANALYSIS OF EXPENDITURE (cont.)

	Grants payable	Other Charitable activities	Support Costs	2020
	£	£	£	£
Grants Programmes				
Jersey	307,773	-	46,334	**354,107**
Guernsey	359,977	-	46,334	**406,311**
Covid 19 emergency grants Jersey	172,611	-	11,881	**184,492**
Covid 19 emergency grants Guernsey	71,249	-	11,881	**83,130**
Alderney	24,000	-	-	**24,000**
	935,610	**-**	**116,430**	**1,052,040**
Other activities				
Matched Giving	5,799	-	2,376	**8,175**
Training and Events	100	-	-	**100**
Other funding	-	2,109	-	**2,109**
	5,899	**2,109**	**2,376**	**10,384**
Total grants payable	**941,509**	**2,109**	**118,806**	**1,062,424**

b) Grant awards

		2021		2020
Grants awarded	**No.**	**£**	**No.**	**£**
Grants in Jersey	15	498,736	20	500,547
Grants in Guernsey	13	537,907	12	441,991
Alderney	1	35,000	1	24,000
Discretionary grants	-	-	-	100
Total Grants	**29**	**1,071,643**	**33**	**966,638**
Other activities				
Matched Giving	14	5,169	18	5,799
Total Grants and Matched Giving awarded in the year		**1,076,812**		**972,437**
Less grants cancelled or refunded in the year		**(28,728)**		**(30,928)**
Grants payable (Note 4c)		**1,048,084**		**941,509**

A full list of Approved Grants for 2021 is set out in Note 12 on page 37 and 38.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. 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.

	2021 £	2020 £
Reconciliation of grants payable		
Amounts outstanding at 1 January	395,021	567,825
Grants approved/cancelled in year		
Grants approved in the year	1,076,812	972,437
Grants cancelled	(14,364)	(10,765)
Grants payable in the year	**1,062,448**	**961,672**
Grants paid during the year	(1,233,848)	(1,134,476)
Due within one year (Note 7)	191,221	340,221
Due after more than one year (Note 8)	32,400	54,800
Amounts outstanding at 31 December	**223,621**	**395,021**

Cancellations in 2021 relate to one Jersey grant (2020: two Jersey grants).

d) Support costs

	Note	2021 £	2020 £
Staff costs	3e	65,492	56,720
Governance costs	3f	22,171	21,464
Other costs		36,509	40,622
Total		**124,172**	**118,806**

e) Staff costs

	2021 £	2020 £
Wages and salaries	60,000	51,700
Social Security costs	3,960	4,025
Other costs	1,532	995
Total	**65,492**	**56,720**

The monthly average number of persons employed by the Foundation during the year was one (2020: one) who is the full time Executive Director.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

3. ANALYSIS OF EXPENDITURE (cont.)

One employee received emoluments of £60,000.

f) Governance costs	2021	2020
	£	£
Company Secretary, Finance and Administration	10,532	10,442
Audit fee	9,300	8,925
Trustee costs	2,339	2,097
Total	**22,171**	**21,464**

Company Secretary and Finance costs include £8,526 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 (2020: £8,442). The remaining £2,006 (2020: £2,000) largely represents general administration support given by one individual.

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

The Trustees, who are also the directors of the Company, received no remuneration during the year. Five of the Trustees received £2,339 in reimbursed expenses relating to travel, subsistence and other expenses (2020: £2,097 four Trustees).

4. TANGIBLE FIXED ASSETS

	Computer equipment and software	Total 2021	Total 2020
	£	£	£
Cost			
At beginning of the year	6,054	6,054	6,054
Disposals	-	-	-
At end of the year	**6,054**	**6,054**	6,054
Accumulated Depreciation			
At beginning of the year	6,054	6,054	6,054
Depreciation	-	-	-
Disposals	-	-	-
At end of the year	**6,054**	**6,054**	6,054
Net book value at beginning of the year	-	-	-
Net book value at end of the year	**-**	**-**	**-**

The fixed asset is fully depreciated, and still in use.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

5. INVESTMENTS

	2021	2020
	£	£
Investments listed or traded on a recognised stock exchange	1,674,049	1,943,153
Derivative financial instruments	74,083	61,671
Cash held by investment managers	43,368	58,137
Total	**1,791,499**	**2,062,961**
Movement in the year		
As at 1 January	2,062,961	2,032,374
Additions	586,827	641,128
Disposals	(976,103)	(635,620)
Net unrealised gains/(losses)	109,998	100,246
Net realised gains/(losses)	18,614	55,734
Reinvested net income	9,926	9,608
Cash movements	(20,724)	(140,509)
As at 31 December	**1,791,499**	**2,062,961**

	2021	2020
Investment income	£	£
Bank interest	3	579
Dividends	23,580	21,912
Total	**23,583**	**22,491**

The historical cost of the Foundation investments (excluding cash) as at 31 December 2021 was £1,496,161 (2020: £1,773,425). Details of the nature of the investment assets, valuation methods and risk management are included in the trustees' report.

6. DEBTORS

	2021	2020
	£	£
Prepayment	917	1,157
Total	**917**	**1,157**

7. CREDITORS: amounts falling due within one year

	2021	2020
	£	£
Grants outstanding (Note 3c)	191,221	340,221
Accruals	5,500	4,500
Other creditors	729	3,242
Total	**197,450**	**347,963**

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

	2021	2020
	£	£
Grants outstanding (Note 3c)	32,400	54,800
Total	**32,400**	**54,800**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

9. MOVEMENT IN FUNDS

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

	Balance at 1 Jan 2020	Total incoming resources	Total resources expended	Change in market value of investments	Balance at 31 Dec 2020
	£	£	£	£	£
Unrestricted funds	1,842,827	890,784	(1,074,728)	155,979	1,814,862
Total	**1,842,827**	**890,784**	**(1,074,728)**	**155,979**	**1,814,862**

10. 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 2021 was nine (2020: nine).

11. RELATED PARTY TRANSACTIONS

a) Connected Foundations

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

Lloyds Bank Foundation for England & Wales
Society Building
8 All Saints Street
London N1 9RL

The Foundation paid £8,526 (2020: £8,442) to Lloyds Bank Foundation for England & Wales in respect of time spent by that Foundation's staff for administration of the Foundation for the Channel Islands. In 2020 the Foundation paid £1,715 to the Lloyds Bank Foundation for England & Wales towards the cost of developing IT systems for use by both organisations in grant administration. In 2021 there was no such payment.

Halifax Foundation for Northern Ireland
Clifton House Heritage Centre
2 North Queen Street
Belfast
BT15 1ES

NOTES TO THE FINANCIAL STATEMENTS (cont.)

11. RELATED PARTY TRANSACTIONS Continued

Bank of Scotland Foundation
The Mound
Edinburgh
EH1 1YZ

b) Related company

The Foundation is related to Lloyds Banking Group plc as it derives its revenue primarily from Lloyds Banking Group plc. In December 2013 a new funding agreement was entered into with Lloyds Banking Group plc and from 2014 the Foundation annually receives a share of Lloyds Banking Group plc profits, subject to a minimum amount of £614,000 and a maximum amount of £1,535,000.

In addition to the covenant income of £784,390 (2020: £784,368) the Foundation received £75,000 (2020: £75,000) to cover a proportion of operating expenses.

The Foundation's principal bank is Lloyds Banking Group Plc. At 31 December 2021 the Foundation held a cash balance with Lloyds Banking Group plc of £86,210. At 31 December 2020 there was a cash balance of £153,507.

The Foundation received interest income of £3 (2020: £579) from cash balances held with Lloyds Banking Group plc.

In August 2018 the Foundation entered into an agreement for Cazenove Capital to manage the investment portfolio. Trustee David Hodgetts's close family member is a Client Director in the organisation, however, does not manage the Foundation's portfolio. David Hodgetts was not involved in the tender process to appoint an investment manager and was not a member of the Audit and Investment Committee which monitors the investment managers performance during his tenure as a Trustee.

c) **Transactions**

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

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

Brian Heath is a Board Member and Non-executive Director of MyVoice Independent Advocacy Jersey. In the year ended 31 December 2020 the Foundation made a donation of £30,600 which was paid in full in the year. In the year ended 31 December 2021 there were no donations made to the charity. MyVoice also benefited from a Lloyds Bank mentor in 2021.

NOTES TO THE FINANCIAL STATEMENTS (cont.)

12. LIST OF APPROVED GRANTS FOR 2021

Alderney grants 2021	**£**	
35 Grant Programme - COVID Recovery		
Alderney Mind	35,000	Unrestricted for general charitable purposes
Total approved for Alderney	**35,000**	**1 grant**

Guernsey grants 2021	**£**	
Autism Guernsey	71,900	Towards the salary of the Autism Wellbeing and Enablement Facilitator
Bowel Cancer Guernsey	20,000	20th anniversary communication and awareness raising campaign
Guernsey Mind	74,000	Towards the charity's overall strategic plan
GROW	100,000	Re-development of the site including new glasshouses and training, workshop and administrative buildings
Ron Short Centre	22,250	Development of Disability Confidence Training
Styx Centre	30,000	Towards the salary of the Centre Manager
Trauma Recovery Centre	14,115	Toward staffing costs for the running of the Guernsey Centre
Vive La Vallette	20,000	Towards the cost of the Community Lead for six months
Youth Commission	45,642	Towards the salary for a Senior Youth Worker to deliver child sexual exploitation and advocacy workstreams
Total	**397,907**	
35 Grant Programme - COVID Recovery		
Carers Guernsey	35,000	Unrestricted for general charitable purposes
Guernsey Caring for Ex-Offenders	35,000	Unrestricted for general charitable purposes
Guernsey Employment Trust	35,000	Unrestricted for general charitable purposes
Safer	35,000	Unrestricted for general charitable purposes
Total	**140,000**	
Total approved for Guernsey	**537,907**	**13 grants**

NOTES TO THE FINANCIAL STATEMENTS (cont.)

12. LIST OF APPROVED GRANTS FOR 2021

Jersey grants 2021	**£**	
Autism Jersey	17,500	Towards the salary of the Family Events Co-ordinator
Beresford Street Kitchen	35,000	Towards the Learning for Life education programme
Brightly	24,367	Towards the salary of the Co-ordinator
Centre Point Trust	28,900	Running costs for an after-school club for children with additional/complex needs
Family First	25,000	Towards the salary of the Family Liaison Manager (50%)
Jersey Action Against Rape (JAAR)	33,000	Salary of the Lead Counsellor
Jersey Childcare Trust	59,400	Towards a peripatetic Senior Support Worker
Jersey Eating Disorder Support	25,000	Toward salaries and core operating costs
Jersey Employment Trust	38,294	Towards the Support Worker for the Acorn Training and Development Service
Word and Numbers Matter	37,275	Towards the salary of the full-time member of staff
Total	**323,736**	
35 Grant Programme - COVID Recovery		
Beresford Street Kitchen	35,000	Unrestricted for general charitable purposes
Jersey Recovery College	35,000	Unrestricted for general charitable purposes
Jersey Women's Refuge	35,000	Unrestricted for general charitable purposes
NSPCC Jersey	35,000	Unrestricted for general charitable purposes
The Shelter Trust	35,000	Unrestricted for general charitable purposes
Total	**175,000**	
Total approved for Jersey	**498,736**	**15 grants**