

LLOYD'S PATRIOTIC FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2018

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS	PAGE(S)
Trustees and officials	1
Report of the Trustees	2 - 10
Statement of the Trustees' responsibilities in respect of the financial statements	11
Report of the investment manager to the Trustees of Lloyd's Patriotic Fund	12 - 14
Report of the independent auditors to the Trustees of Lloyd's Patriotic Fund	15 - 16
Statement of financial activities	17
Balance sheet	18
Notes to the financial statements	19 - 24

LLOYD'S PATRIOTIC FUND

(Registered Number 210173)

TRUSTEES

Mr James Kininmonth – Chairman

Mr Simon Beale
Mr Bruce Carnegie-Brown (ex-officio)
Mr Timothy Coles
Mr Mark Drummond-Brady
Mr Henry Dyson
Mr Alexander Findlay
Sir David Manning, GCMG, CVO
Mr Will Roscoe
Group Captain Wendy Rothery
Mr Duncan Welham
Mr Richard Williams MC

Secretary

Ms Suzanna Nagle (retired 10 October 2017)
Ms Michaelae Hawkins (appointed 10 October 2017)

Investment Managers

Cazenove Capital Management
12 Moorgate, London EC2R 6DA

Auditors

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

Bankers

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

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LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES

The trustees of Lloyd's Patriotic Fund (LPF) have pleasure in presenting their report together with the audited financial statements of the Fund for the year ended 30 June 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Lloyd's Patriotic Fund is constituted by Trust Deed dated 28 May 1875 and is a registered charity subject to the provisions of the Charities Act 2011. The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 20 and comply with the Fund's Trust Deed and applicable law.

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

Responsibility for carrying out the objectives of the Fund rests with the trustees. The Fund is supported by a Secretariat working under the direction of the Trustees, employed by the Corporation of Lloyd's and based in the Responsible Business team. With the exception of audit fees, bank charges, insurance and investment management fees which are borne directly by the Fund, all administration costs of the Fund are borne in full by the Corporation of Lloyd's.

The disbursement of the Fund is at the sole discretion of the trustees unless funds have been given for a specific purpose.

Trustees

There were twelve trustees as at 30 June 2018. There were no appointments or retirements of trustees during the year but Suzanna Nagle retired from the Secretarial role in October 2017 and was replaced by Michael Hawkins, Head of Responsible Business at Lloyd's in October 2017. The trustees would like to record their thanks to Ms Nagle for her contribution to the work of Lloyd's Patriotic Fund.

According to the governing document, upon the death, retirement or resignation of a trustee or when the number of trustees falls to seven, the trustees are required to appoint new trustees up to a maximum of fourteen.

New trustees are appointed by the board of trustees. Trustees are recruited on recommendation by existing trustees and consideration is given to relevant experience such as military service as well as knowledge of Lloyd's and the London insurance market and their interest in the charitable sector. Subject to trustee agreement, potential new trustees are approached and asked to consider the role.

Potential trustees meet with the Chair and the Secretary of the Fund. Before agreeing to become a trustee they will be informed of the Fund's structure, objectives and activities, and their responsibilities as a trustee. All trustees receive an induction to the role and Charity Commission guidance.

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

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

Trustees meet twice a year. As stated in the original Trust Deed, all matters and questions shall be determined by a majority vote of the trustees present at any meeting, but in the event of a tie, the Chair shall have a second or casting vote.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees (continued)

At the trustee meetings, the trustees agree the broad strategy and areas of activity for the Fund, including consideration of grant giving, investment, reserve and risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the relevant sub-committee is delegated to the Responsible Business team at Lloyd's. The Annual Partners selection committee of trustees meet annually to review all applications for a major donation and shortlist applications and recommendations to take forward to trustee meetings.

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

All trustees give their time freely and no trustee remuneration was paid in the year.

Risk Management

The trustees have considered the major risks to which the charity is exposed and reviewed those risks and established systems and procedures to manage those risks.

The Risk Register outlines the major risks to which the charity is exposed. The Risk Register is reviewed annually and is a regular agenda item at the meeting of the trustees, so that any issues can be discussed. Trustees are also alerted to any new risks.

Trustees approach to risk management concerning their investment income is outlined in the Financial Review on page 8.

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

OBJECTIVES AND ACTIVITIES

Founded in 1803 to assist the many casualties of the Napoleonic Wars, Lloyd's Patriotic Fund is the oldest military charity of its kind and has been providing support to the Armed Forces Community on behalf of the Lloyd's market for over two hundred years. It continues to fulfil this purpose, using the investment income from its capital fund and donations from individuals and companies in the Lloyd's insurance market.

Lloyd's Patriotic Fund supports serving and ex-service personnel and their families, with a particular focus on those who are disabled or facing poverty, illness and hardship. Lloyd's Patriotic Fund provides long-term support to a number of partner organisations. As a result of an annual donation from the Corporation of Lloyd's, the Fund has made additional grants for special projects to fund innovative projects to respond to the need arising from recent conflicts.

The Fund is divided into a number of individual funds whose objectives are as follows:

General Fund (1803)

This Fund provides assistance to officers and men and women of the Royal Navy, the Army, Royal Marines and Royal Air Force or their widows, orphans or dependent relatives who, at the trustees' discretion, are fitting recipients.

The Hugh Stewart McCorquodale Memorial Fund (1901)

A bequest of 1,000 guineas made by Lieutenant Hugh Stewart McCorquodale, killed during the South African War, whereby the use of income is at the discretion of trustees.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

OBJECTIVES AND ACTIVITIES (continued)

Edwin Hampson Mackintosh Fund (1916)

Lieutenant Edwin Hampson Mackintosh, killed on the first day of the Battle of Loos, bequeathed £1,000 with the stipulation that the income is used for the benefit of officers of the Royal Navy or Royal Marines and their dependants.

Janson Fund (1918)

A gift of £10,000 was made by the then Chair, Percy Janson. Trustees designated that the capital or income be used primarily to assist officers of the Royal Navy, the Army and Royal Marines and their dependants in the form of grants towards the education and maintenance of their children.

Charles Skey Fund (2013)

In May 2013, Charles Skey, former trustee and Chair of Lloyd's Patriotic Fund, made a bequest of £1m to Lloyd's Patriotic Fund. Mr Skey expressed the wish that the capital is invested and untouched, and that the income is used for the general charitable purposes of the Fund. All income arising from the fund is expended during the year.

Grant making

The Fund has established its grant giving criteria to achieve its objectives for the relevant individual funds to support the Armed Forces community. The Fund invites applications from the military and ex-military charity sector each year for an annual donation. Detailed funding criteria and guidance has been defined in line with the objectives of the Lloyd's Patriotic Fund. New application forms have been introduced to provide consistency of information, as approved by trustees in June 2018. Donations are funded for annual partnerships to undertake an agreed project, subject to rigorous due diligence checks and a detailed Memorandum of Understanding. These have all been formalised and implemented in 2018. Details of how to apply are available on the Lloyd's website.

ACHIEVEMENTS AND PERFORMANCE

Monitoring Achievement

The effectiveness of the grants is monitored through a satisfactory mid project update and an end of project or annual update report to trustees. These have all been formalised and implemented in 2018. Moving forward, additional meetings with the Responsible Business team and a lead trustee may be required.

Annual Partners

Funded by a £200,000 donation from the Corporation of Lloyd's, Lloyd's Patriotic Fund donated £100,000 each to Royal British Legion Industries and Stoll for annual partnerships from July 2017- June 2018. The achievements in the twelve months of the partnerships are outlined below.

Royal British Legion Industries

The £100,000 donation was made to Royal British Legion Industries in support of Britain's Bravest Manufacturing Company, a social enterprise employing ex-forces personnel. The donation established a new welfare and employability programme (STEP IN) which aims to help veterans (especially those with health conditions and disabilities) become "work ready". The programme includes needs assessments, five day employability courses (LifeWorks), and paid work experience and qualifications.

As a result of the donation, 24 veterans received a personalised welfare assessment, 19 took part in LifeWorks, 15 accessed paid work placements, 5 gained qualifications and 6 people secured permanent employment.

Stoll

Stoll is a charity that aims to house and support vulnerable veterans to live as independently as possible. A donation of £100,000 has helped provide services that support veterans who struggle with alcohol and drug addiction, those who find it difficult to secure stable housing, and those who are unable to cope with independent living but do not qualify for local authority care packages.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Annual Partners (continued)

Stoll (continued)

As a result of the donation:

- 21 veterans received counselling sessions through the Drug and Alcohol Service. The impact of these sessions reduces harm, improves wellbeing and resilience, and enables independence to move on to education, employment or training.
- 50 single working age veterans secured tenancies across Greater London, enabling them to transition to civilian life with support. This Veteran's Nomination Scheme is key to preventing homelessness.
- 70 vulnerable or elderly veterans received domestic practical and emotional support in Stoll's supported accommodation (Independent Living Scheme). This means that residents avoid entering a care home before they need to and ensures quality of life.

At the June 2018 trustee meeting, it was agreed which projects would receive funding from July 2018 – June 2019 as Lloyd's Patriotic Funds' annual partners. The following projects were successful and will be reported on in the next Lloyd's Patriotic Fund annual report.

- £112,500 was awarded to Walking with the Wounded to scale up Project Nova to a national level. Project Nova provides dedicated support to veterans who have been arrested (or at risk of arrest) to prevent re-offending.
- £48,000 was awarded to RFEA, the Forces Employment Charity, to pilot a new Families Employment Project supporting 50 spouses and family members of serving Armed Forces and ex-service personnel into employment
- £31,324 was awarded to Combat Stress to fund training and equipment for their new national pilot, sensory modulation. This will be delivered by occupational therapists to more than 1,500 veterans who suffer from mental health conditions.

Other donations

Income from the General Fund supports other donation requests.

In June 2017, donations were agreed to the following charities for the 2017/2018 year. The achievements of these donations are listed below:

The Not Forgotten Association

The £5,000 donation helped fund the 2017 respite holidays programme in Majorca, which enabled 44 injured serving and ex-service men and women plus 12 of their partners or carers a week long holiday at no cost to them. The beneficiaries were nominated by 17 military units and charities and ranged from 19-58 years old. The holiday helped to reduce isolation and loneliness, improve morale and increase self-confidence, and improve health and wellbeing for veterans and their partners.

University Hospitals Coventry and Warwickshire Charity

The £12,878 donation launched the pilot of the Veteran's Giving Back Project with Bendrigg Trust, aiming to support veterans from Coventry and Warwickshire with mental health problems. Ten veterans committed to the pilot to deliver two week long outdoor adventure courses for vulnerable adults. 10 veterans and 5 young people took part in the first residential, with the second scheduled for 2019 with 12 young people. The programme assists veterans in their rehabilitation back into civilian life and aims to aid integration with local communities, as well as improving the lives of disadvantaged groups in the area. It aims to improve self-esteem, restore a sense of pride, enhance life skills and improve wellbeing of both young people and veterans.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Other donations (continued)

Army Families Federation

A donation of £10,000 was made to the Army Families Federation in June 2017 to fund their Foreign and Commonwealth (F&C) project assisting foreign and commonwealth spouses who are victims of domestic abuse, to make visa applications to remain in the UK. The long and complicated application form, and lack of legal aid, has meant that many spouses choose to remain with their partners regardless of their personal safety. The donation funded the project from October 2017 – October 2018, and so far has supported 12 spouses through enhanced support from immigration advisors with legal help to submit an application.

At their November 2017 meeting, trustees awarded a £50,000 donation to Veteran's Aid.

Veterans Aid

The donation supported 129 veterans over the Christmas 2017 period with; emergency accommodation for 25 veterans to prevent rough sleeping; essential toiletries and clothing for 35 veterans; travel costs for 38 veterans for interviews, training courses and rehabilitation centres; and 35 Christmas hampers for veterans in supported accommodation. All veterans were supported as part of Veteran's Aid "Welfare to Wellbeing" rehabilitation programme, which has a 90% success rate of veterans who move on to their own homes and employment and education.

Other donations

During the June 2018 trustee meeting, it was agreed that the following projects would be supported with one off donations to deliver their projects from July 2018 – June 2019. They will be reported on in the next Lloyd's Patriotic Fund annual report.

- £51,634 was awarded to Stoll to continue the funding for the Drug and Alcohol Service for the 21 veterans for a further twelve months.
- £28,840 was awarded to Tom Harrison House to launch an expressive arts therapy programme with 50 veterans plus their family members.
- £22,000 was awarded to Lothian's Veterans Centre to fund an outreach project worker to widen the geographical reach of their programmes after seeing a 300% increase in demand for services. It is expected to reach 100 veterans and their family members.
- £10,000 was awarded to Army Families Federation to continue funding the F&C domestic abuse support from October 2018 – October 2019. This will help 20-25 spouses with visa applications to remain in the UK.
- £7,000 was awarded to Gurkha Welfare Trust to contribute to re-building pensioners' houses that were destroyed in the 2015 earthquake.
- £4,800 was awarded to Music in Hospitals and Care to provide live musical sessions to 425 ex-service men and women through 17 concerts in ex-service communities in health care settings.

On-going Partners

Income from the General Fund supports our ongoing partners SSAFA and The Gurkha Welfare Trust as outlined below.

SSAFA

Lloyd's Patriotic Fund has been supporting SSAFA, the Armed Forces charity since 1999. Between June 2017 and June 2018, £70,000 has been awarded to SSAFA to administer Lloyd's Patriotic Fund welfare grants. The grants assist ex-servicemen and women and their families, in particular those with chronic ailments or living in poverty (beneficiaries who qualify for income support or those on low income). Grants are available for needs such as essential household items and repairs and disability adaptations. Trustees increased the welfare grant this year to £1,000 per case in November 2017.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

On-going Partners (continued)

SSAFA (continued)

In the past twelve months, 188 individuals have been supported, with an average grant of £430. 38% of the grants were spent on household goods, 20% was spent on disability, mobility and medical items, 20% on housing and accommodation costs, 12% on personal needs and 10% was spent on debt clearance.

SSAFA also administers Lloyd's Patriotic Fund's annuity payments with local caseworkers carrying out assessments of annuitants' annual needs. The six annuitants range from 75-95 years old and are all widows of veterans. Each annuitant received £920, totalling £5,520 donated by trustees for the Annuities payment.

The Gurkha Welfare Trust

The Trustees made their annual donation of £7,500 towards The Gurkha Welfare Trust's Welfare Pensioners Scheme to provide much needed economic support to ex-servicemen and widows in Nepal. The Fund has been supporting the Scheme since 1997 with monthly pensions of £81 for 17 Welfare Pensioners. Five are Gurkha veterans and twelve are widows, ranging in age from 66-93 years old. 13 are in poor health and suffering from illnesses or poor mobility or disabilities. Many properties have fallen into disrepair or have been poorly constructed so in June 2017, trustees agreed a further donation of £14,000 to build two safe, earthquake-resistant homes for Gurkha veterans who lost their homes in the earthquakes that struck Nepal in 2015. These were both completed for a veteran and his wife, and a veteran living alone in 2017.

Royal Navy and Royal Marines Children's Fund

The income from the Hugh Stewart McCorquodale Memorial Fund, Edwin Hampson Mackintosh Fund and Janson Fund is used to support children of military personnel in education. A grant of £5,000 was awarded to the Royal Navy & Royal Marines Children's Fund for five annual bursaries of £1,000. These bursaries funded school fees, providing the benefiting children with stability, continuity of education and a place of safety and security. The children selected to receive the bursary (aged 13-17) face complex needs where this is the only suitable educational route for them to succeed.

Royal Navy Officers Charity

The income from the Hugh Stewart McCorquodale Memorial Fund, Edwin Hampson Mackintosh Fund and Janson Fund is used to support children of military personnel in education. A grant has been awarded of £2,500 in previous years to the Royal Navy Officers Charity to fund educational bursaries for the children of Officers; however it was not required this financial year by the charity.

FINANCIAL REVIEW

Funding Sources and Reserves Policy

The revenue of the Fund is generated from investment income and legacies and donations from individuals and companies.

The General Fund of Lloyd's Patriotic Fund receives an annual donation of £200,000 from the Corporation of Lloyd's to support the annual partnership programme. This has been committed until the end of 2018 and then Lloyd's Patriotic Fund will be requesting a further funding commitment. The charity aims to maintain the real capital value of its investments in its reserves, whilst fully expending its donation and investment derived income in pursuit of its aims and objectives.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

Investment policy and management

The invested funds of Lloyd's Patriotic Funds are held in funds managed by Cazenove Capital Management, whereby the costs of the investment management are borne directly by the Fund and amount to £14,658 (2017: £13,951).

Fees are deducted based on the whole portfolio on a daily average market value at a rate of 0.35% subject to VAT. There are also underlying fund management charges which are deducted from investment income or capital.

The cash element and any surplus funds from the General Fund and sub funds are placed with Morgan Stanley Funds PLC (Gartmore).

A report on the investments by Cazenove Capital Management is included on pages 12 to 14.

Investments are reviewed on a regular basis during the year by the relevant lead Trustee and monitored by the Board of Trustees to ensure that they are meeting the Trustees' long term objectives of maximising income available for charitable purposes whilst protecting the capital value of the fund.

Bi-annual review meetings are held with the Fund's advisory investment manager, Cazenove Capital Management.

Summary of investment changes and capital movement

The asset mix as at 30 June 2018 for the consolidated Patriotic Fund is 79% UK Equities, 8% Global Equities, and 13% UK Property Funds. Part of the portfolio is the Charles Skey Fund which is entirely invested in equities and makes up 35% of the portfolio.

The overall gross annual investment income amounted to £133,157 (2017: £125,462).

The excess of expenditure over income for the year amounted to £51,955 and the deployment of this amount together with the disposition of the Fund at the beginning and end of the year is shown in the following table:

	Market value 01.07.17 £	Deployment of incoming resources £	Purchase / (sale) of Investments £	Unrealised (loss)/gain on Investments £	Realised gain on Investments £	Market value 30.06.18 £	%
UK Equity Fund	2,704,002	-	-	121,647	-	2,825,649	77.81
Overseas Equity Fund	262,633	-	-	19,217	-	281,850	7.76
UK Property Fund	460,557	-	-	12,510	-	473,067	13.03
	3,427,192	-	-	153,374	-	3,580,566	98.60
Net current assets	102,616	(51,955)	-	-	-	50,661	1.40
	3,529,808	(51,955)	-	153,374	-	3,631,227	100.00

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

Ethical Policies

The trustees reviewed their level of exposure to ethically sensitive investments in 2017 and agreed that the total sector exposure to ethically sensitive stocks should remain under 10%.

Commitments and Liabilities

Lloyd's Patriotic Fund has made a commitment to fund the following projects annually:

- Lloyd's Patriotic Fund Welfare Grants (£70,000) and Annuities (£3,680) administered by SSAFA, the Armed Forces Charity
- The Gurkha Welfare Trust's Welfare Pensioners Scheme (£7,500)
- The provision of bursaries through The Royal Navy and Royal Marines Children's Fund (£5,000)
- The provision of bursaries through The Royal Navy Officer's Charity (£2,500).

The committed expenditure amounts to £88,680. Additional annual grant giving will be considered for a £200,000 donation but this is not committed at this point.

PLANS FOR FUTURE PERIODS

The plans for the financial year 2018-2019 include improving the governance of the charity, board effectiveness, accountability, decision making and review of the organisational strategy.

Grant Giving

As a result of donations from individuals and Friends of Lloyd's Patriotic Fund, the trustees plan to make further donations to military charities in the coming year.

The Fund will continue to provide welfare grants through its working relationship with SSAFA, with revised guidelines to meet the changing needs of veterans. Annuities will continue for those currently being assisted, subject to regular review, but no new annuitants are to be considered.

The Gurkha Welfare Trust's Welfare Pensioners Scheme will continue to be supported with an annual grant towards their pensions.

Bursaries will continue to be provided through The Royal Navy and Royal Marines Children's Fund and The Royal Navy Officers' Charity if required.

Public Benefit

The Trustees take full account of the published Charity Commission general guidance on public benefit and are satisfied that the aims of the charity are carried out wholly in pursuit of its charitable aims for the public benefit. Lloyd's Patriotic Fund's grant-making is of measurable benefit to individuals. Applications can be made by all military and ex-military charities that support serving and ex-service armed forces personnel and their dependants who are in need.

Speaking Up

All individuals administering Lloyd's Patriotic Fund are employees of Lloyd's and able to raise issues relating to fraud and financial crime in accordance with Lloyd's Speaking Up procedures.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

PLANS FOR FUTURE PERIODS (continued)

Acknowledgement

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

The trustees are grateful to the Corporation of Lloyd's for their agreement to provide Lloyd's Patriotic Fund with an annual donation from the Corporation of Lloyd's, on behalf of the Lloyd's market.

The Trustees are grateful to the individuals and companies who supported the Fund with donations which amounted to £86,286 during the year.

The Trustees also wish to acknowledge the assistance given by charitable service organisations in the assessment of need and in particular to SSAFA Forces Help, which assists with the payment of welfare grants and annuities.

Approved by the Board of Trustees on 22 November 2018 and signed on its behalf by: -

James Kininmonth
Chairman

Trustee

LLOYD'S PATRIOTIC FUND

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

The purpose of this statement is to distinguish the Trustees' responsibilities for the financial statements from those of the auditors as stated in their report.

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Fund's financial activities during the year and of its financial position at the end of the year.

In preparing the financial statements the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow the recommendations of the Charity Commission and of the accounting profession with regard to form and content of the financial statements, or to disclose and explain any departures therefrom; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will be able to continue to meet its objectives.

The Trustees are responsible for keeping accounting records which are such as to disclose, with reasonable accuracy, the financial position of the Fund at any time, and to enable the Trustees to ensure that the financial statements comply with the disclosure regulations. They are also responsible for safeguarding the Fund's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND

YEAR ENDED 30 JUNE 2018

Overview

Investment Objective

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

Portfolio Summary

Description	Market Value £	Portfolio %
Equities	3,109,538	79.5%
UK	2,825,649	67.4%
Aberdeen UK All Shs Tra-B-Net-GBP	1,434,926	33.5%
Schroder Income –S-GBP-Inc	721,067	17.6%
Trojan Income Fund –S-GBP-Inc	669,657	16.3%
Global	283,889	12.1%
Vanguard FTSE All-Wrld ETF-GBP-Dis	283,889	12.1%
Alternatives	473,067	20.2%
Property	473,067	20.2%
COIF Charities Property – Inc	473,067	20.2%
Cash	6,356	0.3%
Income account	6,235	0.3%
Capital account	121	0.0%
Total	3,588,961	100.0%

source, Cazenove Capital as at 30.06.18.

Portfolio Performance

The portfolio ended June with a value of £3,588,961. Over 12 months the fund returned 8.0%

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Fund Performance (total returns) 12 months to 30th June 2018

Equities		1 Year
UK		
Fund	Aberdeen UK All Share Tracker	9.0%
Fund	Schroder Income Fund	14.3%
Fund	Trojan Income Fund	1.6%
Benchmark	FTSE All Share Index	9.0%
Overseas		
Fund	Vanguard FTSE All World	9.4%
Benchmark	FTSE All World	9.4%
Property		
Fund	COIF Charities Property Fund	8.7%
Benchmark	IPD All Balanced Fund Index	11.1%

Performance is quoted in £ net of underlying fund fees.

Market Summary

Over the last 12 months we have seen a continuation of growth and the global economy is now growing at its fastest pace since 2011, with the upturn increasingly broad-based across countries globally. This background has been particularly beneficial for equity markets and UK equities have returned 9.0% over the year, while, in sterling terms, Global equities have returned 9.3%.

2017 was significant for the lack of volatility, with the largest decline being only 4% over the year. With the increase of political risk, the threat of trade wars and rising inflation putting pressure on central banks our expectations that volatility would return were correct and we saw the market fall by 11% in March 2018, only to recover shortly after to end June back in positive territory year to date.

The Federal Reserve (the Fed) raised the target rate for Fed Funds by 0.25% and marginally increased its 2018 forecasts for growth and inflation. The positive economic data was, however, balanced by moves from the Trump administration to impose tariffs on Chinese imports, and withdraw from the Iran nuclear accord. In combination, the steps amounted to a more combative trade posture from the US, driving oil prices higher, and weighing on longer-term growth expectations. Closer to home, sterling performed poorly after the Bank of England backed away from a much-anticipated rate rise (in sharp contrast to an increasingly hawkish Fed). This followed disappointing macroeconomic data, which culminated in the Bank reducing its 2018 growth forecasts – it is now expecting the UK economy to expand by 1.4% this year, versus 1.8% previously.

Commercial property generated positive returns over the year. Our preference is to hold managers who have the ability to allocate between different sectors as they see fit throughout a market cycle rather than focus on a particular sector. In this way we feel that we maximise the potential opportunity set and benefit from their skill in asset management and property selection. We feel that capital appreciation is likely to be more muted given potential headwinds from Brexit and investor uncertainty.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Current Economic and Strategy Outlook – 2018

DOWNGRADING GLOBAL GROWTH EXPECTATIONS

Although global growth remains relatively robust, we have slightly downgraded our forecasts for this year and next. Data shows that 2018 did not get off to a particularly strong start and the rise in the oil price continues to act as a headwind to growth. Higher oil prices will push up inflation and we have raised our global inflation forecast to 2.7%.

TRADE WARS INFLUENCING MONETARY POLICY?

The past month has brought divergence in monetary policy across the globe. In mid-June, the US Federal Reserve (Fed) raised interest rates and increased its projections for future rate rises. The following day the European Central bank (ECB) said interest rates would "remain at present levels at least through the summer of 2019". The desire to keep the euro competitive is an unspoken but important factor as the US escalates trade policy. The US has already imposed tariffs on \$50bn of Chinese exports to the US, on top of steel and aluminium tariffs. China recently announced an easing in monetary policy through a cut to the 'reserve requirement ratio'. These differences in monetary policy have led the dollar higher, amplifying stresses in the emerging markets. Continued trade policy escalation would add to inflationary pressure and reduce global growth.

PORTFOLIO IMPLICATIONS

Trade wars and oil price rises have led to increasing volatility in currency and commodity prices, although corporate earnings have remained relatively robust to date. We maintain our position in equity markets, to benefit from earnings growth, and prefer broad global exposure. Conventional bond markets remain unattractive in an environment of rising inflation. We expect oscillations in markets, whether provoked by politics, trade wars, sentiment or economic shocks. After a significant period of growth in asset prices, now is the time to be actively managing risk in portfolios and we remain alert to changing circumstances on behalf of our clients.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND

We have audited the financial statements of Lloyd's Patriotic Fund for the year ended 30th June 2018 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is 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".

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30th June 2018, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Simpson Wreford & Partners

Statutory Auditor
Suffolk House
George Street
Croydon
CR0 0YN

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

Date 22 November 2018

LLOYD'S PATRIOTIC FUND

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 30 JUNE 2018

INCOME AND EXPENDITURE	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds		2018	2017
					Restricted Funds	Unrestricted Funds		
		General Fund £	Janson Fund £	Mackintosh Income £	Mackintosh Fund £	McCorquodale Fund £	Skey Fund £	Total £
INCOME:								
Donations and legacies	2	286,286	-	-	-	-	-	286,286
Investment income	3	78,649	3,576	4,630	-	1,664	44,638	133,157
Total income		364,935	3,576	4,630	-	1,664	44,638	419,443
EXPENDITURE								
Cost of raising funds:								
Investment management fees		(8,628)	(391)	-	(509)	(183)	(4,947)	(14,658)
Charitable activities:								
Donations and grants payable	4	(409,677)	(2,500)	-	-	(2,500)	(39,691)	(454,368)
Administrative expenses		(92)	-	-	-	-	-	(92)
Audit fees		(2,280)	-	-	-	-	-	(2,280)
Total expenditure		(420,677)	(2,891)	-	(509)	(2,683)	(44,638)	(471,398)
Net income/(expenditure) and net movement in funds before gains and losses on investments		(55,742)	685	4,630	(509)	(1,019)	-	(51,955)
Net gains/(losses) on investments	5	95,356	(613)	-	3,879	1,051	53,701	153,374
NET MOVEMENT IN FUNDS		39,614	72	4,630	3,370	32	53,701	101,419
Reconciliation of Funds:								
Total funds brought forward		2,077,729	94,391	3,719	118,655	43,992	1,191,322	3,529,808
Total funds carried forward		2,117,343	94,463	8,349	122,025	44,024	1,245,023	3,631,227

The notes on pages 19 to 24 form part of these financial statements.

LLOYD'S PATRIOTIC FUND

BALANCE SHEET AT 30 JUNE 2018

		Endowment Funds						
	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Restricted Funds	Unrestricted Funds	Unrestricted Funds	
		General Fund	Janson Fund	Mackintosh Income	Mackintosh Fund	McCorquodale Fund	Skey Fund	
		£	£	£	£	£	£	
INVESTMENTS								
At Market Valuation	5	2,074,000	94,222	-	122,154	43,913	1,246,277	3,580,566
								3,427,192
CURRENT ASSETS								
Debtors	6	10,233	340	441	-	158	-	11,172
Short term deposits		81,964	-	-	-	-	-	81,964
Cash at bank		314,461	-	7,908	-	-	-	322,369
		406,658	340	8,349	-	158	-	415,505
CURRENT LIABILITIES								
Creditors falling due within one year	7	(363,315)	(99)	-	(129)	(47)	(1,254)	(364,844)
		(363,315)	(99)	-	(129)	(47)	(1,254)	(364,844)
NET CURRENT ASSETS		43,343	241	8,349	(129)	111	(1,254)	50,661
NET ASSETS		2,117,343	94,463	8,349	122,025	44,024	1,245,023	3,631,227
FUNDS	11	2,117,343	94,463	8,349	122,025	44,024	1,245,023	3,631,227
								3,529,808

Approved and authorised for issue by the Board of Trustees on 22 November 2018 and signed on its behalf by

James Kininmonth
Chairman

Trustee

The notes on pages 19 to 24 form part of these financial statements.

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

DONATIONS AND LEGACIES

Donations and legacies are included in the statement of financial activities when receivable.

INVESTMENT INCOME

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

Investment income in relation to the permanent endowment funds of Skey and McCorquodale are not restricted in use, and are therefore transferred and included within the unrestricted income of the General fund. Investment income in relation to the Mackintosh endowment fund is restricted in nature, and is therefore transferred and included within a restricted fund.

GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS

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

GRANTS

Grants and school fees are accounted for by reference to the amount paid in respect of the accounting period. In relation to this annual report and reporting practices, grants are recognised at the point in which they are approved by trustees (e.g. at the meeting in which the decision was made, rather than the date in which grants were received by the charities).

ADMINISTRATION EXPENSES

The costs of the administration of the Fund are borne in full by the Corporation of Lloyd's with the exception of investment management fees, audit fees and bank charges. No remuneration was paid to the Trustees, nor were any Trustees expenses reimbursed to them.

INVESTMENTS

Investments are stated at their market value at the date of the balance sheet, this being the mid-point of the quotations on the Stock Exchange Daily Official List. Gains and losses on investments are taken directly to the Statement of Financial Activities.

ALLOCATION BETWEEN FUNDS

The Charles Skey Fund has its own portfolio of investments which are subject to capital gains and losses and generate investment income. Investment income and capital gains and losses on investments are allocated to the remaining individual funds in proportion to their share of the Fund account balance at the beginning of the year.

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

TAXATION

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

DEBTORS

Debtors are recognised at the settlement amount due.

SHORT TERM DEPOSITS

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

CREDITORS

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

FINANCIAL INSTRUMENTS

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

2 DONATIONS AND LEGACIES

	2018	2017
	£	£
Donation from the Corporation of Lloyd's	200,000	200,000
General donations	86,286	143,918
	286,286	343,918

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

3 INVESTMENT INCOME

	2018 £	2017 £
Dividends – UK equities	101,309	92,476
Dividends – overseas equities	5,304	6,837
Dividends – property fund	26,080	26,080
Interest – UK fixed interest investments	464	69
	133,157	125,462

In 2018 of the investment income, £4,630 (2017: £4,504) was attributable to restricted income funds, with the balance of £128,527 (2017: £120,958) adding to unrestricted funds

4 ANALYSIS OF CHARITABLE EXPENDITURE

	2018 £	2017 £
Walking with the Wounded	112,500	1,250
Soldiers, Sailors, Airmen and Families Association	75,520	75,520
Combat Stress	31,324	1,250
Stoll	51,634	101,250
Royal British Legion Industries	-	100,000
Gurkha Welfare Trust	14,500	21,500
University Hospital of Coventry and Warwickshire	-	12,878
Veterans Aid	50,000	-
RFEA	48,000	-
Tom Harrison House	28,840	-
Lothian's Veterans Centre	22,000	-
Army Family Federation	10,000	-
Other donations	10,050	31,428
	454,368	345,076

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

5 QUOTED INVESTMENTS

	2018 £	2017 £
Market value at 1 July	3,427,192	3,052,398
Add: Additions at cost	-	230,634
Less: Disposals proceeds	-	(230,755)
Realised investment gain	-	60,755
Net unrealised gain for the year	153,374	314,160
Market value at 30 June	3,580,566	3,427,192

Description	2018		2017	
	Book Value £	Market Value £	Book Value £	Market Value £
UK Fixed Property Fund	408,153	473,067	408,153	460,557
Overseas Equity Fund	230,634	281,850	230,634	262,633
Aberdeen SWIP Foundation Growth Fund (GBP Equity)	1,128,046	1,434,926	1,128,046	1,370,368
Schroder Income Fund	552,522	721,067	552,522	647,659
Trojan Income Fund	548,275	669,656	548,275	685,975

6 DEBTORS

	2018 £	2017 £
Investment income	8,379	8,256
Gartmore interest receivable	33	7
Donations receivable	-	8,000
Ordinary grant prepayment	2,760	2,760
	11,172	19,023

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

7 CREDITORS

	2018 £	2017 £
Investment management fee	3,716	3,615
Donations payable	358,848	270,378
Audit fee	2,280	1,680
	364,844	275,673

8 DISCLOSURE OF RELATED PARTY TRANSACTIONS & TRUSTEE REMUNERATION

The trustees receive no remuneration and no expenses were reimbursed within the financial year (2017 – none).

There were no related party transactions in the year (2017 – none).

9 FUNDING COMMITMENTS

Lloyd's Patriotic Fund has made a commitment to fund the following five projects annually for the foreseeable future:

Charity	Project	Amount £
Soldiers, Sailors, Airmen and Families Association	Welfare grants	70,000
Soldiers, Sailors, Airmen and Families Association	Annuities	3,680
Gurkha Welfare Trust	Welfare pension scheme	7,500
The Royal Navy and Royal Marines Children's Fund	Bursaries	5,000
The Royal Navy Officer's Charity	The Royal Navy Scholarship Fund	2,500
	Total Commitments	88,680

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

10 FUNDS

Unrestricted funds

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

Designated funds

The Janson Fund was created in 1918 by a gift of £10,000 from the then Chairman, Percy Janson. Trustees designated that the capital or income be used primarily to assist officers of the Royal Navy, the Army and Royal Marines and their dependants in the form of grants towards the education and maintenance of their children.

Restricted endowment funds

The Mackintosh Fund is a restricted fund arising from a bequest of £1,000 made by Lieutenant Edwin Hampson Mackintosh in 1916. The income derived from the fund is to be used for the benefit of officers of the Royal Navy or Royal Marines and their dependants.

Unrestricted endowment funds

The McCorquodale Fund was set up in 1901 with a bequest of 1,000 guineas made by Lieutenant Hugh Stewart McCorquodale. The capital value of this fund is to be maintained and the income is to be used at the discretion of Trustees.

The Skey Fund was set up in 2013 with a bequest of £1m from Charles Skey, former Trustee and Chairman of Lloyd's Patriotic Fund. Mr Skey stipulated that the capital should be invested and untouched, and that the income is used for the general charitable purposes of the charity. All income arising from the fund is expended during the year.

LLOYD'S PATRIOTIC FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2018

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS	PAGE(S)
Trustees and officials	1
Report of the Trustees	2 - 10
Statement of the Trustees' responsibilities in respect of the financial statements	11
Report of the investment manager to the Trustees of Lloyd's Patriotic Fund	12 - 14
Report of the independent auditors to the Trustees of Lloyd's Patriotic Fund	15 - 16
Statement of financial activities	17
Balance sheet	18
Notes to the financial statements	19 - 24

LLOYD'S PATRIOTIC FUND

(Registered Number 210173)

TRUSTEES

Mr James Kininmonth – Chairman

Mr Simon Beale
Mr Bruce Carnegie-Brown (ex-officio)
Mr Timothy Coles
Mr Mark Drummond-Brady
Mr Henry Dyson
Mr Alexander Findlay
Sir David Manning, GCMG, CVO
Mr Will Roscoe
Group Captain Wendy Rothery
Mr Duncan Welham
Mr Richard Williams MC

Secretary

Ms Suzanna Nagle (retired 10 October 2017)
Ms Michaelae Hawkins (appointed 10 October 2017)

Investment Managers

Cazenove Capital Management
12 Moorgate, London EC2R 6DA

Auditors

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

Bankers

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

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

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES

The trustees of Lloyd's Patriotic Fund (LPF) have pleasure in presenting their report together with the audited financial statements of the Fund for the year ended 30 June 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Lloyd's Patriotic Fund is constituted by Trust Deed dated 28 May 1875 and is a registered charity subject to the provisions of the Charities Act 2011. The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 20 and comply with the Fund's Trust Deed and applicable law.

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

Responsibility for carrying out the objectives of the Fund rests with the trustees. The Fund is supported by a Secretariat working under the direction of the Trustees, employed by the Corporation of Lloyd's and based in the Responsible Business team. With the exception of audit fees, bank charges, insurance and investment management fees which are borne directly by the Fund, all administration costs of the Fund are borne in full by the Corporation of Lloyd's.

The disbursement of the Fund is at the sole discretion of the trustees unless funds have been given for a specific purpose.

Trustees

There were twelve trustees as at 30 June 2018. There were no appointments or retirements of trustees during the year but Suzanna Nagle retired from the Secretarial role in October 2017 and was replaced by Michael Hawkins, Head of Responsible Business at Lloyd's in October 2017. The trustees would like to record their thanks to Ms Nagle for her contribution to the work of Lloyd's Patriotic Fund.

According to the governing document, upon the death, retirement or resignation of a trustee or when the number of trustees falls to seven, the trustees are required to appoint new trustees up to a maximum of fourteen.

New trustees are appointed by the board of trustees. Trustees are recruited on recommendation by existing trustees and consideration is given to relevant experience such as military service as well as knowledge of Lloyd's and the London insurance market and their interest in the charitable sector. Subject to trustee agreement, potential new trustees are approached and asked to consider the role.

Potential trustees meet with the Chair and the Secretary of the Fund. Before agreeing to become a trustee they will be informed of the Fund's structure, objectives and activities, and their responsibilities as a trustee. All trustees receive an induction to the role and Charity Commission guidance.

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

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

Trustees meet twice a year. As stated in the original Trust Deed, all matters and questions shall be determined by a majority vote of the trustees present at any meeting, but in the event of a tie, the Chair shall have a second or casting vote.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees (continued)

At the trustee meetings, the trustees agree the broad strategy and areas of activity for the Fund, including consideration of grant giving, investment, reserve and risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the relevant sub-committee is delegated to the Responsible Business team at Lloyd's. The Annual Partners selection committee of trustees meet annually to review all applications for a major donation and shortlist applications and recommendations to take forward to trustee meetings.

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

All trustees give their time freely and no trustee remuneration was paid in the year.

Risk Management

The trustees have considered the major risks to which the charity is exposed and reviewed those risks and established systems and procedures to manage those risks.

The Risk Register outlines the major risks to which the charity is exposed. The Risk Register is reviewed annually and is a regular agenda item at the meeting of the trustees, so that any issues can be discussed. Trustees are also alerted to any new risks.

Trustees approach to risk management concerning their investment income is outlined in the Financial Review on page 8.

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

OBJECTIVES AND ACTIVITIES

Founded in 1803 to assist the many casualties of the Napoleonic Wars, Lloyd's Patriotic Fund is the oldest military charity of its kind and has been providing support to the Armed Forces Community on behalf of the Lloyd's market for over two hundred years. It continues to fulfil this purpose, using the investment income from its capital fund and donations from individuals and companies in the Lloyd's insurance market.

Lloyd's Patriotic Fund supports serving and ex-service personnel and their families, with a particular focus on those who are disabled or facing poverty, illness and hardship. Lloyd's Patriotic Fund provides long-term support to a number of partner organisations. As a result of an annual donation from the Corporation of Lloyd's, the Fund has made additional grants for special projects to fund innovative projects to respond to the need arising from recent conflicts.

The Fund is divided into a number of individual funds whose objectives are as follows:

General Fund (1803)

This Fund provides assistance to officers and men and women of the Royal Navy, the Army, Royal Marines and Royal Air Force or their widows, orphans or dependent relatives who, at the trustees' discretion, are fitting recipients.

The Hugh Stewart McCorquodale Memorial Fund (1901)

A bequest of 1,000 guineas made by Lieutenant Hugh Stewart McCorquodale, killed during the South African War, whereby the use of income is at the discretion of trustees.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

OBJECTIVES AND ACTIVITIES (continued)

Edwin Hampson Mackintosh Fund (1916)

Lieutenant Edwin Hampson Mackintosh, killed on the first day of the Battle of Loos, bequeathed £1,000 with the stipulation that the income is used for the benefit of officers of the Royal Navy or Royal Marines and their dependants.

Janson Fund (1918)

A gift of £10,000 was made by the then Chair, Percy Janson. Trustees designated that the capital or income be used primarily to assist officers of the Royal Navy, the Army and Royal Marines and their dependants in the form of grants towards the education and maintenance of their children.

Charles Skey Fund (2013)

In May 2013, Charles Skey, former trustee and Chair of Lloyd's Patriotic Fund, made a bequest of £1m to Lloyd's Patriotic Fund. Mr Skey expressed the wish that the capital is invested and untouched, and that the income is used for the general charitable purposes of the Fund. All income arising from the fund is expended during the year.

Grant making

The Fund has established its grant giving criteria to achieve its objectives for the relevant individual funds to support the Armed Forces community. The Fund invites applications from the military and ex-military charity sector each year for an annual donation. Detailed funding criteria and guidance has been defined in line with the objectives of the Lloyd's Patriotic Fund. New application forms have been introduced to provide consistency of information, as approved by trustees in June 2018. Donations are funded for annual partnerships to undertake an agreed project, subject to rigorous due diligence checks and a detailed Memorandum of Understanding. These have all been formalised and implemented in 2018. Details of how to apply are available on the Lloyd's website.

ACHIEVEMENTS AND PERFORMANCE

Monitoring Achievement

The effectiveness of the grants is monitored through a satisfactory mid project update and an end of project or annual update report to trustees. These have all been formalised and implemented in 2018. Moving forward, additional meetings with the Responsible Business team and a lead trustee may be required.

Annual Partners

Funded by a £200,000 donation from the Corporation of Lloyd's, Lloyd's Patriotic Fund donated £100,000 each to Royal British Legion Industries and Stoll for annual partnerships from July 2017- June 2018. The achievements in the twelve months of the partnerships are outlined below.

Royal British Legion Industries

The £100,000 donation was made to Royal British Legion Industries in support of Britain's Bravest Manufacturing Company, a social enterprise employing ex-forces personnel. The donation established a new welfare and employability programme (STEP IN) which aims to help veterans (especially those with health conditions and disabilities) become "work ready". The programme includes needs assessments, five day employability courses (LifeWorks), and paid work experience and qualifications.

As a result of the donation, 24 veterans received a personalised welfare assessment, 19 took part in LifeWorks, 15 accessed paid work placements, 5 gained qualifications and 6 people secured permanent employment.

Stoll

Stoll is a charity that aims to house and support vulnerable veterans to live as independently as possible. A donation of £100,000 has helped provide services that support veterans who struggle with alcohol and drug addiction, those who find it difficult to secure stable housing, and those who are unable to cope with independent living but do not qualify for local authority care packages.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Annual Partners (continued)

Stoll (continued)

As a result of the donation:

- 21 veterans received counselling sessions through the Drug and Alcohol Service. The impact of these sessions reduces harm, improves wellbeing and resilience, and enables independence to move on to education, employment or training.
- 50 single working age veterans secured tenancies across Greater London, enabling them to transition to civilian life with support. This Veteran's Nomination Scheme is key to preventing homelessness.
- 70 vulnerable or elderly veterans received domestic practical and emotional support in Stoll's supported accommodation (Independent Living Scheme). This means that residents avoid entering a care home before they need to and ensures quality of life.

At the June 2018 trustee meeting, it was agreed which projects would receive funding from July 2018 – June 2019 as Lloyd's Patriotic Funds' annual partners. The following projects were successful and will be reported on in the next Lloyd's Patriotic Fund annual report.

- £112,500 was awarded to Walking with the Wounded to scale up Project Nova to a national level. Project Nova provides dedicated support to veterans who have been arrested (or at risk of arrest) to prevent re-offending.
- £48,000 was awarded to RFEA, the Forces Employment Charity, to pilot a new Families Employment Project supporting 50 spouses and family members of serving Armed Forces and ex-service personnel into employment
- £31,324 was awarded to Combat Stress to fund training and equipment for their new national pilot, sensory modulation. This will be delivered by occupational therapists to more than 1,500 veterans who suffer from mental health conditions.

Other donations

Income from the General Fund supports other donation requests.

In June 2017, donations were agreed to the following charities for the 2017/2018 year. The achievements of these donations are listed below:

The Not Forgotten Association

The £5,000 donation helped fund the 2017 respite holidays programme in Majorca, which enabled 44 injured serving and ex-service men and women plus 12 of their partners or carers a week long holiday at no cost to them. The beneficiaries were nominated by 17 military units and charities and ranged from 19-58 years old. The holiday helped to reduce isolation and loneliness, improve morale and increase self-confidence, and improve health and wellbeing for veterans and their partners.

University Hospitals Coventry and Warwickshire Charity

The £12,878 donation launched the pilot of the Veteran's Giving Back Project with Bendrigg Trust, aiming to support veterans from Coventry and Warwickshire with mental health problems. Ten veterans committed to the pilot to deliver two week long outdoor adventure courses for vulnerable adults. 10 veterans and 5 young people took part in the first residential, with the second scheduled for 2019 with 12 young people. The programme assists veterans in their rehabilitation back into civilian life and aims to aid integration with local communities, as well as improving the lives of disadvantaged groups in the area. It aims to improve self-esteem, restore a sense of pride, enhance life skills and improve wellbeing of both young people and veterans.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Other donations (continued)

Army Families Federation

A donation of £10,000 was made to the Army Families Federation in June 2017 to fund their Foreign and Commonwealth (F&C) project assisting foreign and commonwealth spouses who are victims of domestic abuse, to make visa applications to remain in the UK. The long and complicated application form, and lack of legal aid, has meant that many spouses choose to remain with their partners regardless of their personal safety. The donation funded the project from October 2017 – October 2018, and so far has supported 12 spouses through enhanced support from immigration advisors with legal help to submit an application.

At their November 2017 meeting, trustees awarded a £50,000 donation to Veteran's Aid.

Veterans Aid

The donation supported 129 veterans over the Christmas 2017 period with; emergency accommodation for 25 veterans to prevent rough sleeping; essential toiletries and clothing for 35 veterans; travel costs for 38 veterans for interviews, training courses and rehabilitation centres; and 35 Christmas hampers for veterans in supported accommodation. All veterans were supported as part of Veteran's Aid "Welfare to Wellbeing" rehabilitation programme, which has a 90% success rate of veterans who move on to their own homes and employment and education.

Other donations

During the June 2018 trustee meeting, it was agreed that the following projects would be supported with one off donations to deliver their projects from July 2018 – June 2019. They will be reported on in the next Lloyd's Patriotic Fund annual report.

- £51,634 was awarded to Stoll to continue the funding for the Drug and Alcohol Service for the 21 veterans for a further twelve months.
- £28,840 was awarded to Tom Harrison House to launch an expressive arts therapy programme with 50 veterans plus their family members.
- £22,000 was awarded to Lothian's Veterans Centre to fund an outreach project worker to widen the geographical reach of their programmes after seeing a 300% increase in demand for services. It is expected to reach 100 veterans and their family members.
- £10,000 was awarded to Army Families Federation to continue funding the F&C domestic abuse support from October 2018 – October 2019. This will help 20-25 spouses with visa applications to remain in the UK.
- £7,000 was awarded to Gurkha Welfare Trust to contribute to re-building pensioners' houses that were destroyed in the 2015 earthquake.
- £4,800 was awarded to Music in Hospitals and Care to provide live musical sessions to 425 ex-service men and women through 17 concerts in ex-service communities in health care settings.

On-going Partners

Income from the General Fund supports our ongoing partners SSAFA and The Gurkha Welfare Trust as outlined below.

SSAFA

Lloyd's Patriotic Fund has been supporting SSAFA, the Armed Forces charity since 1999. Between June 2017 and June 2018, £70,000 has been awarded to SSAFA to administer Lloyd's Patriotic Fund welfare grants. The grants assist ex-servicemen and women and their families, in particular those with chronic ailments or living in poverty (beneficiaries who qualify for income support or those on low income). Grants are available for needs such as essential household items and repairs and disability adaptations. Trustees increased the welfare grant this year to £1,000 per case in November 2017.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

On-going Partners (continued)

SSAFA (continued)

In the past twelve months, 188 individuals have been supported, with an average grant of £430. 38% of the grants were spent on household goods, 20% was spent on disability, mobility and medical items, 20% on housing and accommodation costs, 12% on personal needs and 10% was spent on debt clearance.

SSAFA also administers Lloyd's Patriotic Fund's annuity payments with local caseworkers carrying out assessments of annuitants' annual needs. The six annuitants range from 75-95 years old and are all widows of veterans. Each annuitant received £920, totalling £5,520 donated by trustees for the Annuities payment.

The Gurkha Welfare Trust

The Trustees made their annual donation of £7,500 towards The Gurkha Welfare Trust's Welfare Pensioners Scheme to provide much needed economic support to ex-servicemen and widows in Nepal. The Fund has been supporting the Scheme since 1997 with monthly pensions of £81 for 17 Welfare Pensioners. Five are Gurkha veterans and twelve are widows, ranging in age from 66-93 years old. 13 are in poor health and suffering from illnesses or poor mobility or disabilities. Many properties have fallen into disrepair or have been poorly constructed so in June 2017, trustees agreed a further donation of £14,000 to build two safe, earthquake-resistant homes for Gurkha veterans who lost their homes in the earthquakes that struck Nepal in 2015. These were both completed for a veteran and his wife, and a veteran living alone in 2017.

Royal Navy and Royal Marines Children's Fund

The income from the Hugh Stewart McCorquodale Memorial Fund, Edwin Hampson Mackintosh Fund and Janson Fund is used to support children of military personnel in education. A grant of £5,000 was awarded to the Royal Navy & Royal Marines Children's Fund for five annual bursaries of £1,000. These bursaries funded school fees, providing the benefiting children with stability, continuity of education and a place of safety and security. The children selected to receive the bursary (aged 13-17) face complex needs where this is the only suitable educational route for them to succeed.

Royal Navy Officers Charity

The income from the Hugh Stewart McCorquodale Memorial Fund, Edwin Hampson Mackintosh Fund and Janson Fund is used to support children of military personnel in education. A grant has been awarded of £2,500 in previous years to the Royal Navy Officers Charity to fund educational bursaries for the children of Officers; however it was not required this financial year by the charity.

FINANCIAL REVIEW

Funding Sources and Reserves Policy

The revenue of the Fund is generated from investment income and legacies and donations from individuals and companies.

The General Fund of Lloyd's Patriotic Fund receives an annual donation of £200,000 from the Corporation of Lloyd's to support the annual partnership programme. This has been committed until the end of 2018 and then Lloyd's Patriotic Fund will be requesting a further funding commitment. The charity aims to maintain the real capital value of its investments in its reserves, whilst fully expending its donation and investment derived income in pursuit of its aims and objectives.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

Investment policy and management

The invested funds of Lloyd's Patriotic Funds are held in funds managed by Cazenove Capital Management, whereby the costs of the investment management are borne directly by the Fund and amount to £14,658 (2017: £13,951).

Fees are deducted based on the whole portfolio on a daily average market value at a rate of 0.35% subject to VAT. There are also underlying fund management charges which are deducted from investment income or capital.

The cash element and any surplus funds from the General Fund and sub funds are placed with Morgan Stanley Funds PLC (Gartmore).

A report on the investments by Cazenove Capital Management is included on pages 12 to 14.

Investments are reviewed on a regular basis during the year by the relevant lead Trustee and monitored by the Board of Trustees to ensure that they are meeting the Trustees' long term objectives of maximising income available for charitable purposes whilst protecting the capital value of the fund.

Bi-annual review meetings are held with the Fund's advisory investment manager, Cazenove Capital Management.

Summary of investment changes and capital movement

The asset mix as at 30 June 2018 for the consolidated Patriotic Fund is 79% UK Equities, 8% Global Equities, and 13% UK Property Funds. Part of the portfolio is the Charles Skey Fund which is entirely invested in equities and makes up 35% of the portfolio.

The overall gross annual investment income amounted to £133,157 (2017: £125,462).

The excess of expenditure over income for the year amounted to £51,955 and the deployment of this amount together with the disposition of the Fund at the beginning and end of the year is shown in the following table:

	Market value 01.07.17 £	Deployment of incoming resources £	Purchase / (sale) of Investments £	Unrealised (loss)/gain on Investments £	Realised gain on Investments £	Market value 30.06.18 £	%
UK Equity Fund	2,704,002	-	-	121,647	-	2,825,649	77.81
Overseas Equity Fund	262,633	-	-	19,217	-	281,850	7.76
UK Property Fund	460,557	-	-	12,510	-	473,067	13.03
	3,427,192	-	-	153,374	-	3,580,566	98.60
Net current assets	102,616	(51,955)	-	-	-	50,661	1.40
	3,529,808	(51,955)	-	153,374	-	3,631,227	100.00

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW (continued)

Ethical Policies

The trustees reviewed their level of exposure to ethically sensitive investments in 2017 and agreed that the total sector exposure to ethically sensitive stocks should remain under 10%.

Commitments and Liabilities

Lloyd's Patriotic Fund has made a commitment to fund the following projects annually:

- Lloyd's Patriotic Fund Welfare Grants (£70,000) and Annuities (£3,680) administered by SSAFA, the Armed Forces Charity
- The Gurkha Welfare Trust's Welfare Pensioners Scheme (£7,500)
- The provision of bursaries through The Royal Navy and Royal Marines Children's Fund (£5,000)
- The provision of bursaries through The Royal Navy Officer's Charity (£2,500).

The committed expenditure amounts to £88,680. Additional annual grant giving will be considered for a £200,000 donation but this is not committed at this point.

PLANS FOR FUTURE PERIODS

The plans for the financial year 2018-2019 include improving the governance of the charity, board effectiveness, accountability, decision making and review of the organisational strategy.

Grant Giving

As a result of donations from individuals and Friends of Lloyd's Patriotic Fund, the trustees plan to make further donations to military charities in the coming year.

The Fund will continue to provide welfare grants through its working relationship with SSAFA, with revised guidelines to meet the changing needs of veterans. Annuities will continue for those currently being assisted, subject to regular review, but no new annuitants are to be considered.

The Gurkha Welfare Trust's Welfare Pensioners Scheme will continue to be supported with an annual grant towards their pensions.

Bursaries will continue to be provided through The Royal Navy and Royal Marines Children's Fund and The Royal Navy Officers' Charity if required.

Public Benefit

The Trustees take full account of the published Charity Commission general guidance on public benefit and are satisfied that the aims of the charity are carried out wholly in pursuit of its charitable aims for the public benefit. Lloyd's Patriotic Fund's grant-making is of measurable benefit to individuals. Applications can be made by all military and ex-military charities that support serving and ex-service armed forces personnel and their dependants who are in need.

Speaking Up

All individuals administering Lloyd's Patriotic Fund are employees of Lloyd's and able to raise issues relating to fraud and financial crime in accordance with Lloyd's Speaking Up procedures.

LLOYD'S PATRIOTIC FUND

REPORT OF THE TRUSTEES (continued)

PLANS FOR FUTURE PERIODS (continued)

Acknowledgement

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

The trustees are grateful to the Corporation of Lloyd's for their agreement to provide Lloyd's Patriotic Fund with an annual donation from the Corporation of Lloyd's, on behalf of the Lloyd's market.

The Trustees are grateful to the individuals and companies who supported the Fund with donations which amounted to £86,286 during the year.

The Trustees also wish to acknowledge the assistance given by charitable service organisations in the assessment of need and in particular to SSAFA Forces Help, which assists with the payment of welfare grants and annuities.

Approved by the Board of Trustees on 22 November 2018 and signed on its behalf by: -

James Kininmonth
Chairman

Trustee

LLOYD'S PATRIOTIC FUND

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

The purpose of this statement is to distinguish the Trustees' responsibilities for the financial statements from those of the auditors as stated in their report.

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Fund's financial activities during the year and of its financial position at the end of the year.

In preparing the financial statements the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow the recommendations of the Charity Commission and of the accounting profession with regard to form and content of the financial statements, or to disclose and explain any departures therefrom; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will be able to continue to meet its objectives.

The Trustees are responsible for keeping accounting records which are such as to disclose, with reasonable accuracy, the financial position of the Fund at any time, and to enable the Trustees to ensure that the financial statements comply with the disclosure regulations. They are also responsible for safeguarding the Fund's assets, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND

YEAR ENDED 30 JUNE 2018

Overview

Investment Objective

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

Portfolio Summary

Description	Market Value £	Portfolio %
Equities	3,109,538	79.5%
UK	2,825,649	67.4%
Aberdeen UK All Shs Tra-B-Net-GBP	1,434,926	33.5%
Schroder Income –S-GBP-Inc	721,067	17.6%
Trojan Income Fund –S-GBP-Inc	669,657	16.3%
Global	283,889	12.1%
Vanguard FTSE All-Wrld ETF-GBP-Dis	283,889	12.1%
Alternatives	473,067	20.2%
Property	473,067	20.2%
COIF Charities Property – Inc	473,067	20.2%
Cash	6,356	0.3%
Income account	6,235	0.3%
Capital account	121	0.0%
Total	3,588,961	100.0%

source, Cazenove Capital as at 30.06.18.

Portfolio Performance

The portfolio ended June with a value of £3,588,961. Over 12 months the fund returned 8.0%

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Fund Performance (total returns) 12 months to 30th June 2018

Equities		1 Year
UK		
Fund	Aberdeen UK All Share Tracker	9.0%
Fund	Schroder Income Fund	14.3%
Fund	Trojan Income Fund	1.6%
<i>Benchmark</i>	<i>FTSE All Share Index</i>	<i>9.0%</i>
Overseas		
Fund	Vanguard FTSE All World	9.4%
<i>Benchmark</i>	<i>FTSE All World</i>	<i>9.4%</i>
Property		
Fund	COIF Charities Property Fund	8.7%
<i>Benchmark</i>	<i>IPD All Balanced Fund Index</i>	<i>11.1%</i>

Performance is quoted in £ net of underlying fund fees.

Market Summary

Over the last 12 months we have seen a continuation of growth and the global economy is now growing at its fastest pace since 2011, with the upturn increasingly broad-based across countries globally. This background has been particularly beneficial for equity markets and UK equities have returned 9.0% over the year, while, in sterling terms, Global equities have returned 9.3%.

2017 was significant for the lack of volatility, with the largest decline being only 4% over the year. With the increase of political risk, the threat of trade wars and rising inflation putting pressure on central banks our expectations that volatility would return were correct and we saw the market fall by 11% in March 2018, only to recover shortly after to end June back in positive territory year to date.

The Federal Reserve (the Fed) raised the target rate for Fed Funds by 0.25% and marginally increased its 2018 forecasts for growth and inflation. The positive economic data was, however, balanced by moves from the Trump administration to impose tariffs on Chinese imports, and withdraw from the Iran nuclear accord. In combination, the steps amounted to a more combative trade posture from the US, driving oil prices higher, and weighing on longer-term growth expectations. Closer to home, sterling performed poorly after the Bank of England backed away from a much-anticipated rate rise (in sharp contrast to an increasingly hawkish Fed). This followed disappointing macroeconomic data, which culminated in the Bank reducing its 2018 growth forecasts – it is now expecting the UK economy to expand by 1.4% this year, versus 1.8% previously.

Commercial property generated positive returns over the year. Our preference is to hold managers who have the ability to allocate between different sectors as they see fit throughout a market cycle rather than focus on a particular sector. In this way we feel that we maximise the potential opportunity set and benefit from their skill in asset management and property selection. We feel that capital appreciation is likely to be more muted given potential headwinds from Brexit and investor uncertainty.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INVESTMENT MANAGER TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Current Economic and Strategy Outlook – 2018

DOWNGRADING GLOBAL GROWTH EXPECTATIONS

Although global growth remains relatively robust, we have slightly downgraded our forecasts for this year and next. Data shows that 2018 did not get off to a particularly strong start and the rise in the oil price continues to act as a headwind to growth. Higher oil prices will push up inflation and we have raised our global inflation forecast to 2.7%.

TRADE WARS INFLUENCING MONETARY POLICY?

The past month has brought divergence in monetary policy across the globe. In mid-June, the US Federal Reserve (Fed) raised interest rates and increased its projections for future rate rises. The following day the European Central bank (ECB) said interest rates would "remain at present levels at least through the summer of 2019". The desire to keep the euro competitive is an unspoken but important factor as the US escalates trade policy. The US has already imposed tariffs on \$50bn of Chinese exports to the US, on top of steel and aluminium tariffs. China recently announced an easing in monetary policy through a cut to the 'reserve requirement ratio'. These differences in monetary policy have led the dollar higher, amplifying stresses in the emerging markets. Continued trade policy escalation would add to inflationary pressure and reduce global growth.

PORTFOLIO IMPLICATIONS

Trade wars and oil price rises have led to increasing volatility in currency and commodity prices, although corporate earnings have remained relatively robust to date. We maintain our position in equity markets, to benefit from earnings growth, and prefer broad global exposure. Conventional bond markets remain unattractive in an environment of rising inflation. We expect oscillations in markets, whether provoked by politics, trade wars, sentiment or economic shocks. After a significant period of growth in asset prices, now is the time to be actively managing risk in portfolios and we remain alert to changing circumstances on behalf of our clients.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND

We have audited the financial statements of Lloyd's Patriotic Fund for the year ended 30th June 2018 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is 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".

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30th June 2018, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

LLOYD'S PATRIOTIC FUND

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF LLOYD'S PATRIOTIC FUND (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Simpson Wreford & Partners

Statutory Auditor
Suffolk House
George Street
Croydon
CR0 0YN

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

Date 22 November 2018

LLOYD'S PATRIOTIC FUND

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 30 JUNE 2018

INCOME AND EXPENDITURE	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds		2018	2017
					Restricted Funds	Unrestricted Funds		
		General Fund £	Janson Fund £	Mackintosh Income £	Mackintosh Fund £	McCorquodale Fund £	Skey Fund £	Total £
INCOME:								
Donations and legacies	2	286,286	-	-	-	-	-	286,286
Investment income	3	78,649	3,576	4,630	-	1,664	44,638	133,157
Total income		364,935	3,576	4,630	-	1,664	44,638	419,443
EXPENDITURE								
Cost of raising funds:								
Investment management fees		(8,628)	(391)	-	(509)	(183)	(4,947)	(14,658)
Charitable activities:								
Donations and grants payable	4	(409,677)	(2,500)	-	-	(2,500)	(39,691)	(454,368)
Administrative expenses		(92)	-	-	-	-	-	(92)
Audit fees		(2,280)	-	-	-	-	-	(2,280)
Total expenditure		(420,677)	(2,891)	-	(509)	(2,683)	(44,638)	(471,398)
Net income/(expenditure) and net movement in funds before gains and losses on investments		(55,742)	685	4,630	(509)	(1,019)	-	(51,955)
Net gains/(losses) on investments	5	95,356	(613)	-	3,879	1,051	53,701	153,374
NET MOVEMENT IN FUNDS		39,614	72	4,630	3,370	32	53,701	101,419
Reconciliation of Funds:								
Total funds brought forward		2,077,729	94,391	3,719	118,655	43,992	1,191,322	3,529,808
Total funds carried forward		2,117,343	94,463	8,349	122,025	44,024	1,245,023	3,631,227

The notes on pages 19 to 24 form part of these financial statements.

LLOYD'S PATRIOTIC FUND

BALANCE SHEET AT 30 JUNE 2018

		Endowment Funds						
	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Restricted Funds	Unrestricted Funds	Unrestricted Funds	
		General Fund	Janson Fund	Mackintosh Income	Mackintosh Fund	McCorquodale Fund	Skey Fund	
		£	£	£	£	£	£	
INVESTMENTS								
At Market Valuation	5	2,074,000	94,222	-	122,154	43,913	1,246,277	3,580,566
								3,427,192
CURRENT ASSETS								
Debtors	6	10,233	340	441	-	158	-	11,172
Short term deposits		81,964	-	-	-	-	-	81,964
Cash at bank		314,461	-	7,908	-	-	-	322,369
		406,658	340	8,349	-	158	-	415,505
CURRENT LIABILITIES								
Creditors falling due within one year	7	(363,315)	(99)	-	(129)	(47)	(1,254)	(364,844)
		(363,315)	(99)	-	(129)	(47)	(1,254)	(364,844)
NET CURRENT ASSETS		43,343	241	8,349	(129)	111	(1,254)	50,661
NET ASSETS		2,117,343	94,463	8,349	122,025	44,024	1,245,023	3,631,227
FUNDS	11	2,117,343	94,463	8,349	122,025	44,024	1,245,023	3,631,227
								3,529,808

Approved and authorised for issue by the Board of Trustees on 22 November 2018 and signed on its behalf by

James Kininmonth
Chairman

Trustee

The notes on pages 19 to 24 form part of these financial statements.

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

DONATIONS AND LEGACIES

Donations and legacies are included in the statement of financial activities when receivable.

INVESTMENT INCOME

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

Investment income in relation to the permanent endowment funds of Skey and McCorquodale are not restricted in use, and are therefore transferred and included within the unrestricted income of the General fund. Investment income in relation to the Mackintosh endowment fund is restricted in nature, and is therefore transferred and included within a restricted fund.

GAINS AND LOSSES ON DISPOSAL OF INVESTMENTS

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

GRANTS

Grants and school fees are accounted for by reference to the amount paid in respect of the accounting period. In relation to this annual report and reporting practices, grants are recognised at the point in which they are approved by trustees (e.g. at the meeting in which the decision was made, rather than the date in which grants were received by the charities).

ADMINISTRATION EXPENSES

The costs of the administration of the Fund are borne in full by the Corporation of Lloyd's with the exception of investment management fees, audit fees and bank charges. No remuneration was paid to the Trustees, nor were any Trustees expenses reimbursed to them.

INVESTMENTS

Investments are stated at their market value at the date of the balance sheet, this being the mid-point of the quotations on the Stock Exchange Daily Official List. Gains and losses on investments are taken directly to the Statement of Financial Activities.

ALLOCATION BETWEEN FUNDS

The Charles Skey Fund has its own portfolio of investments which are subject to capital gains and losses and generate investment income. Investment income and capital gains and losses on investments are allocated to the remaining individual funds in proportion to their share of the Fund account balance at the beginning of the year.

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

TAXATION

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

DEBTORS

Debtors are recognised at the settlement amount due.

SHORT TERM DEPOSITS

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

CREDITORS

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

FINANCIAL INSTRUMENTS

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

2 DONATIONS AND LEGACIES

	2018	2017
	£	£
Donation from the Corporation of Lloyd's	200,000	200,000
General donations	86,286	143,918
	286,286	343,918

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

3 INVESTMENT INCOME

	2018 £	2017 £
Dividends – UK equities	101,309	92,476
Dividends – overseas equities	5,304	6,837
Dividends – property fund	26,080	26,080
Interest – UK fixed interest investments	464	69
	133,157	125,462

In 2018 of the investment income, £4,630 (2017: £4,504) was attributable to restricted income funds, with the balance of £128,527 (2017: £120,958) adding to unrestricted funds

4 ANALYSIS OF CHARITABLE EXPENDITURE

	2018 £	2017 £
Walking with the Wounded	112,500	1,250
Soldiers, Sailors, Airmen and Families Association	75,520	75,520
Combat Stress	31,324	1,250
Stoll	51,634	101,250
Royal British Legion Industries	-	100,000
Gurkha Welfare Trust	14,500	21,500
University Hospital of Coventry and Warwickshire	-	12,878
Veterans Aid	50,000	-
RFEA	48,000	-
Tom Harrison House	28,840	-
Lothian's Veterans Centre	22,000	-
Army Family Federation	10,000	-
Other donations	10,050	31,428
	454,368	345,076

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

5 QUOTED INVESTMENTS

	2018 £	2017 £
Market value at 1 July	3,427,192	3,052,398
Add: Additions at cost	-	230,634
Less: Disposals proceeds	-	(230,755)
Realised investment gain	-	60,755
Net unrealised gain for the year	153,374	314,160
Market value at 30 June	3,580,566	3,427,192

Description	2018		2017	
	Book Value £	Market Value £	Book Value £	Market Value £
UK Fixed Property Fund	408,153	473,067	408,153	460,557
Overseas Equity Fund	230,634	281,850	230,634	262,633
Aberdeen SWIP Foundation Growth Fund (GBP Equity)	1,128,046	1,434,926	1,128,046	1,370,368
Schroder Income Fund	552,522	721,067	552,522	647,659
Trojan Income Fund	548,275	669,656	548,275	685,975

6 DEBTORS

	2018 £	2017 £
Investment income	8,379	8,256
Gartmore interest receivable	33	7
Donations receivable	-	8,000
Ordinary grant prepayment	2,760	2,760
	11,172	19,023

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

7 CREDITORS

	2018 £	2017 £
Investment management fee	3,716	3,615
Donations payable	358,848	270,378
Audit fee	2,280	1,680
	364,844	275,673

8 DISCLOSURE OF RELATED PARTY TRANSACTIONS & TRUSTEE REMUNERATION

The trustees receive no remuneration and no expenses were reimbursed within the financial year (2017 – none).

There were no related party transactions in the year (2017 – none).

9 FUNDING COMMITMENTS

Lloyd's Patriotic Fund has made a commitment to fund the following five projects annually for the foreseeable future:

Charity	Project	Amount £
Soldiers, Sailors, Airmen and Families Association	Welfare grants	70,000
Soldiers, Sailors, Airmen and Families Association	Annuities	3,680
Gurkha Welfare Trust	Welfare pension scheme	7,500
The Royal Navy and Royal Marines Children's Fund	Bursaries	5,000
The Royal Navy Officer's Charity	The Royal Navy Scholarship Fund	2,500
	Total Commitments	88,680

LLOYD'S PATRIOTIC FUND

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2018 (continued)

10 FUNDS

Unrestricted funds

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

Designated funds

The Janson Fund was created in 1918 by a gift of £10,000 from the then Chairman, Percy Janson. Trustees designated that the capital or income be used primarily to assist officers of the Royal Navy, the Army and Royal Marines and their dependants in the form of grants towards the education and maintenance of their children.

Restricted endowment funds

The Mackintosh Fund is a restricted fund arising from a bequest of £1,000 made by Lieutenant Edwin Hampson Mackintosh in 1916. The income derived from the fund is to be used for the benefit of officers of the Royal Navy or Royal Marines and their dependants.

Unrestricted endowment funds

The McCorquodale Fund was set up in 1901 with a bequest of 1,000 guineas made by Lieutenant Hugh Stewart McCorquodale. The capital value of this fund is to be maintained and the income is to be used at the discretion of Trustees.

The Skey Fund was set up in 2013 with a bequest of £1m from Charles Skey, former Trustee and Chairman of Lloyd's Patriotic Fund. Mr Skey stipulated that the capital should be invested and untouched, and that the income is used for the general charitable purposes of the charity. All income arising from the fund is expended during the year.

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Lloyd's Patriotic Fund (the "charity") for the year ended 30 June 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, have been properly prepared under the Charities Act 2011 and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), including FRS 102 and have been prepared in accordance with the Charities SORP.

We confirm that the following representations are made on the basis of enquiries of management of the charity with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you.

We confirm, for all trustees at the time the trustees' report is approved, to the best of our knowledge and belief, and having made the appropriate enquiries, the following representations:

Financial Statements

- We have fulfilled our responsibilities as trustees as set out in the terms of your engagement letter dated 15th January 2015, under the Charities Act 2011 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the financial statements for which UK GAAP requires adjustment or disclosure have been adjusted or disclosed.

Information Provided

- Each trustee has taken all the steps that he or she ought to have taken as a trustee in order to make himself or herself aware of any relevant audit information and to establish that you (the charity's auditors) are aware of that information.
- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the charity from whom you determined it necessary to obtain audit evidence.
- So far as each trustee is aware, there is no relevant audit information of which you are unaware.

Fraud and non-compliance with laws and regulations

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the charity's financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Assets and liabilities

- We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- In our opinion, on realisation in the ordinary course of the business the current assets in the balance sheet are expected to produce no less than the net book amounts at which they are stated.
- We confirm that we have carried out impairment reviews appropriately, including an assessment of when such reviews are required, where they are not mandatory. We confirm that we have used the appropriate assumptions with those reviews.
- Details of all financial instruments, including derivatives, entered into during the year have been made available to you. Any such instruments open at the year-end have been properly valued and that valuation incorporated into the financial statements. When appropriate, open positions in off-balance sheet financial instruments have also been properly disclosed in the financial statements.

Financial Instruments

- Where we have assigned fair values to financial instruments, we confirm that the valuation techniques, the inputs to those techniques and assumptions that have been made are appropriate and reflect market conditions at the balance sheet date, and are in line with the business environment in which we operate.

Related party transactions

- We have disclosed to you the identity of the charity's related parties and all the related party relationships and transactions of which we are aware.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Charities Act 2011.

Contractual arrangements/agreements

- All contractual arrangements (including side-letters to agreements) entered into by the charity have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.

Litigation and claims

- We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Taxation

- We have complied with the taxation requirements of all countries within which we operate. We are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest.

Grants and donations

- All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

Going concern

- We believe that the charity's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. We have considered a period of twelve months from the date of approval of the financial statements
- The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the charity's ability to continue as a going concern as required to provide a true and fair view. No events or circumstances have been identified that may cast significant doubt on the ability of the charity to continue as a going concern.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

As minuted by the board of trustees at its meeting on

2018

.....

(Chairman)

.....

(Trustee)

For and on behalf of Lloyd's Patriotic Fund

Date