

The Lancashire Foundation

Financial Statements and Trustees' Report

for the year ended 31 December 2018

Registered Charity in England and Wales number 1149184

The Lancashire Foundation

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Reference and Administrative Details of the Lancashire Foundation

Trustees

Michael Connor (Chair)
Derek Stapley
Louise Wells
Emma Hill (appointed 29 March 2018)

Registered Office

29th Floor
20 Fenchurch Street
London
EC3M 3BY

Bankers

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

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitor

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

Registered Charity in England and Wales Number 1149184

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Trustees' report for the year ended 31 December 2018

Report of the trustees for the year ended 31 December 2018

The trustees present their report and the audited financial statements of The Lancashire Foundation ("the Charity") for the year ended 31 December 2018. The financial statements have been prepared in accordance with the accounting policies set out in Note 2 to the accounts and comply with the Charity's Trust Deed, the Charities Act 2011 and the Statement of Recommended Practice: Accounting and Reporting by Charities published in 2016.

Structure, Governance and Management

Governing Document

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

Organisation

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

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

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

For the year ended 31 December 2018, the following trustees were members of the Donations Committee ("the Committee") to which the day to day management of the affairs of the Charity are delegated:

Emma Hill (Appointed 29 March 2018)

Other members of the Committee for the year ended 31 December 2018 were as follows:-

Adam Goldsmith-King
Christopher Wilkinson (Chair)
Daniel Warburg
Jennifer Wilson
Mark Carvalho

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

Appointment of trustees

The founder of the Charity, Lancashire Holdings Limited ("the Founder"), may appoint new or additional trustees by deed provided that if the number of trustees falls to less than two and the Founder fails to appoint new trustee(s) within six months thereof, the sole remaining

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trustee may appoint new or additional trustees by written resolution so as to bring the number up to two.

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

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

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

Risk management

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

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

The Foundation did not receive a donation from the Founder during 2018 but has received a donation of \$500,000 in 2019.

Objectives and Activities

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

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

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

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

The Charity continues to fund its key partnerships with International Care Ministries, St Giles Trust, Tomorrow's Voices and The Family Centre.

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

- analysis of levels of staff engagement with charities;
- analysis of the allocation of donations to different types of charities; and
- analysis of the performance of the underlying charities.

Reserves policy

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

Restricted Funds

At 31 December 2018 the Charity held restricted funds of £4,042 (2017: £6,847) in relation to staff fundraising for Project Transform. See note 11 for further details.

Public benefit

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

Investment policy

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

Cash balances are held in term deposit and interest bearing current accounts.

Achievements and Performance

The trustees have considered each application made to the Charity.

During the year the Charity distributed £456,615 (2017: £1,064,642) to 31 (2017: 47) charities. The 10 largest donations during 2018 were to International Care Ministries, St Giles Trust, The Family Centre, Tomorrow's Voices, Kiva Microloans, Cancer Research, Action on Addiction, The London Air Ambulance, Warwick Academy and Rise2Shine.

During the year, the Charity matched individual employee fundraising up to a limit of £2,000, resulting in donations of £15,339 (2017: £14,504).

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

The level of the annual donation from the Founder is dependent on its results for the year and the circumstances of the Charity. In 2018 the Founder donated £Nil (2017: £557,586).

Financial Review

During 2018 the Charity received donations of £4,042 (2017: £564,433) and also received investment income of £71,398 (2017: £39,979) giving total incoming resources of £75,440 (2017: £604,412).

During the year donations of £456,615 were made (2017: £1,064,642) and an allocation of the cost of the Lancashire Group graduate internship scheme of £126,778 (2017: £Nil). After including governance costs of £8,578 (2017: £6,924), a loan impairment reduction of £3,622 (2017: reduction of £12,435) and foreign exchange gain of £19,916 (2017: losses of £64,370) total resources expended were £ 568,433 (2017: £1,123,501).

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Taking into account a loss on the revaluation of investments of £240,092 (2017: Loss of £39,686) total funds decreased in 2018 by £733,085 (2017: decrease of £558,775).

At 31 December 2018, the Charity had net assets of £1,846,838 (31 December 2017: £2,579,923).

Related parties

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

The Founder and the Charity have jointly sponsored an internship programme for Bermuda resident college graduates and the Charity received an allocation of costs of £126,778 during 2018. This amount was due to Lancashire Insurance Services Limited at 31 December 2018.

Future Plans

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

The Charity is committed to, where appropriate, developing long term relationships with those to whom it makes grants.

Auditor

KPMG LLP has been appointed auditor for the year ended 31 December 2018.

Statement of disclosure of information to auditor

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

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the excess of expenditure over income for that period.

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

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

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

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

Each person who is a trustee at the date of this report confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the auditor is unaware; and
- the trustee has taken all the steps that he ought to have taken as a trustee in order to make himself aware of, and to establish that the Charity's auditor is aware of, any relevant audit information.

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Approved by the trustees and signed on their behalf by:

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal stroke.

Michael Connor
Trustee
16 July 2019

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

Opinion

We have audited the financial statements of The Lancashire Foundation ("the Charity") for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Statement of Financial Position, Cash Flow Statement and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model, including the impact of Brexit, and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or

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inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

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

We have nothing to report in these respects.

Matters on which we are required to report by exception

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

- the Charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on pages 8 and 9, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

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

16 July 2019

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

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Statement of financial activities for the year ended 31 December 2018

	<u>Note</u>	<u>Unrestricted</u> <u>funds</u> <u>£</u>	<u>Restricted</u> <u>funds</u> <u>£</u>	<u>2018</u> <u>Total</u> <u>funds</u> <u>£</u>	<u>2017</u> <u>Total</u> <u>funds</u> <u>£</u>
Income from					
Donations	5	-	4,042	4,042	564,433
Investments		71,398	-	71,398	39,979
Total income		<u>71,398</u>	<u>4,042</u>	<u>75,440</u>	<u>604,412</u>
Expenditure on					
Charitable activities	6	(572,924)	(6,847)	(579,771)	(1,052,207)
Governance costs	7	(8,578)	-	(8,578)	(6,924)
Unrealised and realised foreign exchange gains (losses)		<u>19,916</u>	<u>-</u>	<u>19,916</u>	<u>(64,370)</u>
Total expenditure		<u>(561,586)</u>	<u>(6,847)</u>	<u>(568,433)</u>	<u>(1,123,501)</u>
Net incoming (outgoing) resources before other recognised gains and losses		(490,188)	(2,805)	(492,993)	(519,089)
Other recognised gains/ (losses)					
Gain (loss) on revaluation of investments		<u>(240,092)</u>	<u>-</u>	<u>(240,092)</u>	<u>(39,686)</u>
Net movement in funds		(730,280)	(2,805)	(733,085)	(558,775)
Fund balance brought forward		<u>2,573,076</u>	<u>6,847</u>	<u>2,579,923</u>	<u>3,138,698</u>
Fund balance carried forward		<u>1,842,796</u>	<u>4,042</u>	<u>1,846,838</u>	<u>2,579,923</u>

All operations are continuing.

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Statement of financial position as at 31 December 2018

	<u>Note</u>	<u>2018</u> £	<u>2017</u> £
Assets			
Fixed assets			
Concessionary loan	8	228,563	275,144
Total fixed assets		<u>228,563</u>	<u>275,144</u>
Current assets			
Investments	9	1,657,978	2,255,463
Cash and cash equivalents		220,550	349,975
Accrued investment income		1,812	786
Total current assets		<u>1,880,340</u>	<u>2,606,224</u>
Liabilities			
Current liabilities			
Creditors	10	262,065	301,445
Total current liabilities		<u>262,065</u>	<u>301,445</u>
Net current assets		<u>1,618,275</u>	<u>2,304,779</u>
Net assets		<u>1,846,838</u>	<u>2,579,923</u>
Funds			
Unrestricted		1,842,796	2,573,076
Restricted	11	4,042	6,847
Total funds		<u>1,846,838</u>	<u>2,579,923</u>

Approved by the trustees on 16th July 2019 and signed on their behalf by:

.....
 Louise Wells
 Trustee

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Cash flow statement for the year ended 31 December 2018

	<u>2018</u> <u>£</u>	<u>2017</u> <u>£</u>
Net cash (outflow) inflow from operating activities	(542,787)	(130,812)
Net cash inflow from investment activities	410,120	39,193
Decrease in cash in the year	<u>(132,667)</u>	<u>(91,619)</u>

Reconciliation of changes in resources to net cash outflow from operating activities

Net outgoing resources	(492,993)	(519,089)
Increase (decrease) in creditors	(40,492)	296,756
Investment income	(71,398)	(39,979)
Concessionary loan repayment and impairment adjustment	64,373	67,131
Share sale losses	14,207	-
Share sale costs	3,432	-
Revaluation adjustments	(19,916)	64,369
Net cash outflow from operating activities	<u>(542,787)</u>	<u>(130,812)</u>

Analysis of net funds

Cash at bank at beginning of year	349,975	478,419
Change in cash due to exchange rate movements	3,242	(36,825)
(Decrease) increase in cash in the year	(132,667)	(91,619)
Cash at bank at end of year	<u>220,550</u>	<u>349,975</u>

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Notes to the accounts

1. Statement of compliance

The Charity is a charitable trust. The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 December 2018.

2. Basis of preparation and accounting

Basis of preparation

The financial statements are prepared on a going concern basis. The trustees believe the going concern assumption to be appropriate as the trustees have sufficient unrestricted funds available for the ongoing use and continuing benefit of the Charity and its object.

Presentation currency

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

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

Basis of accounting

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

3. Significant accounting policies

- a) The accounts are prepared under the historic cost convention as modified by the revaluation of investments, and are drawn up in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2017 and applicable United Kingdom accounting standards.
- b) Shares are initially recognised at cost. They are subsequently recorded at fair value. Any gain or loss on revaluation is taken to the statement of financial activities.
- c) Voluntary income is recognised in the statement of financial activities when:
 - The Charity becomes entitled to it;
 - The trustees are reasonably certain they will receive it; and
 - The trustees are reasonably certain that the value can be reliably measured.
- d) Investment income is accounted for in the year which the Charity is entitled to receipt.
- e) Grants payable are accounted for as soon as committed.
- f) Grants payable are recognised when donations are approved by the donations committee and trustees.
- g) Due to the ongoing financial support of the Charity by the Founder, there are no costs incurred in relation to generating funds.
- h) Governance costs comprise of audit fees and bank charges and are accounted for on an accruals basis. These are allocated to unrestricted funds.
- i) Restricted funds in relation to "Project Transform" are those which must be applied in accordance with the purpose for which they were raised.
- j) Unrestricted funds comprise those funds which the trustees are free to use for any purpose in the furtherance of the charitable objectives.

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- k) Where the donations committee and trustees allocate unrestricted funds to a restricted purpose such as "Project Transform" then the relevant funds are transferred from unrestricted to restricted funds.
- l) Concessionary loans are recorded at the amount paid, with the carrying amount adjusted to allow for potential impairment due to non-payment.

4. Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received with categories covered by Part 10 Income Tax Act 2007 or Section 356 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

5. Donations received

	<u>2018</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
Donation from Lancashire Holdings Limited	-	557,586
Donations to Project Transform appeal (note 12)	4,042	6,847
	<u>4,042</u>	<u>564,433</u>

6. Charitable activities

	<u>2018</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
Grants to institutions made in the year	456,615	1,064,642
Adjustment to provision for potential loss on concessionary loan (see note 9)	(3,622)	(12,435)
Graduate scheme costs	126,778	-
	<u>579,771</u>	<u>1,052,207</u>

Appendix 1 lists all of the grants made during the year.

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

The Founder and the Charity have jointly sponsored an internship programme for Bermuda resident college graduates and the Charity received an allocation of costs of £126,778 during 2018. This amount was due to Lancashire Insurance Services Limited at 31 December 2018.

7. Governance costs

	<u>2018</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
Audit fee	4,800	4,800
Share sale costs	3,432	-
Legal fee	-	1,428
Bank charges	346	696
	<u>8,578</u>	<u>6,924</u>

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8. Concessionary loan

	Concessionary loan £	Impairment provision £	Net balance £
Balance at 31 December 2016	462,594	(92,519)	370,075
Loan repayment	(79,565)	-	(79,565)
Adjustment to impairment provision (note 6)	-	12,435	12,435
Revaluation adjustments	(39,098)	11,297	(27,801)
Balance at 31 December 2017	343,931	(68,787)	275,144
Loan repayment	(67,995)	-	(67,995)
Adjustment to impairment provision (note 6)	-	3,622	3,622
Revaluation adjustments	14,175	3,617	17,792
Balance at 31 December 2018	290,111	(61,548)	228,563

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

Under the terms of the agreement \$855,000 (£670,378) was loaned for a minimum period of 2 years from 8 July 2014 to enable matching loans to be made to small businesses in developing countries.

During 2016 Kiva repaid \$284,992 (£208,990) and the term of the remaining loan of \$570,008 (£462,594) was extended to 31 December 2017.

During 2017 Kiva agreed to repay \$200,000 (£147,962) as underlying loans were repaid and the term of the remaining loan of \$370,008 (£273,735) was extended to 30 June 2019. During the year ended 31 December 2017 \$105,177 (£79,565) of the agreed \$200,000 (£147,962) was repaid and the remaining \$94,823 (£67,995) was repaid in April 2018.

There is no interest payable on the amount loaned.

Due to uncertainty around the recoverability of the underlying loans, a provision for impairment has been made against the carrying amount of the loan.

As the concessionary loan and provision for potential loss are denominated in United States Dollars they have been revalued at the closing exchange rate. These revaluation adjustments have been included in the "Unrealised and realised foreign exchange gains (losses)" line in the statement of financial activities.

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9. Investments

The Charity holds common shares in Lancashire Holdings Limited which are listed on the London stock exchange. These have been recorded at fair value based on the closing share price on 31 December 2018.

During 2018, the Charity received dividend income of £84,202 (2017: £39,090).

During 2018 56,667 (2017: Nil) shares were sold resulting in a realised loss of £14,207 (2017: £ Nil) and share sale costs of £3,432 (2017: £ Nil).

	<u>2018</u>	<u>2017</u>
Number of shares held	<u>274,046</u>	<u>330,713</u>
	<u>£</u>	<u>£</u>
Fair value	<u>1,657,978</u>	<u>2,255,463</u>

10. Creditors

	<u>2018</u> <u>£</u>	<u>2017</u> <u>£</u>
Accrued expenses	9,600	5,868
Accrual in relation to donations for the year	125,687	295,577
Amount payable to Lancashire Insurance Services Limited (see note 12)	<u>126,778</u>	<u>-</u>
	<u>262,065</u>	<u>301,445</u>

11. Restricted funds

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

During 2018, the Charity continued to raise funds from donations made by Lancashire employees in relation to Project Transform, for the benefit of the partner charity International Care Ministries (Philippines). During 2018 £4,042 (2017: £6,847) was raised.

12. Related parties

During the year the Charity received a donation from Lancashire Holdings Limited of £Nil (2017: 557,586) and investment income of £84,202 (2017: £39,090) from the Charity's holding of shares in Lancashire Holdings Limited.

During the year the Charity sold 56,667 of the Lancashire Holdings Limited shares that it held at 31 December 2017.

There were no amounts due to or from Lancashire Holdings Limited at 31 December 2018.

The Lancashire Foundation

The Founder and the Charity have jointly sponsored an internship programme for Bermuda resident college graduates and the Charity received an allocation of costs of £126,778 during 2018. This amount was due to Lancashire Insurance Services Limited at 31 December 2018.

13. Subsequent events

Lancashire Holdings Limited donated \$500,000 to the Charity on 7th March 2019.

The Lancashire Foundation

Appendix 1: Grants to Institutions

	<u>2018</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
International Care Ministries (Philippines)	81,847	4,186
St Giles Trust	80,348	104,626
The Family Centre	74,389	87,311
Bermuda Autism Support "Tomorrow's Voices"	49,051	83,797
Kiva Microloans	40,000	115,875
Cancer Research UK	26,500	10,000
Action on Addiction	25,000	25,000
London Air Ambulance	10,000	-
Warwick Academy Outreach Programme	8,485	11,352
Rise2Shine	7,629	15,875
Windreach Bermuda	7,546	15,144
Child Bereavement UK	6,500	6,500
Knowledge Quest	5,659	11,358
Mission Aviation Fellowship	5,000	-
Women for Women	5,000	-
Medical Detection Dogs	5,000	-
Victor Scott Primary School	4,528	4,762
The Lord Mayor's appeal	2,500	-
Bermuda Cancer & Health Centre	1,989	6,948
Médecins Sans Frontières	-	260,000
Vauxhall City Farm	-	43,000
Find a Better Way	-	38,612
Anti-Slavery International	-	35,000
I CAN Charity	-	24,525
Impetus Private Equity Foundation	-	20,000
Noah's Ark Children's Hospice	-	20,000
Operation Smile UK	-	20,000
WeSeeHope	-	20,000
Memorial Sloan Kettering Cancer Centre	-	19,843
World Vision	-	10,155
Chess in schools	-	10,000
Future dreams	-	10,000
Special boat service charity	-	7,500
Batten Disease Family Association	-	2,000
Evelina Children's hospital	-	2,000
Skiing with Heroes	-	2,000
The Brain Tumour Charity	-	2,000
Miscellaneous donations under £2,000	9,644	15,273
Total donations:	<u>456,615</u>	<u>1,064,642</u>