
LLOYDS MONEY FUND LIMITED

Interim Report and Unaudited Financial
Statements

For the six month period ended 31 December 2017





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Company Information

Registered Office

*PO Box 160, 25 New Street,
St Helier,
Jersey, JE4 8RG,
Channel Islands.

Principal Place of Business

PO Box 311, 11- 12 Esplanade,
St Helier,
Jersey, JE4 8ZU,
Channel Islands.

Directors

c/o Registered Office
R. D. Willcox (Chairman)

I. M. J. Hardy
B. C. James
B. Lysiak

T. J. Herbert
PO Box 87, 22 Grenville Street,
St Helier,
Jersey, JE4 8PX,
Channel Islands.

Manager and Registrar

Lloyds Investment Fund Managers Limited
*PO Box 160, 25 New Street,
St Helier,
Jersey, JE4 8RG,
Channel Islands.

Legal Advisers

In Jersey:
Mourant Ozannes
PO Box 87, 22 Grenville Street,
St Helier,
Jersey, JE4 8PX,
Channel Islands.

Custodian

Link Corporate Services (Jersey) Limited
Previously Capita Trust Company (Jersey) Limited
PO Box 532, 12 Castle Street,
St Helier,
Jersey, JE2 3RT,
Channel Islands.

Secretary

Lloyds Corporate Services (Jersey) Limited
PO Box 160, 11- 12 Esplanade,
St Helier,
Jersey, JE4 8ZU,
Channel Islands.

Independent Auditor

PricewaterhouseCoopers CI LLP
37 Esplanade,
St Helier,
Jersey, JE1 4XA,
Channel Islands.

Paying Agent

Lloyds Bank International Limited
PO Box 111,
Peveril Buildings, Peveril Square,
Douglas, IM99 1JJ,
Isle of Man.

* With effect from 1 July 2018, the registered office address will change to:

11-12 Esplanade,
St. Helier,
Jersey, JE2 3QA,
Channel Islands.

Investment Objectives and Policy

Lloyds Money Fund Limited 'the Company' is an open ended investment company registered in Jersey. It is known as an Umbrella Fund because it can provide shareholders with a variety of investment options under the umbrella of a single Company. The policy of the Company is to invest in deposits which are available on the euro currency markets (including deposits placed with Lloyds Banking Group) in order to achieve a competitive rate of return in capital terms so far as is commensurate with minimum risk to capital.

The Manager may not invest more than 10% of the assets of the Sterling Class with any one institution, including a member of the same group of companies as either the Manager or the Custodian. The figure may be regarded as 20% if the eligible institution has capital which has shareholders' funds of an amount most recently quoted in 'The Banker' magazine published by Financial Times Information Limited of US\$1,000,000,000 or more. In addition the Manager will ensure that at least 35% of assets within the Sterling Class are realisable within fourteen days.

The paragraph above does not apply to a deposit of less than £1,000,000.

The Sterling Class has a portfolio of deposits in Sterling and is therefore not subject to variations in exchange rates

Objective

The objective of the Company is to offer the individual and corporate investor a high degree of protection and access to wholesale money markets, whilst maintaining a competitive level of return and ready availability of funds.

Directors' Profiles

Ross Davey Willcox (Chairman) – Head of International Products, Customer Products and Marketing, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1977 and held a number of managerial positions in the UK and Internationally. Was appointed Chairman of the Lloyds Investment Fund Managers Limited in 1999 and as Chairman of the Company in 2000. Current responsibilities include the value proposition of all investment products for International Wealth. A qualified Banker, a Fellow of the Securities & Investment Institute, a Chartered Director and a Fellow of the Institute of Directors.
Aged 58.

Ian Mark Jeremie Hardy – Senior Manager, International Products, Customer Products and Marketing, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1981 and held a number of managerial positions before being appointed as a Director of the Lloyds Investment Fund Managers Limited in 2000 and a Director of the Company in 1998. Current responsibilities include provision of technical and regulatory advice on a range of investment products and services. Holder of an upper second class honours degree from the University of Aston in Birmingham in Business Administration and Transport Planning.
Aged 58.

Brian Charles James – Head of Investment Operations Jersey, Retail, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1988 and held a number of managerial positions primarily in Financial Control and Risk Management roles before being appointed as a Director of the Lloyds Investment Fund Managers Limited in 1999 and as a Director of the Company in 2003. Current responsibilities include leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director.
Aged 56.

Bronislaw Lysiak – Senior Manager Intermediary Sales, Lloyds Bank International Limited, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1993 and has held a number of managerial positions within a regulated personal customer environment before being appointed as a Director of the Company in 2014. Current responsibilities are for sales and distribution of investment products to regulated intermediaries and institutions. Holder of an Advanced Financial Planning Certificate in Taxation, Trust and Investment Planning and Higher National Diploma in Business and Finance.
Aged 53.

Timothy Joseph Herbert – Consultant, Mourant Ozannes.

Jersey born and educated. M.A. in jurisprudence Trinity College Oxford 1982. Joined Mourant du Feu & Jeune (now Mourant Ozannes) in May 1983. Sworn in as an advocate of the Royal Court, September 1985. Tim Herbert was a partner of Mourant Ozannes from 1987 to 2012. In July 2012 he stepped down from the partnership and is now retained by Mourant Ozannes as a consultant to the firm. He has extensive experience in corporate and commercial law and mutual funds advice. Holds other external directorships and also acts as Honorary Consul for Finland.
Aged 58

Report of the Directors

The Directors have pleasure in submitting their Interim Report together with the Unaudited Financial Statements for the six month period ended 31 December 2017. The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands and listed on The International Stock Exchange and on the Malta Stock Exchange.

Results

The results for the period are set out in the financial statements on pages 10 to 29.

Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Mr I.M.J. Hardy (appointed 22 January 1998)

Mr T.J. Herbert (appointed 1 January 2005)

Mr B.C. James (appointed 24 January 2003)

Mr B. Lysiak (appointed 5 June 2014)

Mr R.D. Willcox (appointed 4 May 2000)

As at 31 December 2017, no Shares in the Company were held by the Directors.

No Director has a service contract with the Company and no director is, or was, materially interested in any service or other contract entered into by the Company.

Mr T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager. Mourant Ozannes receives fees in connection with advising the Company and the Manager.

Mr I.M.J. Hardy, Mr B.C. James and Mr R.D. Willcox are Directors of Lloyds Investment Fund Managers Limited (the 'Manager') which has a management contract with the Company. The Manager acts as the Company's non-EU Alternative Investment Fund Manager for the purpose of the AIFMD. Fees earned by the Manager are disclosed in these financial statements in Note 7.

With effect from 1 July 2018 the registered office for the Company and the Manager (Lloyds Investment Fund Managers Limited) will be 11-12 Esplanade, St Helier, Jersey JE2 3QA, which is also both companies principle place of business.

Investment Activities

As a result of the continuing difficult market conditions the Annual Management Charge on the Sterling class was reduced from 0.35% to 0.2% with effect from 7 November 2014. It is the intention that the reduction in respect of the Sterling Class is for a temporary period only and the fees will revert to the former levels when market conditions allow. Investors will be given at least 90 days' prior written notice of the ending of the reduction.

Share Capital

The Company has an authorised share capital of US\$ 500,100 (2016: US\$500,100).

Going Concern

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. The Directors have a reasonable expectation that the Lloyds Money Fund Limited will continue as a going concern for 12 months from the Statement of Financial Position date.

Shareholders attention is however drawn to the contents of the letter sent by the Directors/Chairman in February 2018, in which it is highlighted that should current conditions prevail there is a possibility that a proposal to close the Fund, may have to be presented to shareholders.

Independent Auditors

PricewaterhouseCoopers CI LLP were reappointed as Independent Auditors at the Annual General Meeting held on 23 November 2017 and have indicated their willingness to remain in office.

Prospectus

Copies of the Prospectus dated July 2017 is available, free of charge, on application to the Manager. Alternatively it can be accessed on our website at <http://international.lloydsbank.com/products-and-services/investments/funds/>

Report of the Directors (continued)

Management and Administration

Providers

The names and addresses of management and administration providers are stated on page 2.

Comparatives Tables

The Change in Net Asset Value per Share and Performance Record tables are stated on pages 30 to 32.

Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS). The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company for that period and are in accordance with applicable laws. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended).

They are also responsible for the safeguarding of the assets of the Company which includes the appointment of a duly qualified Custodian. The Directors must also ensure that they or their duly appointed agents take reasonable steps for the prevention and detection of fraud, error and non compliance with law and regulations.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. So far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he ought to have taken as Director, in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Market Conditions

The Manager issued a letter to all shareholders in October 2016, to make them aware of the performance expectations for the Fund following the recent UK base rate cut.

The letter referenced that as the return being generated on cash deposits had fallen as a consequence of this cut, the Fund had reached a point where the overall return was likely to become negative. In other words, the value of shareholders investments, after management, administration and other charges (some of which had already been substantially reduced), was thought likely to start declining. The return on the fund has since become negative, with the estimated annualised return as at 31 December 2017 being 0.00%.

Information Exchange

Jersey has entered into a number of information exchange agreements with the authorities of other jurisdictions.

Shareholders should be aware that information on their investment may be shared with the relevant authorities, and may be passed to the tax authorities in their country of residence, citizenship or residence for tax purposes.

Report of the Directors (continued)

Information Exchange (continued)

For the avoidance of doubt this information may include (but not be limited to) details of shareholder names, addresses, unique identifiers (such as tax or national insurance numbers), amount of investment, redemption or sale proceeds and dividend payments.

Financial Risk Management

The Directors have taken into consideration the financial risk management of the Company, this has been disclosed in Note 18 of the financial statements.

General Information

The Company is an open ended investment Company with variable capital and shareholders are not liable for the debts of the Company.

The Company holds a certificate as a recognized Umbrella Fund under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended), and holds a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988. The Company is listed on The International Stock Exchange (formerly the Channel Islands Securities Exchange Authority) and on the Malta Stock Exchange.

The Manager has the benefit of professional indemnity and directors' and officers' liabilities insurance coverage.

The Manager also maintains an appropriate level of "own funds" to cover the equivalent professional liability risks set out in AIFMD.

The market value per Share of the Fund at 1 July 2017 was £52.570 and at 31 December 2017 was £52.527.

The latest prices can be viewed on our website.

<http://international.lloydsbank.com/products-and-services/investments/international-funds/fund-prices/>

UK Ring-fencing and Lloyds Investment Fund Managers Limited (the Manager)

Following the financial crisis, legislation was passed in the UK to strengthen the financial system, this is known as "ring-fencing".

To comply with these requirements, Lloyds Banking Group is separating its activities into ring-fenced banks and a non-ring-fenced bank. Lloyds Bank plc, will be a ring-fenced bank and will not be permitted to operate a branch or subsidiary outside the European Economic Area (EEA). Lloyds Banking Group is transferring ownership of its Crown Dependency subsidiaries, including the Manager, to Lloyds Bank Corporate Markets plc, the new non-ring-fenced bank. These transfers will not affect your position and the protection you have as a shareholder in the Lloyds Money Fund Limited. The Manager will remain a member of Lloyds Banking Group and we expect these transfers to take place early in the second half of 2018.

Website

The Directors have selected Lloyds Bank International Limited's website as the host website for the Company's financial statements and believe this selection to be a reasonable one; the maintenance and integrity of the Lloyds Bank International Limited website is the responsibility of the directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Information published on the internet is accessible in many countries. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board
Lloyds Corporate Services (Jersey) Limited
Secretary
8 February 2018

Report of the Manager

Economic outlook

The UK economy grew at its weakest rate in five years in 2017, according to the latest figures; GDP grew by 0.4 per cent in the final three months of the year. The UK economy has slowed over the past 12 months due to the increase in inflation stemming from the drop in the pound in the wake of the 2016 Brexit vote, which has squeezed household disposable incomes. Business investment has also come in much weaker than expected, which surveys suggest is due to uncertainty among firms related to post-Brexit trade arrangements.

The UK slowdown comes as GDP growth in the Eurozone and the US picks up strongly. Figures for the UK are notably weaker than the last GDP estimate from the National Institute for Economic and Social Research (Niesr), which estimated 0.6 per cent growth in the final quarter.

The average estimate of independent forecasters, collected by the Treasury in December, was that full year growth in 2017 would be just 1.6 per cent, although revisions and new hard data since then show an overall growth of 1.8 per cent down from 1.9 per cent in 2016 and the weakest expansion since the 1.5 per cent growth seen in 2012, at the height of the Eurozone crisis.

UK GDP growth is expected to slow further in 2018 as public spending cuts and Brexit-related uncertainty weigh on the economy. Still, the unemployment rate is expected to remain close to its equilibrium rate of around 4.5 percent in the near term although wage growth is likely to remain low, resulting in falling real wages. Inflation is forecast to fall towards the Bank of England's 2 percent target over the next year, easing the squeeze on households' finances, and house price inflation is seen to average just over 3 percent. In addition, business investment and exports are likely to be supported by the pickup in global growth.

UK Interest rates

After waiting for over 10 years for a Bank of England (BoE) interest rate increase, investors are increasingly expecting another one to come along soon. The BoE's Monetary Policy Committee looks almost certain to keep rates at 0.50 percent on Feb. 8 so it can weigh up the impact of November's historic rise on the economy as it heads for Brexit. Still, the possibility of a follow-up increase sooner rather than later - perhaps in May- is growing. Some investors think rates could even rise twice this year.

While Britain's economy is lagging behind the global recovery, it has held up better than the gloomy forecasts made at the time of the 2016 vote to leave the European Union. Governor Mark Carney has sounded a bit more upbeat recently, noting how wage growth is finally picking up and saying the focus of the BoE is shifting back to tackling above-target inflation.

The BoE has raised rates just once since the financial crisis, compared with U.S. Federal Reserve's five. But it is ahead of the European Central Bank which is expected to increase them for the first time since 2011 only later this year. The BoE put investors on warning last year that the Brexit slowdown did not necessarily mean less chance of higher rates. It thinks the economy is facing a lower speed limit because its stubbornly weak productivity means it cannot grow as fast as before without generating inflation pressure.

The consensus forecast among economists was for an increase in rates in the last three months of this year. However, several economists have since said a rise in May now looks more likely.

Financial futures prices are implying a 50-50 chance of a 25 basis point rise in rates in May. Still, there are reasons for the BoE to move cautiously. Inflation seems to have peaked after hitting a nearly six-year high of 3.1 percent in November. Wages are rising by only about 2.5 percent a year, half their pre-crisis pace.

Report of the Manager (continued)

This report is solely for information purposes and is not intended to be and should not be construed as an offer or recommendation to buy and sell investments, nor shall it form the basis or part of any contract to be relied upon in any way.

Lloyds Investment Fund Managers Limited
8 February 2018

Statements of Financial Position

As at 31 December 2017

	Notes	Company £	Sterling Class £
Current Assets			
Cash and cash equivalents			
Cash at bank	8	11,033,487	11,033,487
Cash deposits:	8		
7 days or under		7,845,445	7,845,445
8 days to 14 days		3,011,099	3,011,099
15 days to 1 month		5,175,834	5,175,834
1 month to 3 months		—	—
Total cash deposits		16,032,378	16,032,378
Creations receivable		100	100
Accrued income and other debtors	4	285,190	2,738
Total Assets		27,351,155	27,068,703
Equity			
Deferred share capital	14	64	—
Total Equity		64	—
Current Liabilities			
Accrued expenses and other creditors	5	6,373	6,373
Nominal Shares	14	282,388	—
Total Liabilities*		288,761	6,373
Net assets attributable to holders of participating redeemable preference shares	16	27,062,330	27,062,330
Total Liabilities and Equity		27,351,155	27,068,703

* Excluding net assets attributable to holders of participating redeemable preference shares

The financial statements on pages 10 to 29 were approved by the Board of Directors on 8 February 2018 and are signed on its behalf by:

R.D. Willcox
B.C. James } Directors

The notes on pages 16 to 29 form an integral part of these financial statements.

Statements of Financial Position (continued)

As at 30 June 2017

	Notes	Company £	Sterling Class £
Current Assets			
Cash and cash equivalents			
Cash at bank	8	5,195,166	5,195,166
Cash deposits:			
7 days or under	8	2,433,206	2,433,206
8 days to 14 days		6,068,646	6,068,646
15 days to 1 month		10,703,025	10,703,025
1 month to 3 months		4,564,078	4,564,078
Total cash deposits		23,768,955	23,768,955
Creations receivable		297	297
Accrued income and other debtors	4	284,588	2,417
Total Assets		29,249,006	28,966,835
Equity			
Deferred share capital	14	64	—
Total Equity		64	—
Current Liabilities			
Accrued expenses and other creditors	5	9,165	9,165
Nominal Shares	14	282,107	—
Total Liabilities*		291,272	9,165
Net assets attributable to holders of participating redeemable preference shares	16	28,957,670	28,957,670
Total Liabilities and Equity		29,249,006	28,966,835

* Excluding net assets attributable to holders of participating redeemable preference shares

The notes on pages 16 to 29 form an integral part of these financial statements.

Statements of Comprehensive Income

For the six month period ended 31 December 2017

	Notes	Company £	Sterling Class £
Operating profit/(loss)			
Investment income		30,279	30,279
Other income	6	165	165
Operating expenses	7	(53,663)	(53,663)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations		(23,219)	(23,219)

For the six month period ended 31 December 2016

		Company £	Sterling Class £
Operating profit/(loss)			
Investment income		41,594	41,594
Other income	6	—	—
Operating expenses	7	(53,697)	(53,697)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations		(12,103)	(12,103)

The notes on pages 16 to 29 form an integral part of these financial statements.

Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the six month period ended 31 December 2017

	Company £	Sterling Class £
Net assets attributable to holders of participating redeemable preference shares as at 1 July	28,957,670	28,957,670
Creation of participating redeemable preference shares issued	1,078,409	1,078,409
Redemption of participating redeemable preference shares	(2,950,530)	(2,950,530)
Net decrease from share transactions	(1,872,121)	(1,872,121)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations	(23,219)	(23,219)
Net assets attributable to holders of participating redeemable preference shares as at 31 December	27,062,330	27,062,330

For the six month period ended 31 December 2016

	Company £	Sterling Class £
Net assets attributable to holders of participating redeemable preference shares as at 1 July	32,974,496	32,974,496
Creation of participating redeemable preference shares issued	3,716,001	3,716,001
Redemption of participating redeemable preference shares	(9,789,705)	(9,789,705)
Net decrease from share transactions	(6,073,704)	(6,073,704)
Increase in net assets attributable to holders of participating redeemable preference shares from operations	(12,103)	(12,103)
Net assets attributable to holders of participating redeemable preference shares as at 31 December	26,888,689	26,888,689

The notes on pages 16 to 29 form an integral part of these financial statements.

Cash Flow Statements

For the six month period ended 31 December 2017

	Company	Sterling Class
	£	£
Cash flows from operating activities	30,123	30,123
Investment income received	(56,455)	(56,455)
Operating expenses paid	7,736,577	7,736,577
Net cash inflow from operating activities	7,710,245	7,710,245
Cash flows from financing activities		
Proceeds received from issue of participating redeemable preference shares	1,078,606	1,078,606
Payments on redemption of participating redeemable preference shares	(2,950,530)	(2,950,530)
Net cash from financing activities	(1,871,924)	(1,871,924)
Net increase in cash and cash equivalents	5,838,321	5,838,321
Cash and cash equivalents as at 1 July	5,195,166	5,195,166
Cash and cash equivalents as at 31 December	11,033,487	11,033,487

The notes on pages 16 to 29 form an integral part of these financial statements.

Cash Flow Statements (continued)

For the six month period ended 31 December 2016

	Company	Sterling Class
	£	£
Cash flows from operating activities	48,658	48,658
Investment income received	(59,177)	(59,177)
Operating expenses paid	4,172,944	4,172,944
Net cash inflow from operating activities	4,162,425	4,162,425
Cash flows from financing activities		
Proceeds received from issue of participating redeemable preference shares	3,716,002	3,716,002
Payments on redemption of participating redeemable preference shares	(9,785,705)	(9,785,705)
Net cash from financing activities	(6,069,703)	(6,069,703)
Net decrease in cash and cash equivalents	(1,907,278)	(1,907,278)
Cash and cash equivalents as at 1 July	6,454,751	6,454,751
Cash and cash equivalents as at 31 December	4,547,473	4,547,473

The notes on pages 16 to 29 form an integral part of these financial statements.

Notes to the Financial Statements

For the six month period ended 31 December 2017

1. The Company

The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands under the Companies (Jersey) Law 1991. It is listed on The International Stock Exchange and on the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 7.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. The policies set out below have been consistently applied to all periods presented and all share classes.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss and in accordance with the Companies (Jersey) Law 1991 and with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended). Jersey is not part of the United Kingdom ('UK') and the Company is not regulated by the Financial Conduct Authority ('FCA') or the Prudential Regulation Authority ('PRA') of the UK.

The capital of the Company comprises of one class of shares relating to a single portfolio ("Class") consisting of bank deposits, cash and other sundry assets and liabilities.

These financial statements present the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares, Cash Flow Statements, Notes to the Financial Statements, Performance Records and change in net asset value per share tables.

At the Statement of Financial Position date there was one Class in existence; Sterling. The Directors may from time to time create further Classes ('Funds').

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Deferred Shares. Details of Deferred Shares, Participating shares and Nominal shares are disclosed in Notes 3 and 14.

Significant accounting estimates and judgements

The Company makes assumptions and estimates that affect the reported amounts of assets and liabilities at the statement of financial position date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting policies deemed significant to the Company's results and financial position, based upon materiality and significant judgements and estimates, are discussed in the following notes. See Note 3 for further details on what are considered to be the significant accounting estimates and judgements.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated in the following text:

The Directors also monitor new standards and ensure that they are applied when relevant.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

3. Summary of Significant Accounting Policies (continued)

3. Adoption of new and revised IFRS's

3.1 Standards, amendments and interpretations effective for the current period

The following new standards, amendments and interpretations have been adopted in these financial statements.

Amendments to IAS 7, IAS 12 and IFRS 12: The Company has applied the amendments to IAS 7, IAS 12 and IFRS 12 for the first time in the current period.

3.2 The following New and revised standards, amendments and interpretations have been published but are not yet effective:

- IAS 28, 'Investments in associates and joint ventures' (effective from 1 January 2018)
- IAS 40, 'Investment Property' (effective from 1 January 2018)
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective from 1 January 2018)
- IFRIC 23, 'Uncertainty over income tax treatments' (effective from 1 January 2019)
- IFRS 2, 'Share based payments' (effective from 1 January 2018).
- IFRS 4, 'Insurance contracts' (effective from 1 January 2018).
- IFRS 9, 'Financial Instruments' (effective from 1 January 2018).
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018).
- IFRS 16, 'Leases' (effective 1 January 2019).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

Functional currency and presentational currency

The financial statements of the Company have been prepared in accordance with IAS21 (functional and presentational currency). IAS21 defines functional currency as "the currency of the primary economic environment in which the entity operates", and presentational currency as "the currency in which the financial statements are presented".

Following the closure in February 2015 of all Fund classes with the exception of the Sterling class, Lloyds Money Fund Limited adopted Sterling as the functional and presentational currency, as this better represents the primary economic environment in which the entity continues to operate. Prior to 1 July 2015 the Directors had adopted US dollars as the functional and presentational currency.

Segmental reporting

The Company, at the Statement of Financial Position date is organised into one main business segment, focusing on achieving returns by investing in sterling denominated bank deposits, all assets and liabilities are valued in sterling, the Company has no exposure to currencies other than sterling with the exception of the Capital of the Company which has a nominal value of US\$0.01 per share (see note 3- Share Capital).The Company issues Shares which are allocated to the currency Class selected by the investor. A separate account is maintained for the Sterling Class, to which proceeds of issue, the income arising from those proceeds and expenses are allocated.

Upon redemption shareholders are entitled to their proportion of the net assets held in the Class in which their Shares have been designated. A Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares and Cash Flow Statement have been appropriately prepared for each Class as well as for the Company as a whole.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

3. Summary of Significant Accounting Policies (continued)

Foreign currency translation

Assets and liabilities are translated at the rate of exchange ruling at the Statement of Financial Position date. The currency profits or losses arising on translation, together with currency profit or losses realised during the period, are recognised in the Statement of Comprehensive Income.

Share premium and share capital transactions are translated into US dollars at the exchange rate ruling at the time of the transaction.

Cash and cash equivalents

Cash balances are current account balances and bank deposits held at call with a maturity of 3 months or less.

Bank deposits have fixed or determinable payment dates, are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method ('EIR'). This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, or, when appropriate, a shorter period.

Revenue recognition

Investment income is recognised in the statement of comprehensive income on a time proportionate basis using the EIR method.

Share capital

- The Deferred Shares have been subscribed for by the Manager and are 'non participating'. The holders thereof are entitled only to income arising on the assets represented by the Deferred Shares. These Shares are classified as equity share capital in the statement of financial position.

- Shares may be issued as either participating redeemable preference shares ('Participating Shares') or Nominal Shares. Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. Each holder of a Participating Share is entitled, on a poll, to one vote for each Participating Share held.
- Nominal Shares have been accounted for in accordance with the Companies (Jersey) Law 1991 and corresponding amounts have been included in receivables and financial liabilities. Shares are deemed to be in issue at the date of allotment although if necessary declarations are not received by the Company, such allotment may be cancelled. A Nominal Share will be created when a Participating Share is cancelled. A Nominal Share will be cancelled when a Participating Share is created until the number of Nominal Shares falls to zero.
- Both issued Nominal and Participating Shares have a nominal value of US\$ 0.01 per Share.

Details of the Company's share capital and transactions during the period are shown in Note 14.

Share premium

The premium on issue and redemption of Participating Shares is accounted for within the Share premium account which forms part of the net assets attributable to holders of participating redeemable preference Shares. Upon redemption the premium payable is debited to the share premium account of each currency Class. In the event that redemptions during the period take the share premium account into a negative position, sufficient monies will be transferred from reserves to cover said position. Details are shown in Note 15.

Accrued income and expenses

Accrued income and expenses are recognised initially at fair value and subsequently stated at amortised cost using the EIR.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

4. Accrued Income and Other Debtors

	Company £	Sterling Class £
As at 31 December 2017		
Accrued Income	2,738	2,738
Nominal Shares	282,388	—
Other debtors	64	—
Total accrued income and other debtors	<u>285,190</u>	<u>2,738</u>
As at 30 June 2017		
Accrued Income	2,417	2,417
Nominal Shares	282,107	—
Other debtors	64	—
Total accrued income and other debtors	<u>284,588</u>	<u>2,417</u>

5. Accrued Expenses and Other Creditors

	Company £	Sterling Class £
As at 31 December 2017		
Due to Manager	6,085	6,085
Due to Custodian	1,531	1,531
Other Creditors	(1,243)	(1,243)
Total accrued expenses and other creditors	<u>6,373</u>	<u>6,373</u>
As at 30 June 2017		
Due to Manager	6,548	6,548
Due to Custodian	1,664	1,664
Other Creditors	953	953
Total accrued expenses and other creditors	<u>9,165</u>	<u>9,165</u>

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

6. Other Income

	Company	Sterling Class
	£	£
Period ended 31 December 2017		
Unclaimed distributions over 10 years old	165	165
Total other income	165	165
Period ended 31 December 2016		
Unclaimed distributions over 10 years old	—	—
Total other income	—	—

* The unclaimed distributions are from the Lloyds TSB Sterling Deposit Fund (a distributing fund) which merged into Lloyds Money Fund Limited in December 2010.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

7. Operating Expenses

		Company	Sterling Class
		£	£
Period ended 31 December 2017			
Payable to the Manager:			
Annual management fees	10	28,144	28,144
Payable to the Custodian:			
Custodian fees	11	8,092	8,092
Other expenses:			
Administration expenses		15,827	15,827
Audit fee		1,600	1,600
Total expenses		53,663	53,663
Total Expense Ratio*			0.38%
Period ended 31 December 2016			
Payable to the Manager:			
Annual management fees	10	29,972	29,972
Payable to the Custodian:			
Custodian fees	11	8,617	8,617
Other expenses:			
Administration expenses		13,608	13,608
Audit fee		1,500	1,500
Total expenses		53,697	53,697
Total Expense Ratio*			0.36%

* Total Expense Ratio ("TER"), represents the management fee and all other operating expenses (broken down above), expressed as an annualised percentage of the average daily net asset values for the period ended 31 December.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

8. Cash and Cash Equivalents

Balances were held with the following banks as at 31 December 2017

	Equivalent credit rating*	Company £	Sterling Class £
Bank deposits			
Bank of Montreal	A1	5,325,851	5,325,851
BNP Paribas	A2	—	—
Royal Bank of Scotland Group	Baa3	5,364,920	5,364,920
Standard Chartered	A1	5,341,607	5,341,607
UBS	A1	—	—
Total Deposits		16,032,378	16,032,378
Cash at bank			
Lloyds Banking Group	Baa1	11,033,487	11,033,487
Total		27,065,865	27,065,865

*As at 31 December 2017

Balances were held with the following banks as at 30 June 2017

	Equivalent credit rating**	Company £	Sterling Class £
Bank deposits			
Bank of Montreal	A1	2,123,504	2,123,504
BNP Paribas	A2	5,385,358	5,385,358
Royal Bank of Scotland Group	Baa3	5,760,524	5,760,524
Standard Chartered	A1	5,734,468	5,734,468
UBS	A1	4,765,101	4,765,101
Total Deposits		23,768,955	23,768,955
Cash at bank			
Lloyds Banking Group	Baa1	5,195,166	5,195,166
Total		28,964,121	28,964,121

**As at 30 June 2017

Cash and cash equivalents is made up of cash at bank and cash deposits which were previously presented as receivables.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

9. Contingent Liabilities

The Company has no current or foreseeable contingent liabilities.

10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial or operating decisions. The following are considered by the Directors of the Company to be related parties:

- The Manager, Lloyds Investment Fund Managers Limited.
- Key management personnel

The fees received by the Manager are set out in Note 7. Details of amounts due to the Manager at the end of the period are shown in Note 5.

All investor share transactions in the Company are facilitated through the Manager, the aggregate values of which are set out in the statement of changes in net assets attributable to holders of participating redeemable preference shares on page 13.

(a) Management fees

The Manager of the Company, Lloyds Investment Fund Managers Limited, is part of the Lloyds Bank Group of companies. The Manager is entitled to a daily fee equal to an annual rate not exceeding 1.5% of the net assets of the Company.

(b) Key management personnel

The following Directors of the Company at 31 December 2017 are employees of Lloyds Banking Group:

I.M.J. Hardy, B.C. James, B. Lysiak and R.D. Willcox. T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager.

I.M.J Hardy, B.C.James and R.D.Willcox are Directors of the Manager, Lloyds Investment Fund Managers Limited.

(c) Directors' Fees

Directors who are employees of the Lloyds Banking Group do not receive Directors' fees. All other Directors currently receive a fee of £5,000 per annum (2016: £5,000 per annum).

(d) Cash and cash equivalents

There is a current deposit held with Lloyds Banking Group. Lloyds Investment Fund Managers Limited, who act as Manager and Registrar, and Lloyds Corporate Services (Jersey) Limited, who act as Secretary are part of the Lloyds Banking Group of companies. Refer to Note 8 for more details.

11. Custodian

The fees received by the Custodian are set out in Note 7. Details of amounts due to the Custodian at the end of the period are shown in Note 5.

The Custodian is entitled to an annual fee payable monthly by the Company, equal to an annual rate not exceeding 0.2% of the net assets of the Company. The Custodian currently levies a daily fee at the reduced rate of 0.0575% per annum of the net assets of the Company.

The Custodian is entitled to reimbursement by the Company of its expenses in connection with its duties as Custodian and to make transaction charges to cover the cost of effecting settlement of bank deposits and cash.

12. Controlling Party

In the opinion of the directors, there is no ultimate controlling party of the Company as defined by International Accounting Standard (IAS) 24 Related Party Disclosures.

13. Commissions

The Company does not pay or receive any commissions in respect of any business introduced or placed.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

14. Share Capital

	31 December 2017		30 June 2017	
	US\$		US\$	
Authorised Share Capital:				
100 Deferred Shares of US\$1 each	100		100	
50,000,000 Unclassified Shares of US\$0.01 each	500,000		500,000	
	<u>500,100</u>		<u>500,100</u>	
Issued Share Capital:				
Deferred Shares	100		100	
Total issued Share Capital (Sterling equivalent)	<u>64</u>		<u>64</u>	
Nominal Shares:	Shares	US\$	Shares	US\$
Balance brought forward	37,548,765	375,486	37,473,250	374,731
Creations	56,153	562	254,912	2,549
Redemptions	(20,563)	(206)	(179,397)	(1,794)
Balance carried forward	<u>37,584,355</u>	<u>375,842</u>	<u>37,548,765</u>	<u>375,486</u>
Total Nominal Shares (Sterling equivalent)		<u>282,388</u>		<u>282,107</u>
Participating Shares:	Shares	US\$	Shares	US\$
Sterling Class	515,238	5,152	550,828	5,508
Total US Dollar	<u>515,238</u>	<u>5,152</u>	<u>550,828</u>	<u>5,508</u>
	Shares	£	Shares	£
Total Company (Sterling equivalent)	<u>515,238</u>	<u>3,809</u>	<u>550,828</u>	<u>4,240</u>

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

14. Share Capital (continued)

Issued Share Capital	Shares	Company	Sterling Class
		£	£
Participating redeemable preference shares of US 1 cent each fully paid as at 1 July	550,828	4,240	4,240
Issued during the period	20,563	206	206
Redeemed during the period	(56,153)	(562)	(562)
Transfer from share premium	—	(75)	(75)
Participating redeemable preference shares as at 31 December	515,238	3,809	3,809
Deferred shares of US\$1 each fully paid	100	64	64
Total as at 31 December 2017	515,338	3,873	3,873
Participating redeemable preference shares of US 1 cent each fully paid as at 1 July	626,343	4,685	4,685
Issued during the period	179,397	1,794	1,794
Redeemed during the period	(254,912)	(2,549)	(2,549)
Transfer from share premium	—	310	310
Participating redeemable preference shares as at 30 June	550,828	4,240	4,240
Deferred shares of US\$1 each fully paid	100	64	64
Total as at 30 June 2017	550,928	4,304	4,304

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

15. Share Premium

The share premium arises on the participating redeemable preference shares of US 1 cent each fully paid

	Company £	Sterling Class £
As at 1 July	—	—
Issued during the period	1,078,203	1,078,203
Redeemed during the period	(2,949,968)	(2,949,968)
Transfer of accumulated income	1,871,690	1,871,690
Transfer to share capital	75	75
As at 31 December 2017	—	—
As at 1 July	—	—
Issued during the period	9,436,887	9,436,887
Redeemed during the period	(13,414,833)	(13,414,833)
Transfer of accumulated income	3,978,256	3,978,256
Transfer to share capital	(310)	(310)
As at 30 June 2017	—	—

16. Net assets attributable to holders of participating redeemable preference shares

	Notes	Company £	Sterling Class £
As at 31 December 2017			
Share capital	14	3,809	3,809
Share premium	15	—	—
Accumulated income		27,058,521	27,058,521
Net assets attributable to holders of participating redeemable preference shares (Sterling equivalent)		27,062,330	27,062,330
As at 30 June 2017			
Share capital	14	4,240	4,240
Share premium	15	—	—
Accumulated income		28,953,430	28,953,430
Net assets attributable to holders of participating redeemable preference shares (Sterling equivalent)		28,957,670	28,957,670

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

17. Taxation

In accordance with International Accounting Standard (IAS) 12 Income Taxes, investment income is shown gross of withholding tax. No withholding tax has been suffered by the Company during the period.

The Company is liable to be charged at a tax rate of 0% under Schedule D of the Income Tax (Jersey) Law 1961, as amended (the 'Income Tax Law') in respect of

- the income or profits of any trade carried on by the Company in Jersey or elsewhere,
- any interest of money, whether yearly or otherwise, or other annual payment paid to the Company, whether such payment is made within or outside of Jersey,
- dividends and other distributions of a company regarded as resident in Jersey paid to the Company,
- income arising to the Company from securities outside of Jersey; and
- any other income of the Company that is not derived from the ownership or disposal of land in Jersey.

It is not expected that the Company will be in receipt of income charged to tax under any Schedule under Income Tax Law other than Schedule D. As such the Company is no longer subject to the payment of tax in Jersey.

18. Financial risk management

Strategy in using financial instruments

The Company's investment objective is to offer the individual and corporate investor a high degree of protection and access to wholesale money markets, whilst maintaining a competitive level of return and ready availability of funds. These objectives are achieved through the placement of cash deposits in the respective base currency of the Class. The holding of deposits and investment activities pursuant to these objectives involve certain risks. Events may occur that would result in a reduction in the Company's net assets.

The Company's assets and liabilities comprise financial instruments, which may include:

- Investments in fixed-interest bank deposits, held in accordance with the Company's investment policies and objectives; and
- Short-term debtors and creditors that arise directly from its investing activities.

Set out on the following pages are descriptions of the principal risks associated with the Company's activities, together with the manner in which it manages these risks.

Interest rate risk

The Company invests in fixed rate bank deposits up to a maximum maturity of six months. The maturity profile at the period end is disclosed in the statement of financial position. Any changes to the interest rates for fixed rate bank deposits available in the market may result in the Manager being unable to secure similar returns on the maturity of these deposits. In accordance with the Company's policy, the Manager monitors the Fund's overall interest rate sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

18. Financial risk management (continued)

Interest rate risk (continued)

At the period end all receivables were placed at fixed rates. All cash at bank was held on call in Lloyds Banking Group bank accounts.

The period end weighted average effective interest rate for the Sterling Class was 0.15%

The table below summarises the impact of increases/ (decreases) in the market interest rates on the cash assets held by the Company at 31 December 2017.

The analysis is based on the assumption that the market interest rates increase/ (decrease) by 1% with all other variables held constant. This represents the Managers best estimate of a reasonable possible shift in the interest rates, having regard to historical volatility of those rates. The analysis also assumes that the movement in the portfolio is directly correlated with market interest rates.

Foreign currency risk

The Sterling class is denominated in sterling which is the same as the functional and presentational currency and therefore the Directors consider that no currency risk exists.

The Fund does not currently hold any investments in currencies other than the base currency.

Counter-party risk

Certain transactions that the Company enters into exposes it to the risk that the counter-party will not settle on the investment after the Company and the Manager have fulfilled their responsibilities. The Company places deposits only with banks that have been approved by the Manager as an acceptable counterparty (see Note 8 for the credit rating of the institutions with which the deposits are held). In addition, limits are set as to the maximum exposure of each class (20%) to any bank that may exist at any time, these limits are reviewed regularly and are subject to annual renewal.

The risk to Shareholders is that the Manager will not have enough cash to cover redemptions. To counter this risk each Fund's cash is managed to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, the Fund may borrow up to 10% of its value to ensure settlement of its liabilities.

Capital risk management

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Deferred Shares. Details of Deferred Shares are shown in note 3 and 14. Due to the nature and requirement for Deferred Shares the Directors have decided that no active capital risk management is required.

End of Period/ year	Class	Cash Assets (base currency)	Cash 1% Movement in interest rate
31.12.17	Sterling	27,062,330	270,659
30.06.17	Sterling	28,957,670	289,577

Notes to the Financial Statements (continued)

For the six month period ended 31 December 2017

18. Financial risk management (continued)

Fair value estimation

The fair value estimation required by IFRS 13 is not applicable to the Sterling Class as there are no financial instruments measured at fair value.

Liquidity risk

The main liquidity risk of the Company is the redemption of any shares investors wish to sell from time to time. To counter this risk the Company maintains at least 35% of each Class in deposits realisable within fourteen days.

At 31 December 2017 the percentage of the deposits within the portfolios which are subject to special arrangements arising from their illiquid nature is 0% (2016: 0%). As such the financial assets are considered to be readily realisable for cash.

In accordance with the Company's policy, the Manager monitors the liquidity position of the Sterling Class on a daily basis, and the Board of Directors reviews it on a quarterly basis. The liquidity profile is stated within the statements of financial position on pages 10 and 11.

The Manager may with prior agreement of the Custodian and Directors suspend the repurchase of shares for a period not exceeding 28 days.

The following table analyses the Company's financial liabilities into relevant maturity groups based on the remaining period to the statement of financial position date to the contractual maturity date. The carrying value of the liabilities approximates to fair value at 31 December 2017.

	Less than 1 Month	1- 3 Months	Total
	£	£	£
As at 31 December 2017			
Share Capital	27,344,782	—	27,344,782
Accrued expenses	7,616	(1,243)	6,373
Total financial liabilities	27,352,398	(1,243)	27,351,155
As at 30 June 2017			
Share Capital	29,239,841	—	29,239,841
Accrued expenses	8,212	953	9,165
Total financial liabilities	29,248,053	953	29,249,006

Change in Net Asset Value per Share

For the six month period ended 31 December 2017

Period/year	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges
	£		p	p
30.06.2016	32,974,496	626,344	52.578	0.075
30.06.2017	28,957,670	550,828	52.646	(0.069)
31.12.2017	27,062,330	515,241	52.571	(0.045)

Change in Net Asset Value per Share (continued)

For the six month period ended 31 December 2017

Operating charges	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
p	p	p	p	p	p
(0.196)	(0.120)	—	0.188	52.646	0.074
(0.188)	(0.260)	—	0.185	52.571	(0.069)
(0.045)	(0.090)	—	0.043	52.524	(0.119)

Performance Record

For the six month period ended 31 December 2017

Shares in the Fund were first offered to the public on the 23 November 1983 at an offer price of £10.00 per share.

Calendar year/ period	Highest Offer Price	Lowest Bid Price
	£	£
2008	51.939	49.806
2009	52.090	51.942
2010	52.222	52.091
2011	52.323	52.223
2012	52.414	52.325
2013	52.483	52.415
2014	52.525	52.470
2015	52.618	52.525
2016	52.656	52.618
2017	52.620	52.527

For more information please go to international.lloydsbank.com/products-and-services/investments/funds or call us on 01534 845 555

