
LLOYDS MONEY FUND LIMITED

Annual Report and Audited Financial
Statements

For the year ended 30 June 2018



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Company Information

Registered Office

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

Legal Advisers

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

Custodian

Link Corporate Services (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.

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 Products, Islands & Gibraltar, 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 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 59.

Ian Mark Jeremie Hardy – Senior Manager, Products, Islands & Gibraltar, Lloyds Banking Group.

Joined the Lloyds Banking Group in 1981 and held a number of managerial positions before being appointed as a Director of 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 59.

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 59.

Brian Charles James – Senior Manager, Investment Operations, Islands & Gibraltar, 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 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 57.

Bronislaw Lysiak – Senior Manager, Regulated Investments, Islands & Gibraltar, 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.

Report of the Directors

The Directors have pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 30 June 2018. The Company and Fund is domiciled and incorporated as a limited liability company in Jersey, Channel Islands under the companies (Jersey) Law 1991 and listed on The International Stock Exchange and on the Malta Stock Exchange. Full details of company are stated on pages 2-8.

Results

The results for the year are set out in the financial statements on pages 19 to 24.

Directors

The Directors of the Company who were in office during the year 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)

During the year ended 30 June 2018 and subsequently, no director has had a beneficial interest in the Company.

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 Alternative Investment Fund Managers Directive (AIFMD) Fees earned by the Manager are disclosed in these financial statements in Note 7.

Change of Registered Office

With effect from 1 July 2018 the registered office for the Company and the Manager (Lloyds Investment Fund Managers Limited) was changed to 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 (2017: US\$500,100).

Going Concern

Shareholders were advised in a letter dated 20 August 2018 of a proposal to close Lloyds Money Fund Limited.

The Extraordinary General Meeting of shareholders will take place on 17 September 2018 in which the proposal will be approved or rejected. If approved it is expected that the closure of Lloyds Money Fund Limited will take place on 9 November 2018. If rejected the Company will remain a going concern. Given the circumstances referred to above there is a material uncertainty about the entity's ability to continue as a going concern, however the Directors still consider it appropriate to adopt the going concern basis in preparing the financial statements on the basis that there is uncertainty as to the outcome of the Shareholder vote. Until the vote is cast the Directors believe there is justification to consider the Company will remain a going concern. Whether the Shareholders vote in favour or against the proposal, the Company is able to continue realising its assets and discharging its liabilities in the normal course of business or otherwise with no financial impact on the Company, being the movement in Net gain / (loss) on financial assets at fair value through profit or loss.

Report of the Directors (continued)

Independent Auditor

PricewaterhouseCoopers CI LLP was reappointed as Independent Auditor 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 May 2018 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/>

Changes made to the prospectus include the following:

- Change of name of the custodian and the name of ultimate holding company.
- Change of registered address of the company and the manager.
- Removal of the paying agent as a separate contracting party as there is no longer any distinctions between the functions performed by the principal bankers and the paying agent.
- Revised wording in the Data Protection Notice detailing how the Manger processes personal information under the General Data Protection Regulation.

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 39 to 41.

Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS).

The directors have also chosen to adopt areas of the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued in May 2014 by the IMA (Investment Management Association) where this does not conflict with other reporting requirements, as a result there are some minor presentational changes to the annual report but no change to the measurement of numbers. There have been no changes to the financial position or financial performance of the Fund as a result of the above.

The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company for that year 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).

Report of the Directors (continued)

Directors' Responsibilities (continued)

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.

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.

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.

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.

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.

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 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 30 June 2018 was £52.516.

The latest prices can be viewed on our website.

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

Remuneration

As per the requirement for AIFMD disclosure of remuneration the Alternative Investment Fund Manager (AIFM) has no direct employees. Fixed and variable costs (including any bonuses) are recharged by fellow Group Companies, as set out in the financial statements of Lloyds Investment Fund Managers Limited, a copy of which are available upon request. Total staff costs and numbers have been allocated to Lloyds Money Fund Limited based on the value of the assets under management as at 31 December 2017 as shown in the table overleaf.

Report of the Directors (continued)

Remuneration (continued)

31 December 2017	Number of Employees	Fixed Remuneration £000	Variable Remuneration £000	Total Remuneration £000
Lloyds Money Fund Limited	1	53	18	71
Total staff costs and numbers recharged to the AIFM by fellow Group Companies	22	1,201	404	1,605

The Alternative Investment Fund has no employees and other than the fees set out in the Related Party note 10 on page 32 no other remuneration is paid.

Market Conditions

The Manager wrote to all shareholders in January 2018, updating them on the performance expectations for the Fund and advising of the difficulties in effectively managing the Fund and adhering to the diversification requirements to which the Fund is subject.

The Fund continues to generate a poor return for shareholders and the Manager is still having difficulty in find other suitable institutions willing to take the Fund's deposits. The Directors have therefore issued a proposal to close the Fund and shareholders should refer to the Going Concern note within this Directors Report.

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

10 September 2018

Report of the Manager

Economic outlook

The UK economy, on the surface, the British economy looks to be on shaky ground, but things aren't as bad as they might seem, lead UK economist argue that the way people are analysing the data makes it look a lot worse than it really is. Virtually every indicator and data point released in April and early May for the UK economy was below expectations, and some were truly terrible.

The GDP growth for Q1 2018 was 0.1%, compared to a forecast of 0.3%. Growth in the final quarter of 2017 was 0.4%. As of July 2018 the Manufacturing PMI (Purchasing Managers Index) was 53.9, a 3-month low while the Services PMI at 52.5 improved on the previous month, but was still below expectations.

Much of the subsequent media commentary had argued that these results suggested we were unlikely to see much of a rebound in GDP growth in Q2 and that the UK economy is in the midst of a sustained slowdown but we are unconvinced and see a number of reasons, both related to the data and the wider economic backdrop, which suggest that the gloom that has been increasingly enveloping the UK economy has been overdone. The reason, the official data (released by the ONS (Office of National Statistics)) and the data from surveys like CIPS (Chartered Institute of Procurement & Supply) and Markit's PMIs (which are forward looking) doesn't match up, making the creation of an accurate picture difficult.

On a sectoral basis, the official output series and CIPS results were poorly matched in Q1, so merely splicing the Q2 survey data onto Q1's official series does not offer an accurate steer. In particular, both the manufacturing and construction sectors reported much stronger survey results than was reflected in the official data. In Q1, the manufacturing PMI was consistent with quarterly output growth of 0.7-1.0%, in contrast to the official estimate of just 0.2%.

Moreover, the CIPS surveys could actually be underplaying the strength of the UK economy, given that there is no PMI for the retail sector, an area where growth is expected to be solid in the coming months. It is also possible that the CIPS services survey downplays the extent to which the sector's output will rebound in April, given that it excludes the retail sector.

The ONS assumed a 0.8% month on month drop in distribution output in March, consistent with the snow related drag on retail sales, so as with construction output; this sector is due a sizeable revival in April.

More generally the backdrop to consumer spending is clearly improving, with lower inflation and firmer wage growth bringing an end to the real income squeeze, an unambiguously positive development given the degree to which the UK economy relies on consumer spending to drive GDP growth.

Looking to 2019 Economic Forecasters advise the UK is set for its weakest year of GDP growth since 2009 with many downgrading growth expectations for the UK economy, forecasting GDP growth for 2018 at 1.3% (from 1.4%) which, if realised, will be the weakest calendar year growth since 2009, when the economy was in the throes of the global financial crisis. Many have also downgraded GDP growth forecast for 2019 from 1.5% to 1.4%.

The downgrades have been largely driven by a more lacklustre outlook for consumer spending, business investment and trade. While real wage growth has returned to positive territory, it is not expected that this will translate into materially stronger spending over the forecast horizon, with weak productivity expected to limit the extent to which wages will increase, and household finances are likely to remain stretched amid historically low household savings and high debt levels.

Report of the Manager (continued)

Economic outlook (continued)

Business investment growth is expected to have slowed in 2018 to 0.9%, from 2.4% in 2017. The high upfront cost of doing business in the UK and the ongoing uncertainty over the UK's future relationship with the EU is expected to continue to stifle business investment.

The UK's net trade position is expected to weaken over the next few years by more than expected in the previous forecast. Exporters will struggle to recover the ground lost in the year so far, as growth in key markets moderates.

Growth in service sector output, a key driver of UK GDP growth, is expected to slow to 1.2% by the end of 2018, which would be the weakest outturn since 2010. Consumer-focused industries such as retail and hospitality are expected to remain under the most pressure amid weak consumer spending.

If realised, many forecasts suggests the economy is in a lethargic state, with uncertainties around Brexit, interest rate rises, and international developments such as a possible trade war and rising oil prices, all having an impact.

UK Interest rates

The era of low interest rates could potentially last for at least another 20 years, despite gently rising official borrowing costs in the coming years, structural changes in the global economy mean UK borrowers and savers should get used to interest rates being significantly below the 5% average in the 10 years leading up to the financial crisis. Some of the factors that had resulted in global interest rates declining since the 1980s including weak productivity and the build-up of savings by the baby boomer generation would eventually go into reverse. It is too much to say never, that we won't ever go back. But there is a 20 year horizon under which there will be factors keeping it low.

The long term trend in global interest rates has an impact on the level of borrowing costs deemed necessary by the MPC (Monetary Policy Committee) to keep inflation in check and helps explain why official borrowing costs since early 2009 have been lower than at any time since the Bank of England was founded in 1694.

While consumers and businesses should now be braced for further increases in their borrowing costs following the increase in August 2018, they would be limited and gradual. Despite the potentially huge risks from Brexit, the Bank would need to respond to evidence that the lowest unemployment rate in more than 40 years was creating widespread skill shortages. If the economy continues to evolve as the MPC expect the indications are that inflation would not get back to 2% unless there is a modest but gradual reduction in the stimulus that has been provided.

The City is currently pencilling in two interest rate rises in the next two years but that the increases would probably be "front-end loaded". And the unusual amount of uncertainty mainly associated with Brexit means it is impossible to be definitive about the timing of future rate rises but another two in the next 18 months or two years would be a reasonable expectation.

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
10 September 2018

Report of the Custodian to the Members of Lloyds Money Fund Limited

Statement of Custodian's Responsibilities.

The Custodian is required under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) (the 'Rules') to ensure that, inter alia, it:

- satisfies itself that the sale, issue, repurchase, redemption, cancellation and valuation of shares in the Company are carried out in accordance with the Rules; and
- takes into its custody all the assets of the Company and holds them in trust for the shareholders in accordance with the Rules; and
- enquires into the conduct of the Company in each annual accounting year and reports thereon to shareholders in a report, which shall contain the matters prescribed by the Rules. The Report of the Custodian is included in this Annual Report.

Report of the Custodian to the Members of Lloyds Money Fund Limited.

In accordance with Article 2.06 of the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) (the 'Rules'), Link Corporate Services (Jersey) Limited, has acted throughout the year as independent Custodian to the Company.

In accordance with Article 7.08 of the Rules we confirm, in our capacity as the Custodian, that we have enquired into the conduct of the Company for the year ended 30 June 2018 and in our opinion, to the best of our knowledge having made such enquiry, the affairs of the Company have been conducted in all material respects for the year then ended:

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, by prospectuses and by all Orders for the time being in force under Article 11 of the Collective Investment Funds (Jersey) Law 1988 (as amended) (the 'Law'); and
- otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Law.

Link Corporate Services (Jersey) Limited,
Custodian
12 Castle Street,
St Helier,
Jersey JE2 3RT
Channel Islands

10 September 2018

Independent Auditor’s Report to the Members of Lloyds Money Fund Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Lloyds Money Fund Limited (the “Company”) and the separate financial statements of the Sterling Class Fund (the “Fund”), (together “the financial statements”) as at 30 June 2018, and of its financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”) and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

What we have audited

The Company and Fund financial statements comprise:

- the Statements of Financial Position as at 30 June 2018;
- the Statements of Comprehensive Income for the year then ended;
- the Statements of Changes in Net Assets Attributable to Participating Redeemable Preference Shares for the year then ended;
- the Cash Flow Statements for the year then ended; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that shareholders have been advised on a proposal to vote on the closure of the Company and Fund.

These conditions, as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company and Fund’s ability to continue as a going concern.

Independence

We are independent of the Company and Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) and with SEC Independence Rules. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other applicable requirements.

Independent Auditor’s Report to the Members of Lloyds Money Fund Limited (continued)

Our audit approach

Overview



Materiality

- Overall materiality represents 1% of net assets attributable to holders of participating redeemable preference shares of the Company and Fund respectively.

Audit scope

- Our audit work was performed solely in Jersey, which is where the Company and Fund are incorporated.
- We have audited the financial statements which have been prepared by Lloyds Investment Fund Managers Limited (the “Manager”).
- We tailored the scope of our audit taking into account the types of investments within the Company and Fund in addition to, the accounting processes and controls.

Key audit matters

- Valuation of Cash Deposits.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company and Fund, the accounting processes and controls, and the industry in which they operate.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Fund materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent Auditor’s Report to the Members of Lloyds Money Fund Limited (continued)

Materiality (continued)

Overall materiality Company and Fund	£195k (2017 : £145k)
How we determined it	1% of net assets attributable to holders of participating redeemable preference shares
Rationale for the materiality benchmark	We believe that net assets are the most appropriate benchmark because this is a key metric of interest to members and users of the financial statements. It is also a generally accepted measure used for companies in this industry. We have revised the percentage of net assets attributable to holders of participating redeemable preference shares used during the year to align with industry standard of entities with similar investment portfolios and based on our risk assessment and knowledge of the users and regulatory requirements.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 10% of overall materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Valuation of cash deposits

The Company and Fund’s deposits are valued at £14,200,692 which consists of cash deposits and represent the majority of the net assets attributable to holders of participating redeemable preference shares as at 30 June 2018.

Refer to amounts included in note 8 (Cash and Cash Equivalents) and Note 18 (Financial Risk Management) of the financial statements.

The valuation of the Company and Fund deposits is initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method (“EIR”) less impairment.

How our audit addressed the Key audit matter

Our audit procedures included understanding the relevant controls around the valuation performed by the Company and Fund on cash deposits for daily Net Asset Valuation (“NAV”) reports and at year end.

For all underlying deposits, we independently obtained a confirmation of the amount held from the custodian as at 30 June 2018. We further independently verified the credit ratings on the individual deposits to assess the recoverability of the cash deposits.

Independent Auditor’s Report to the Members of Lloyds Money Fund Limited (continued)

Key audit matter (continued)

Valuation of cash deposits (continued)

Although there is limited judgement in the valuation of these cash deposits due to their credit rating and relative liquidity, the market value is material to the Company and Funds. A material misstatement due to fraud or error could potentially be material to the financial statements as a whole. As a result, whilst we have not concluded it to be a significant audit risk, we consider the valuation of cash deposits to be an area of focus in our audit and accordingly a key audit matter.

How our audit addressed the Key audit matter (continued)

Overall we found that the valuation of cash deposits was consistent with the Company and Fund’s measurement and accounting policies and no indication of impairment was identified.

No misstatements were identified by our testing which required reporting to the directors.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report and Audited Financial Statements but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of Lloyds Money Fund Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Fund's internal control.

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Funds ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Fund's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report to the Members of Lloyds Money Fund Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Trudy Dillon-Nugent
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey Channel Islands
10 September 2018

Statements of Financial Position

As at 30 June 2018

	Notes	Company £	Sterling Class £
Current Assets			
Cash and cash equivalents			
Cash at bank	8	5,302,452	5,302,452
Cash deposits:			
7 days or under		2,824,132	2,824,132
8 days to 14 days		3,813,858	3,813,858
15 days to 1 month		5,559,961	5,559,961
1 month to 3 months		2,002,741	2,002,741
Total cash deposits		14,200,692	14,200,692
Creations receivable		—	—
Accrued income and other debtors	4	288,913	4,579
Total Assets		19,792,057	19,507,723
Equity			
Deferred share capital	14	64	—
Total Equity		64	—
Current Liabilities			
Accrued expenses and other creditors	5	14,326	14,326
Nominal Shares	14	284,270	—
Total Liabilities*		298,596	14,326
Net assets attributable to holders of participating redeemable preference shares	16	19,493,397	19,493,397
Total Liabilities and Equity		19,792,057	19,507,723

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

The financial statements on pages 19 to 38 were approved by the Board of Directors on 10 September 2018 and are signed on its behalf by:

B. Lysiak }
B.C. James } Directors

The notes on pages 25 to 38 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:	8		
7 days or under		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 25 to 38 form an integral part of these financial statements.

Statements of Comprehensive Income

For the year ended 30 June 2018

	Notes	Company £	Sterling Class £
Operating profit/(loss)			
Investment income		76,731	76,731
Other income	6	210	210
Operating expenses	7	(105,716)	(105,716)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations		(28,775)	(28,775)

For the year ended 30 June 2017

		Company £	Sterling Class £
Operating profit/(loss)			
Investment income		65,374	65,374
Other income	6	—	—
Operating expenses	7	(103,499)	(103,499)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations		(38,125)	(38,125)

The notes on pages 25 to 38 form an integral part of these financial statements.

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

For the year ended 30 June 2018

	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	3,141,969	3,141,969
Redemption of participating redeemable preference shares	(12,577,467)	(12,577,467)
Net decrease from share transactions	(9,435,498)	(9,435,498)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations	(28,775)	(28,775)
Net assets attributable to holders of participating redeemable preference shares as at 30 June	19,493,397	19,493,397

For the year ended 30 June 2017

	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	9,438,681	9,438,681
Redemption of participating redeemable preference shares	(13,417,382)	(13,417,382)
Net decrease from share transactions	(3,978,701)	(3,978,701)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations	(38,125)	(38,125)
Net assets attributable to holders of participating redeemable preference shares as at 30 June	28,957,670	28,957,670

The notes on pages 25 to 38 form an integral part of these financial statements.

Cash Flow Statements

For the year ended 30 June 2018

	Company £	Sterling Class £
Cash flows from operating activities		
Income received	74,779	74,779
Operating expenses paid	(100,555)	(100,555)
Net cash inflow from operating activities	(25,776)	(25,776)
Cash flows from financing activities		
Proceeds received from issue of participating redeemable preference shares	3,142,266	3,142,266
Payments on redemption of participating redeemable preference shares	(12,577,467)	(12,577,467)
Net cash from financing activities	(9,435,201)	(9,435,201)
Net increase in cash and cash equivalents	(9,460,977)	(9,460,977)
Cash and cash equivalents as at 1 July	28,964,121	28,964,121
Cash and cash equivalents as at 30 June	19,503,144	19,503,144

The notes on pages 25 to 38 form an integral part of these financial statements.

Cash Flow Statements (continued)

For the year ended 30 June 2017

	Company £	Sterling Class £
Cash flows from operating activities		
Investment income received	72,294	72,294
Operating expenses paid	(105,494)	(105,494)
Net cash inflow from operating activities	(33,200)	(33,200)
Cash flows from financing activities		
Proceeds received from issue of participating redeemable preference shares	9,438,539	9,438,539
Payments on redemption of participating redeemable preference shares	(13,417,382)	(13,417,382)
Net cash from financing activities	(3,978,843)	(3,978,843)
Net decrease in cash and cash equivalents	(4,012,043)	(4,012,043)
Cash and cash equivalents as at 1 July	32,976,164	32,976,164
Cash and cash equivalents as at 30 June	28,964,121	28,964,121

The notes on pages 25 to 38 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2018

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 8.

2. Basis of Preparation

2.1 Basis of Preparation

The policies set out below have been consistently applied to all years 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.

2.2 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.

2.3 Going Concern

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis.

Shareholders were advised in a letter dated 20 August 2018 of a proposal to close Lloyds Money Fund Limited.

The Extraordinary General Meeting of shareholders will take place on 17 September 2018 in which the proposal will be approved or rejected. If approved it is expected that the closure of Lloyds Money Fund Limited will take place on 9 November 2018. If rejected the Company will remain a going concern.

Given the circumstances referred to above there is a material uncertainty about the entity's ability to continue as a going concern, however the Directors still consider it appropriate to adopt the going concern basis in preparing the financial statements on the basis that there is uncertainty as to the outcome of the Shareholder vote. Until the vote is cast the Directors believe there is justification to consider the Company will remain a going concern. Whether the Shareholders vote in favour or against the proposal, the Company is able to continue realising its assets and discharging its liabilities in the normal course of business or otherwise with no financial impact on the Company, being the movement in Net gain / (loss) on financial assets at fair value through profit or loss.

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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 year presented, unless otherwise stated in the following text:

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

3.1 Standards, amendments and interpretations effective for the current year

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 year.

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).

None of these are expected to have a material effect on the financial statements of the Fund.

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).

Upon redemption shareholders are entitled to their proportion of the net assets held. 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 the Sterling Class as well as for the Company.

Foreign currency translation

Assets and liabilities are translated at the rate of exchange ruling at the Statement of Financial Position date.

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

3. Summary of Significant Accounting Policies (continued)

The currency profits or losses arising on translation, together with currency profit or losses realised during the year, 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').

Overdraft facility

Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. An overdraft facility of £5,000,000 is in place with Lloyds Bank International Limited, covering the maximum aggregated amount outstanding on all Funds managed by Lloyds Investment Fund Managers Ltd at any time.

Interest is calculated on the cleared daily balance of each account and payable on amounts owing at 2% per annum over Base Rate (currently 2.5% per annum in total). Where borrowing exceeds the maximum aggregated amount borrowing will be charged at a rate equal to the Bank's Unauthorised Overdraft Rate (presently 2.2% per month / 26.4% per annum). Refer to note 18 for further information.

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 year 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 the Class. In the event that redemptions during the year 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. As at 30 June 2018 the Fund held no commitments in respect of the existence of an obligation that would be confirmed only by the occurrence of one or more future events not wholly within the Fund's control

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

4. Accrued Income and Other Debtors

	Company £	Sterling Class £
As at 30 June 2018		
Accrued Income	4,579	4,579
Nominal Shares	284,270	—
Other debtors	64	—
Total accrued income and other debtors	<u>288,913</u>	<u>4,579</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 30 June 2018		
Due to Manager	4,900	4,900
Due to Custodian	1,190	1,190
Other Creditors	8,236	8,236
Total accrued expenses and other creditors	<u>14,326</u>	<u>14,326</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 year ended 30 June 2018

6. Other Income

	Company	Sterling Class
	£	£
As at 30 June 2018		
Unclaimed distributions over 10 years old	210	210
Total other income	210	210
As at 30 June 2017		
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 year ended 30 June 2018

7. Operating Expenses

		Company	Sterling Class
		£	£
As at 30 June 2018			
Payable to the Manager:			
Annual management fees	10	51,124	51,124
Payable to the Custodian:			
Custodian fees	11	14,698	14,698
Other expenses:			
Administration expenses		33,394	33,394
Audit fee		6,500	6,500
Total expenses		105,716	105,716
Total Expense Ratio*			0.41%
As at 30 June 2017			
Payable to the Manager:			
Annual management fees	10	56,921	56,921
Payable to the Custodian:			
Custodian fees	11	16,365	16,365
Other expenses:			
Administration expenses		27,213	27,213
Audit fee		3,000	3,000
Total expenses		103,499	103,499
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 year ended 30 June.

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

8. Cash and Cash Equivalents

Balances were held with the following banks as at 30 June 2018

	Equivalent credit rating	Company £	Sterling Class £
Bank deposits			
Bank of Montreal	AA	3,813,858	3,813,858
BNP Paribas	A	—	—
Royal Bank of Scotland Group	BBB	3,833,254	3,833,254
Standard Chartered	A+	3,550,838	3,550,838
Nationwide Building Society	A	3,002,742	3,002,742
Total Deposits		14,200,692	14,200,692
Cash at bank			
Lloyds Banking Group	BBB+	5,302,452	5,302,452
Total		19,503,144	19,503,144

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

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

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

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 placed with an eligible institution, as detailed on page 3.

On occasion, during the period the Fund breached the 20% maximum investment limit due to the withdrawal of depositor banks and the difficulties and timelines involved in replacing them. The Directors approved the breaches on this basis.

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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 year 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 22.

(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 30 June 2018 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 (2017: £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 year 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 year ended 30 June 2018

14. Share Capital

	30 June 2018		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	
	500,100		500,100	
Issued Share Capital:				
Deferred Shares	100		100	
Total issued Share Capital (Sterling equivalent)	64		64	
Nominal Shares:	Shares	US\$	Shares	US\$
Balance brought forward	37,548,765	375,486	37,473,250	374,731
Creations	239,440	2,394	254,912	2,549
Redemptions	(59,809)	(598)	(179,397)	(1,794)
Balance carried forward	37,728,396	377,282	37,548,765	375,486
	Shares	£	Shares	£
Total Nominal Shares (Sterling equivalent)	37,728,396	284,270	37,548,765	282,107
Participating Shares:	Shares	US\$	Shares	US\$
Sterling Class	371,188	3,712	550,828	5,508
Total US Dollar	371,188	3,712	550,828	5,508
	Shares	£	Shares	£
Total Company (Sterling equivalent)	371,188	2,811	550,828	4,240

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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 year	59,809	598	598
Redeemed during the year	(239,440)	(2,394)	(2,394)
Transfer from share premium	—	367	367
Participating redeemable preference shares as at 30 June	371,197	2,811	2,811
Deferred shares of US\$1 each fully paid	100	64	64
Total as at 30 June 2018	371,297	2,875	2,875
Participating redeemable preference shares of US 1 cent each fully paid as at 1 July	626,343	4,685	4,685
Issued during the year	179,397	1,794	1,794
Redeemed during the year	(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 year ended 30 June 2018

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 year	3,141,371	3,141,371
Redeemed during the year	(12,575,073)	(12,575,073)
Transfer of accumulated income	9,434,069	9,434,069
Transfer to share capital	(367)	(367)
As at 30 June 2018	—	—
As at 1 July	—	—
Issued during the year	9,436,887	9,436,887
Redeemed during the year	(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 30 June 2018			
Share capital	14	2,811	2,811
Share premium	15	—	—
Accumulated income		19,490,586	19,490,586
Net assets attributable to holders of participating redeemable preference shares (Sterling equivalent)		19,493,397	19,493,397
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 year ended 30 June 2018

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 year (2017: Nil).

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 year 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 year ended 30 June 2018

18. Financial risk management (continued)

Interest rate risk (continued)

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

The year end weighted average effective interest rate for the Sterling Class was 0.40%

The table below summarises the impact of increases/ (decreases) in the market interest rates on the cash assets held by the Company at 30 June 2018. 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. Borrowings during the year did not exceed the 10% limit.

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.

Year ended	Class	Cash Assets (base currency)	Cash 1% Movement in interest rate
30.06.18	Sterling	19,493,397	194,934
30.06.17	Sterling	28,957,670	289,577

Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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 30 June 2018 the percentage of the deposits within the portfolios which are subject to special arrangements arising from their illiquid nature is 0% (2017: 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 19 and 20.

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 year at the statement of financial position date to the contractual maturity date. The carrying value of the liabilities approximates to fair value at 30 June 2018.

	Less than 1 Month	1- 3 Months	Total
	£	£	£
As at 30 June 2018			
Share Capital	19,777,731	—	19,777,731
Accrued expenses	6,090	8,236	14,326
Total financial liabilities	19,783,821	8,236	19,792,057
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

None of the Alternative Investment Fund's assets are subject to special arrangements arising from their illiquid nature in accordance with Article 23(4)(a) of Directive 2011/61/EU.

19. Events After the Year End Date

Shareholders were advised in a letter dated 20 August 2018 of a proposal to close Lloyds Money Fund Limited.

The Extraordinary General Meeting of shareholders will take place on 17 September 2018 in which the proposal will be approved or rejected. If approved it is expected that the closure of Lloyds Money Fund Limited will take place on 9 November 2018.

Performance Record

For the year ended 30 June 2018

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
	£	£
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
30.06.18	52.570	52.516

Change in Net Asset Value per Share

For the year ended 30 June 2018

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)
30.06.2018	19,493,397	371,188	52.571	(0.078)

Change in Net Asset Value per Share (continued)

For the year ended 30 June 2018

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)
(0.078)	(0.160)	—	0.105	52.516	(0.181)

Notice of Meeting

Subject to the outcome of the Extraordinary General Meeting to be held 17 September 2018 notice is hereby given that the 35th Annual General Meeting of Lloyds Money Fund Limited will be held at 11-12 Esplanade, St Helier, Jersey, on Thursday 22 November 2018 at 9.00am for the following purposes:

Agenda

Ordinary Business

1. To appoint the Chairman of the meeting.

2. To read the convening notice.

3. RESOLUTION 1.

To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 30 June 2018.

4. RESOLUTION 2.

To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.

5. RESOLUTION 3.

To consider, and if deemed appropriate, re-elect Ian Mark Jeremie Hardy as a Director of the Company.

6. RESOLUTION 4.

To consider, and if deemed appropriate, re-elect Timothy Joseph Herbert as a Director of the Company.

7. RESOLUTION 5.

To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.

8. RESOLUTION 6.

To consider, and if deemed appropriate, re-elect Bronislaw Lysiak as a Director of the Company.

9. RESOLUTION 7.

To re-appoint PricewaterhouseCoopers CI LLP as Auditors of the Company for the ensuing year and to authorise the Directors to agree their remuneration.

10. RESOLUTION 8.

To fix the remuneration of each of the Directors at a maximum of £5,000 per annum.

NOTES:

A Member entitled to attend and vote at this Meeting may appoint one or more Proxies to attend and, on a poll, vote instead of him. A Proxy need not be a Member of the Company. To be valid, completed proxy forms must be deposited at the Company's principal place of business not less than 48 hours before the appointed time for holding the meeting, or any adjournment thereof.

In the case of joint holders the vote of the senior shall be accepted to the exclusion of the votes of the other joint holder(s).

The quorum requirement is two members present in person or by proxy. If a quorum is not present, the meeting shall stand adjourned to Thursday 29 November 2018 at 9 am. at the same venue and at such adjourned meeting the shareholder's present in person or by proxy shall be the quorum.

Should the proposal to close Lloyds Money Fund Limited be approved at the Extraordinary General Meeting being held on 17 September 2018 then the Annual General Meeting will not take place and the Form of Proxy on page 43 will be null and void.

By Order of the Board
Lloyds Corporate Services (Jersey) Limited,
Secretary,
PO Box 160, 11- 12 Esplanade,
St Helier,
Jersey, JE4 8ZU,
Channel Islands.
10 September 2018

Lloyds Money Fund Limited Form of Proxy

Block letters please

Full name(s) _____

Address _____

I/We being a Member(s) of the above named Company hereby appoint the Chairman of the Meeting _____ (see Note 1) as my/our proxy to attend and vote for me/us on my/our behalf at the 35th Annual General Meeting of the Company to be held on Thursday 22 November 2018 at 9.00am and at any adjournment thereof.

I/We have indicated with an "X" in the spaces below how I/we wish my/our votes to be cast in respect of the Resolutions which are set out in the Notice convening the Meeting. If no specific direction as to voting is given, then I/we authorise the Chairman of the Meeting to vote or abstain at his/her discretion.

Ordinary Resolutions:

1. Adoption of the Annual Report & Audited Financial Statements for the year ended 30 June 2018
2. Re-election of Ross Davey Willcox as a Director of the Company
3. Re-election of Ian Mark Jeremie Hardy as a Director of the Company
4. Re-election of Timothy Joseph Herbert as a Director of the Company
5. Re-election of Brian Charles James as a Director of the Company
6. Re-election of Bronislaw Lysiak as a Director of the Company
7. Re-appoint PricewaterhouseCoopers CI LLP as Auditors and to authorise the Directors to agree their remuneration.
8. To fix the remuneration of each of the Directors at a maximum of £5,000 per annum.

	For	Against

Notes:

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words "the Chairman of the Meeting", and write the name of your proxy in the space provided and initial the alteration.
2. Except as otherwise indicated by you, the proxy will vote, or abstain from voting, at the meeting or any adjournment thereof as the proxy thinks fit.
3. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
5. To be valid, forms of proxy must reach the principal place of business of the Company, PO Box 311, 11-12 Esplanade, St. Helier, Jersey JE4 8ZU, Channel Islands, not later than 48 hours before the time appointed for the meeting (or any adjourned meeting). Any power of attorney or other authority under which the form of proxy is signed must be sent with the form of proxy.

Signature _____ Date _____

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

