

THE MEDWAY LEAGUE OF FRIENDS

CHARITY REGISTRATION NO: 1172065

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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THE MEDWAY LEAGUE OF FRIENDS
TRUSTEES' REPORT

The trustees present their fourth report with the financial statements of the charity for the year ended 31 July 2021. This is their third report since the transfer of the charity's activities from the "Medway League of Friends", to this Charitable Incorporated Organisation on 1 August 2018.

ADMINISTRATIVE DETAILS

Charity registration number	1172065
Principal address	Medway Maritime Hospital Windmill Road Gillingham Kent ME7 5NY
Trustees	J Spence D May Mrs E Norman S Towsey Mrs J Harsent C H Silk Mrs M Cogger Ms H Belcher T Higgins P McKenna - appointed 7 October 2020 Ms D Peers - appointed 2 December 2021
Auditors	Kreston Reeves Montague Place Quayside Chatham Maritime Chatham ME4 4QU
Bankers	Lloyds Bank plc

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The charity is a charitable incorporated organisation registered with the Charities Commission on 15 March 2017 and governed by its constitution adopted 8 March 2017.

Appointment of Trustees

Many of the trustees named above are the first trustees appointed in the charity's constitution. At the first annual general meeting all trustees retired from office and were re-appointed. At the subsequent meetings one third of the total number retire by rotation. Trustees are appointed by the members at the annual general meeting and their number shall not be less than four.

New trustees would require some experience of the sector in which the charity operates and be appropriate for the League. They would usually be invited by existing trustees to consider standing for election.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

Organisation and Decisions

The trustees meet at least four times a year to manage the League's affairs. In the 2020/21 year the trustees met twelve times, all by video link. This Committee consists of a Chairman, Vice Chairman, Treasurer and Secretary and between one and eleven other persons. No person shall be a member of the Committee who is not a member of the League itself.

The Committee are assisted by managers and organisers of the League's shops and a representative of the Medway NHS Foundation Trust. An operations manager has day to day control over its employed staff and the many volunteers.

Affiliations

The League is a member of Attend, which exists to promote and develop the role of volunteers in our health and social services throughout the UK.

OBJECTIVES AND ACTIVITIES

Objectives

The objects of the charity are the relief of sickness and the promotion of the good health and wellbeing of patients of NHS services in Medway, in particular the patients of the Medway Maritime Hospital Trust, through the provision of grants, items and services, funded where possible by the work of volunteers.

Public Benefit

In accordance with the Charities Acts and Regulations, the trustees have had due regard to the guidance published by the Charity Commission on the requirement that the objectives and work undertaken by the League are in line with charitable objects and do provide benefit for the public.

In 2018, the charity took over the activities previously carried on by the 'Medway League of Friends' whose original aim was to provide those 'little extras' for patients and staff in the then local hospitals (latterly just the Medway Maritime Hospital) that the NHS cannot always provide. Over time those 'little extras' have turned into vital pieces of medical equipment, furniture and other amenities. The difference, that the charity intends to continue through its activities, is to help speed patients' recovery and get them back to their homes and loved ones and to do this wherever possible through the services of volunteers from the community.

Aims and Activities

The main objective for the year under review was to continue the provision of services through sales at the League's shops at the Medway Maritime Hospital.

During the year the League operated two shops at the Medway Maritime Hospital: the main shop / refreshment area and a 24-hour kiosk in A&E, so that patients, visitors and hospital staff can always get a snack or a hot drink whatever the time of day or night.

Hospital Radio Medway is a part of the League, and broadcasts 24 hours of programmes each and every day, including record requests, themed music and items of local interest to the patients.

The League makes significant use of volunteers in the course of undertaking its charitable and income generating activities. The volunteers carry out many of the duties required to operate the shops.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

Impact Statement

In normal times the League makes grants from its accumulated surplus to fund items of medical equipment or amenities for patients. The straitened circumstances of 2020/21 meant that unfortunately no grants were possible, other than the top-up of £1,547 to the Medway Scanner Appeal Fund grant as noted below under the heading 'Restricted Fund'. To give some idea of the sort of items funded, here is an example from late in the previous year, which was not included in the 2019/20 Report.



Bid 657 – 3 x RITA Systems –Reminiscence Interactive Therapeutic Activity - £19,485

The Emergency Department submitted a bid to the League for funding to purchase 3 x RITA systems. This equipment is used by people with dementia as well as those recovering from a stroke or head injury. It includes a touch screen unit containing hundreds of activities, tunes, comedy and sports slips, poetry readings, radio recordings, games, etc. etc. to help prevent a significant deterioration in their condition. It can provide distraction therapy with activities in a dementia-friendly environment. The system can also store information about a patient including their life story plus photos and is particularly useful for those patients who require an extended stay in the hospital.

Donations

The League's income is supplemented by donations. As with other income, these were much reduced in 2020/21, not least because the donation boxes were not in use for much of the time. A total of £2,436 was given. This included a sum given in memory of Joan Gulliver.

Achievements

Like every other business the League was affected by the pandemic and the associated national restrictions, which were in force for much of the financial year. In the circumstances keeping the retail outlet open was the major achievement of 2020/21. Fewer volunteers were available, footfall through the main foyer was much less than before the pandemic, and therefore stringent economies continued to be necessary. These included fewer opening hours and, sadly in Autumn 2020, further staff redundancies. The pandemic restrictions meant very limited numbers in the Main Shop at any one time, so customers often had to queue and be served at the door. The financial consequences are clear from the Accounts. The huge reduction in revenue made it necessary to suspend grant payments to the Hospital Trust for the year. It was only in the last six weeks of the year that it became apparent that the financial situation was improving.

Throughout the year there was a huge team effort from the remaining staff and those few volunteers able to serve, for which the Trustees are most grateful.

FINANCIAL REVIEW

Review of the Financial Position

The financial position is set out on pages 11 to 18. Income from the charity's activities in the operation of shops and trolley have decreased during the year by 54% to £655,088 due to the restrictions caused by the COVID-19 pandemic, which disrupted much of the financial year.

Gross margins on sales have increased to 41.1% from 37.9%. This is due to a change in the mix of products sold during the restrictions.

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TRUSTEES' REPORT

In the previous year the League achieved a small surplus of £5,859 after making grants to Medway NHS Foundation Trust of £212,572. This year there is an overall deficit of £88,324 but this includes restricted funds which were used to make donations of £96,200 as explained below. Despite the pandemic, the net assets at the end of the year stood at a healthy £813,570 with cash at bank of £606,971.

The Trustees are pleased with the results accepting the challenging situation. Although total funds held by the League decreased during the year, the trustees remain aware that Medway NHS will be looking for the League to fund additional projects which meet the League's approved criteria.

Restricted fund

The Trustees were delighted to be able to use the Medway Scanner Appeal Fund (£94,653) to contribute towards a major project for the Breast Unit, a new scanner with a tomosynthesis attachment. The League has been holding this fund (as a restricted donation) on behalf of the former Scanner Appeal Charity since 2017 pending discovery of a suitable project in which to invest the money. The Breast Unit was gathering funding from various sources for its scanner, and the Chair of the former Medway Scanner Appeal was pleased to see the Appeal Fund used to enable the Unit to meet its target.

The League Trustees added £1,547 to the Appeal Fund, representing interest earned, so that the total contribution came to £96,200. The project was still in progress at the League's year-end, so there will be more on this in the next Annual Report.

Reserves Policy

The Trustees keep under review the need for unrestricted and undesignated reserves. Initially in 2020/21, having regard for the proposed investment in a new coffee shop, current working capital requirements and a provision for the costs in the event of business interruption, the Trustees were of the opinion that such reserves should be in the region of £660,000. This included £550,000 towards the cost of developing a new coffee shop in the Hospital foyer.

However the pandemic and consequent restrictions made it clear that a new coffee shop was no longer an economic proposition, and in March 2021 the Trustees reluctantly informed the Hospital Trust that it would be withdrawing from the coffee shop project.

Alternative uses of the shop development reserve had therefore to be found, and the League Trustees decided to devote part of it to capital grants and most of the rest to refurbishment of its existing shop in the Hospital foyer. Discussions with the Hospital Trust on both had made good progress by the end of the financial year, but formal commitments will take place in 2021/22. In consequence the coffee shop development reserve was still held at the end of 2020/21.

All remaining funds shall be utilised for the benefit of the hospital and patients.

The League usually has designated reserves. These occur where the Trustees have considered requests from the NHS for funding projects or the purchase of equipment and committed to make grants when the project occurs or the equipment is purchased. However at 31 July 2021 with the lifting of COVID-19 restrictions only just occurring there were no outstanding items for which to carry reserves across into 2021/22.

Progress against objectives

Because of the pandemic, the outturn for the six-point Business Plan for 2020/21 was badly affected. Most objectives are being carried forward, with much re-engineering in line with the continuing restrictions. The 2020/21 results against our objectives are:

- Formalise relations with the Hospital Trust

Regular meetings were held between the Trust and the League's Project Team. In Spring 2021 discussions began on a lease for the premises occupied by the League, and plans for the refurbishment of the Main Shop.

THE MEDWAY LEAGUE OF FRIENDS
TRUSTEES' REPORT

- Increase turnover and efficiency of the retail operations

Turnover for 2020/21 was badly hit by the continuing pandemic reaching only £655,000, a decrease of 54% against 2019/20. All possible cost cutting measures continued, including a reduction in opening hours and supervisor redundancies. For much of the year seven staff were on flexible furlough for part of their normal hours. Even so there were gross trading losses in five months of the year. Fortunately trading started to pick up in the final quarter, and July finished on a high.

- Enhance communications

The League's website has been updated, and a new e-mail address for contacting Trustees introduced. The Secretary monitors this and responds accordingly.

Due to COVID-19, talks on the League's activities with Friends were postponed, apart from a couple which took place virtually.

The League's Facebook page is updated regularly with information, and this is an excellent forum for keeping in touch with the public, as well as our staff and volunteers.

- Develop staff and encourage volunteers

The past year has been extremely challenging for our staff and volunteers. Due to the restrictions imposed by the hospital we have had to discontinue the ward trolley service and, for a time, close the seating area. This resulted in us having to make eight full or part time posts redundant. Two of those made redundant were redeployed in other roles. The Operations Manager and his deputy worked alternating flexible furlough hours to reduce staff costs while managing to maintain a first-class service to hospital staff and patients. The cleaners were furloughed while the seating area was closed.

Training courses have continued during the year on-line. This is a problem for renewals of the First Aid certification due to the required practical element of the course.

We have employed two young trainee supervisors working 40 hours a month at present. The aim is to train them in all aspects of our business with a view to being able to use them flexibly in the future as trading restrictions are lifted and business increases. They will undertake the mandatory training courses required.

At the time of the last report only 10 volunteers were able to work but this number has increased to 73 at present. A further 30 are considering their return to regular volunteering. Due to the rigorous safe working procedures introduced by the Operations Manager there were no cases of internal Covid transmission between staff and volunteers. Contact was maintained with volunteers unable to work particularly through the staff and volunteer Facebook page which has proved to be very popular.

Being aware of the restrictions imposed on schools, colleges and youth organisations, such as the Duke of Edinburgh Award scheme, which resulted in students not able to take part in work experience as part of their courses, we are offering the opportunity to volunteer with us. During their time with us they will be able to access training courses such as Food Hygiene, First Aid etc. so that they leave with some certificates that will benefit them in the future. They will be well motivated to give us good service in return for the opportunity to gain experience and training.

The satellite shop situated in a Care Home was closed for an extended period of time, necessitating one redundancy. The shop has reopened three days a week and is now entirely manned by volunteers. As the shop is rent free with few overheads it is now showing a modest profit.

The Star Award scheme continues to be popular among volunteers. In the past year we rewarded three volunteers who continued to work throughout both lockdowns. The presentation was made out in the hospital grounds as gathering indoors was not allowed! We have been unable to hold the Summer Tea Party or Christmas lunch although it looks likely that this will be possible in December. We are reviewing the nomination process, possibly using social media and the website.

We owe a huge debt of gratitude to our loyal staff and volunteers for the way they have coped with the challenges of the past year, thereby enabling the League to offer a continuous first-class service to hospital staff, patients and visitors.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

- Increase and develop the Leagues' trustees

The advert, application form and induction pack for new trustees have all been updated, in advance of a recruitment drive planned for September 2021. A training course for Trustees had to be postponed because of the pandemic restrictions, and will be re-programmed in 2021/22.

- Improve the governance of the League

The examination of compliance with all relevant external regulations continued with reviews of the most important of the Charity Commission Guidance Notes applicable to our operation. This proceeded in parallel with our programme of checking existing policies to ensure they remain relevant and up to date. The main outcome of this work by Trustees was as follows:

Risk Management

The Trustees have developed and agreed a Strategic Risk Register. This looks at current and potential future risks to which the League may be exposed. The register shows both the initial risk score and that following any mitigatory steps taken. There are currently 12 risks on the strategic register, scoring from 4 up to 10 after mitigation; the highest possible score is 20.

The Strategic Register is a regular item at Trustees' meetings; further risks may be added at any time. Operational risks are managed by the League's Operations Manager in a series of registers, and any risk scoring over 10 will be highlighted to Trustees immediately, and added to the Strategic Register.

Financial Controls

The Charity Commission recommends an annual review, and the first of these was concluded by the Trustees in April 2021. There were no significant issues. The review will be repeated annually.

Other Charity Commission Guidance

Complete the implementation of review recommendations for each relevant Guidance Note.

Overall Governance

Revisit the possibility of alternative governance structures, as part of succession planning for the Trustee Board.

Plans for the Future

The Trustees have set the following objectives for 2021/22:

- 1 Settle the legal status of the League's premises within the Hospital;
- 2 Renew the retail offer (includes refurbish the main shop);
- 3 Re-instate financial support for the Hospital Trust;
- 4 Enhance communications;
- 5 Develop staff and encourage volunteers;
- 6 Increase and diversify the Trustee Board, and implement succession plans;
- 7 Improve the governance of the League; and
- 8 Take steps to mitigate the environmental impact of the League's operations.

Detailed measures for each of these are set out in the League's Business Plan. Individual Trustees take responsibility for leading on each objective.

Trustees' Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).


THE MEDWAY LEAGUE OF FRIENDS
TRUSTEES' REPORT

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on  March 2022 and signed on their behalf


D.A. May, Chairman

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE MEDWAY LEAGUE OF FRIENDS**

Opinion

We have audited the financial statements of The Medway League of Friends (the 'charity') for the year ended 31 July 2021, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting practice).

The financial statements have been prepared in accordance with 'Accounting and Reporting by Charities' preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs at 31 July 2021 and of its income and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit of otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE MEDWAY LEAGUE OF FRIENDS**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities statement, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Charity and the sector as a whole, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities SORP (FRS 102) Second Edition (released October 2019), and other relevant charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE MEDWAY LEAGUE OF FRIENDS**

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

- review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), 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 of the effectiveness of the charity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- conclude on the appropriateness of the Trustees' 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 charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my 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 my Auditor's report. However, future events or conditions may cause the charity 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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP
Statutory Auditor
Chatham Maritime

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE MEDWAY LEAGUE OF FRIENDS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2021

	Notes	Unrestricted fund £	Restricted funds £	Total 2021 £	Total 2020 £
INCOME AND ENDOWMENTS					
Donations and legacies					
- Donations		4,299	-	4,299	12,487
- Grants	3	24,139	10,877	35,016	34,305
Fundraising		-	-	-	1,466
Investment income					
- Interest on deposit accounts		123	-	123	1,059
Income from charitable activities					
- Operation of shops and trolley		655,088	-	655,088	1,418,764
TOTAL INCOME		683,649	10,877	694,526	1,468,081
EXPENDITURE					
Costs of raising funds		-	-	-	103
Expenditure on charitable activities	4	678,117	104,733	782,850	1,462,119
TOTAL EXPENDITURE		678,117	104,733	782,850	1,462,222
NET INCOME (EXPENDITURE)		5,532	(93,856)	(88,324)	5,859
Total funds brought forward		797,241	104,653	901,894	896,035
TOTAL FUNDS CARRIED FORWARD		802,773	10,797	813,570	901,894

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 18 form part of these financial statements.

THE MEDWAY LEAGUE OF FRIENDS
BALANCE SHEET
AT 31 JULY 2021

	Notes	2021	2020
		£	£
FIXED ASSETS			
Tangible fixed assets	12	21,420	17,453
CURRENT ASSETS			
Stocks		26,183	33,390
Debtors and prepayments		2,348	6,169
Investments		250,043	96,185
Cash at bank and in hand		606,971	786,790
		<u>885,545</u>	<u>922,534</u>
CREDITORS: amounts falling due within one year			
Trade creditors		35,384	23,109
Taxation and social security		10,853	3,517
Other creditors		47,158	11,467
		<u>93,395</u>	<u>38,093</u>
NET CURRENT ASSETS		792,150	884,441
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>813,570</u>	<u>901,894</u>
FUNDS OF THE CHARITY			
Unrestricted income fund	13	802,773	797,241
Restricted funds	13	10,797	104,653
TOTAL CHARITY FUNDS		<u>813,570</u>	<u>901,894</u>

The notes on pages 14 to 18 form part of these financial statements.

Approved by the trustees on 16th March 2022 and signed on their behalf

D.A. May, Chairman

THE MEDWAY LEAGUE OF FRIENDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

	2021 £	2020 £
Cash flows from operating activities:		
Cash generated from operations (see below)	(16,289)	(53,819)
Net cash provided by operating activities	<u>(16,289)</u>	<u>(53,819)</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	(9,795)	-
Interest received	123	1,059
Net cash provided from (used in) investing activities	<u>(9,672)</u>	<u>1,059</u>
Change in cash and cash equivalents in the reporting period	(25,961)	(52,760)
Cash and cash equivalents at the beginning of the reporting period	882,975	935,735
Cash and cash equivalents at the end of the reporting period	<u><u>857,014</u></u>	<u><u>882,975</u></u>

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	(88,324)	5,859
Adjustments for:		
Depreciation	5,828	4,814
Interest received	(123)	(1,059)
Decrease in stocks (2020 : increase)	7,207	(4,084)
Decrease in debtors (2020 : increase)	3,821	(1,949)
Increase in creditors (2020 : decrease)	55,302	(57,400)
Net cash provided by operating activities	<u><u>(16,289)</u></u>	<u><u>(53,819)</u></u>

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

1 STATUTORY INFORMATION

The Medway League of Friends is registered in England and Wales under the Charities Act 2011 as a charitable incorporated organisation. The Charity's registered number and registered office address can be found within the Trustees' Report.

The presentation currency of the financial statements is the Pound Sterling (£).

2 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)", Financial Reporting Standard 102 "The Financial Standard applicable in the UK and Republic of Ireland" and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

(b) Going Concern

When preparing the financial statements, the Trustees have assessed whether there are significant doubts about the charity's ability to continue as a going concern. There are no material uncertainties of which the Trustees are aware in making their assessment.

The Trustees have considered the downside scenarios as a result of the COVID-19 pandemic and its impact on the operation of its shops and trolley, and the ability to make grant payments. They consider that the charity has sufficient cash reserves to enable it to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. As such, the Trustees are satisfied that the charity has adequate resources to continue to operate for the foreseeable future and they continue to adopt the going concern basis for preparing these financial statements.

(c) Income and debtors

Voluntary income, which includes donations, gifts and legacies, and fundraising income are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis and arises from interest bearing deposit accounts.

Income from charitable activities includes the sales from the League's shops at the Medway Maritime Hospital. All amounts exclude value added tax.

Debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(d) Volunteers and donated services and facilities

No value is incorporated into these financial statements for the services provided by volunteers or where services are provided to the charity as a donation that would normally be purchased from suppliers.

(e) Government grants

Government grants in relation to COVID-19 are recognised on the accruals basis and credited to the Statement of Financial Activities as is any related expenditure.

(f) Expenditure and liabilities

Expenditure is recognised when a liability is incurred. Grant payments are recognised when a liability or constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income.

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Charitable activities include expenditure associated with the League's shops and trolley and grants of equipment and services to the Medway NHS Foundation Trust and others. The expenditure includes both the direct costs and support costs relating to these activities.

Governance and support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for good or services it must provide.

(g) Financial instruments

The charity enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to and from banks, and other third parties. Basic financial instruments are recognised at amortised cost, with changes recognised in the statement of financial activities.

(h) Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its estimated useful life at the following rates:

Computer equipment - 33% on cost
 Other assets - 15% on cost

Hospital radio equipment - 10% on cost

Assets which cost less than £500 are not capitalised.

(i) Stocks

Stocks are included at the lower of cost and net realisable value. Stocks consists of goods for resale from the shops and trolley.

(j) Funds structure

The charity has restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

All other funds are unrestricted income funds. The trustees receive requests from Medway NHS Foundation Trust to make donations and purchase equipment for the Trust. Once the trustees agree that they will offer financial support, a transfer is made to a designated fund for that purpose.

3 GRANTS

	Unrestricted fund £	Restricted funds £	Total 2021 £	Total 2020 £
Government grants for pandemic support				
- Job Retention Scheme	24,139	-	24,139	12,804
- Medway Council	-	-	-	10,000
	24,139	-	24,139	22,804
Other grants	-	10,877	10,877	11,501
	24,139	10,877	35,016	34,305

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4 EXPENDITURE ON CHARITABLE ACTIVITIES

	Operation of shops and trolley	Grants payable	Hospital Radio	Total 2021	Total 2020
	£	£	£	£	£
Shop purchases for resale	386,093	-	-	386,093	881,060
Wages and salaries (see note 8)	208,562	-	-	208,562	275,673
Purchase of equipment and other donations (see note 7)	-	96,200	-	96,200	212,572
Bank and card charges and cash processing fees	11,686	-	-	11,686	21,643
Travel and motor expenses	3,306	-	-	3,306	6,468
Depreciation	4,947	-	881	5,828	4,814
Equipment maintenance and computer costs	8,895	-	1,103	9,998	24,788
Printing postage and stationery	3,598	-	-	3,598	3,069
Telephone and other costs	1,383	-	2,970	4,353	3,393
Governance and support costs (see note 5)	45,911	7,018	297	53,226	28,639
	674,381	103,218	5,251	782,850	1,462,119

5 GOVERNANCE AND SUPPORT COSTS

	Charitable activities	Governance	Total 2021	Total 2020
	£	£	£	£
Audit fees	-	3,750	3,750	3,750
Accountancy costs	8,295	-	8,295	6,275
Attend subscription and insurance	1,428	-	1,428	1,509
Abortive shop development	36,275	-	36,275	-
Legal and professional fees	-	2,635	2,635	12,995
Staff entertaining	-	-	-	2,732
Rent	444	-	444	1,007
Sundries	399	-	399	371
	46,841	6,385	53,226	28,639

6 SUPPORT FOR CHARITABLE ACTIVITIES

This table shows the income arising from and the costs for the operation of the shops and trolley and the surplus that arises therefrom which provides additional support for charitable activities. This year the Government provided grants to support jobs, without which there would have been a loss.

	2021	2020
	£	£
Income	655,088	1,418,764
Costs	(674,381)	(1,238,051)
Net cost of shops and trolley	(19,293)	180,713
Government grants under Coronavirus Job Retention Scheme	24,139	12,804
Net funding for other activities	4,846	193,517

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7 GRANTS PAYABLE

	2021	2020
	£	£
Medway NHS Foundation Trust	96,200	211,911
Others	-	661
	<u>96,200</u>	<u>212,572</u>

Grants to Medway NHS Foundation Trust are for the purchase of equipment and for the funding of various projects and services. The only item funded in this year is:

	£
Breast Unit Scanner with Tomosynthesis attachment	<u>96,200</u>

8 STAFF COSTS AND NUMBERS

	2021	2020
	£	£
Wages and salaries	197,942	261,753
Social security costs	7,569	10,142
Employer's contribution to defined contribution pension scheme	3,051	3,778
	<u>208,562</u>	<u>275,673</u>

Wages and salaries includes statutory redundancy payments of £6,317 (2020 : £nil).

The average monthly number of employees during the year was 14 (2020 : 18). No employees received emoluments in excess of £60,000.

There are no key management personnel other than the trustees in this, or the previous, year.

9 TRUSTEE REMUNERATION

None of the trustees have been paid any remuneration or received any other benefits. One trustee has been reimbursed £130 for expenses incurred on behalf of the League (2020 : two trustees reimbursed a total of £270).

10 RELATED PARTY TRANSACTIONS

There are no related party transactions in the current year or previous year.

11 TAXATION

The League is a registered charity and no provision is considered necessary for taxation.

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12 TANGIBLE FIXED ASSETS

Fixtures, fittings and equipment

	£
Cost	
- at 1 August 2020	27,129
- additions	9,795
- at 31 July 2021	<u>36,924</u>
Depreciation	
- at 1 August 2020	9,676
- charge for year	5,828
- at 31 July 2021	<u>15,504</u>
Net book values	
- at 31 July 2021	<u>21,420</u>
- at 31 July 2020	<u>17,453</u>

13 STATEMENT OF CHANGES IN EQUITY

	General fund £	Restricted funds £	Total £
Balance at 1 August 2020	797,241	104,653	901,894
Income	683,649	10,877	694,526
Expenditure	(678,117)	(104,733)	(782,850)
Balance at 31 July 2021	<u>802,773</u>	<u>10,797</u>	<u>813,570</u>

The funds held at the year-end date are as follows:

- Fixed assets	13,500	7,920	21,420
- Cash	604,094	2,877	606,971
- Net other current assets	185,179	-	185,179
- Total funds	<u>802,773</u>	<u>10,797</u>	<u>813,570</u>

The restricted funds are:

	Scanner appeal £	Hospital radio £	Total £
Balance at 1 August 2020	94,653	10,000	104,653
Income	-	10,877	10,877
Expenditure	(94,653)	(10,080)	(104,733)
Balance at 31 July 2021	<u>-</u>	<u>10,797</u>	<u>10,797</u>

The Scanner Appeal fund represented monies from the Medway Cancer Scanner Appeal upon it ceasing to exist in 2017. The funds were spent on a breast scanner this year as explained in the Trustees' Report.

The Hospital Radio funds represents several grants from the National Lottery Awards, World Mission, Kent Community Foundation and Tesco plc which are variously for capital equipment and running costs. The balance carried forward at the year end date represents the net book value of the equipment funded (and included in fixed assets in note 11) and unspent monies for running costs to be incurred in the following year.